

Review of the Medium-Term Management Plan and Aspiration for 2030

The MS&AD Insurance Group, together with its customers, shareholders, and other stakeholders, has developed a value creation story and made steady progress toward the realization of becoming the “world’s leading insurance and financial group,” including achieving record-high Group adjusted profit of ¥731.7

billion in FY2024. To become a corporate group that supports a resilient and sustainable society in 2030, we aim to achieve sustainable growth by creating shared value with society by providing solutions to social issues through the promotion of the CSV×DX strategy.

New Frontier 2013

Development of the Mission

The MS&AD Insurance Group was founded with the mission of “contributing to the development of a vibrant society and helping to secure a sound future for the planet.”

Achievements: We have promoted the integration of Group management, including the development of a system that will serve as a common foundation for the domestic non-life insurance business, and clarified the form of Group management through “reorganization by function.”

Issues: The Group missed its targets for Group core profit and Group ROE in the final year of the Medium-Term Management Plan “New Frontier 2013” owing to the occurrence of large-scale natural disasters, including the Great East Japan Earthquake and floods in Thailand.

Next Challenge 2017

Building of a value creation story

Evolve and develop Group integration based on the value creation story that embodies our mission

Achievements: We have put in place a stable earnings foundation through Group management integration via “reorganization by function.” We strengthened ERM and promoted sales of strategic equity holdings and international business investment, thereby improving capital efficiency and building a growth base.

Issues: Owing to the impact of the U.S. hurricanes and other factors in FY2017, profits fell substantially in the international business, and we did not achieve our targets for Group core profit and Group ROE.

Vision 2021

Develop management based on CSV

Set the SDGs as a guidepost, set the social vision for 2030, and promote CSV

Achievements: While deepening “reorganization by function,” Group adjusted profit of ¥347.1 billion exceeded the target and Group adjusted ROE exceeded expectations at 9.5%. In terms of scale, the Group remained high among global non-life insurance groups.

Issues: Due to the impact of overseas natural disasters and COVID-19 on stock market conditions, etc., the diversification of risk and business portfolios became an ongoing issue.

Medium-Term Management Plan (2022–2025)

Implementation of growth strategies based on CSV

Full-scale development of CSV×DX×Global

Aspiration for 2030

Corporate group that supports a resilient and sustainable society

Numerical Management Targets	(¥ billion)				(¥ billion)			
	FY2010 Results	FY2013			FY2014 Results	FY2017		
		Results	Initial targets	Revised targets		Results	Initial targets	Revised targets*4
Group core profit*1	14.5	94.8	150.0	110.0	155.7	105.0	160.0	220.0
Domestic Non-Life Insurance Business	6.5	47.8	100.0	60.0	92.4	190.1	100.0	135.0
Domestic Life Insurance Business	4.1	24.4	15.0	15.0	20.4	34.3	16.0	15.0
International Business	1.8	18.0	30.0	30.0	38.2	-125.0	39.0	66.0
Financial Services/Risk-Related Services Business	1.9	4.4	5.0	5.0	4.6	5.6	6.0	5.0
Group ROE**	0.8%	4.5%	7.0%	7.0%	5.9%	3.7%	7.0%	7.5%
Consolidated net premiums written	2,541.4	2,809.5	2,700.0	2,700.0	2,940.7	3,446.9	3,100.0	3,570.0
Combined ratio (domestic non-life insurance)	-	-	-	-	96.0%	92.8%	95% or less	93% range
Annualized premiums of policies in force (life insurance)*2	278.0	333.5	330.0	330.0	-	-	-	-
Increase in EV*3 of MSI Aioi Life	-	-	-	-	59.7	41.3	more than 45.0	more than 50.0

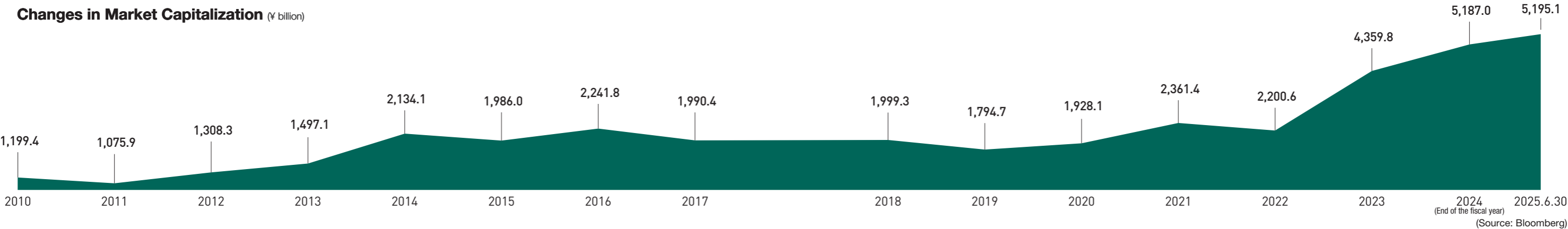
*1 The definitions for Adjusted Profit and Adjusted ROE, which have been identified as numerical management targets, are being reviewed under the Medium-Term Management Plan “Vision 2021,” which was initiated in FY2018.
*2 Figures for MSI Aioi Life (excluding group insurance). The figure for FY2010 is the total for MSI Kirameki Life and Aioi Life.
*3 EV: Embedded Value (see “Glossary of Insurance Terminology” on p. 116)
*4 FY2017 numerical management targets were revised higher from the initial targets in FY2016.

	(¥ billion)			
	FY2018 Results	FY2021		
		Results	Initial targets	Revised targets*6
Group adjusted profit	189.8	347.1	350.0	300.0
Domestic Non-Life Insurance Business (excluding gains/losses on sales of strategic equity holdings)	146.9 (65.1)	230.7 (173.5)	182.0 (142.0)	177.0 (150.0)
Domestic Life Insurance Business	31.6	75.7	45.0	41.0
International Business	5.4	34.3	117.0	75.0
Financial Services Business/ Risk-Related Services Business	5.8	6.3	6.0	7.0
Group adjusted ROE	6.1%	9.5%	10.0%	10.0%
Consolidated net premiums written	3,500.4	3,609.0	3,710.0	3,580.0
Life insurance premiums (Gross premiums income)*5	1,599.9	1,314.4	1,600.0	1,000.0
MSI Aioi Life's EEV	819.4	923.6	1,050.0	962.0
ESR (Economic Solvency Ratio)	199%	228%	180%–220%	180%–220%

*5 Life insurance premiums (gross premiums income) are those of domestic life insurance subsidiaries only.
*6 FY2021 numerical management targets were revised from their initial values in FY2020 given Stage 1 progress.
*7 Figures after retrospective application of IFRS 17
*8 Excluding the impact of accelerated sales of strategic equity holdings

	(¥ billion)			
	FY2022 Results*7	FY2023 Results	FY2024 Results	FY2025 Revised targets
Group adjusted profit	222.2	379.9	731.7	760.0
Domestic Non-Life Insurance Business (excluding gains/losses on sales of strategic equity holdings)	118.3	186.7 (58.9)	487.5 (75.3)	490.0 (180.0)*8
Domestic Life Insurance Business	34.7	49.7	52.2	55.0
International Business	67.0	139.5	188.8	210.0
Financial Services Business and Digital/Risk-Related Services Business	2.0	4.0	3.1	5.0
Group adjusted ROE	6.1%	9.0%	15.7%	16.0%
Consolidated net premiums written	3,933.2	4,261.7	4,674.3	4,890.0
Life insurance premiums (Gross premiums income)*5	1,707.5	1,827.3	1,640.3	1,670.0
MSI Aioi Life's EEV	908.0	918.9	-	-
ESR (Economic Solvency Ratio)	228%	229%	226%	180%–250%

Changes in Market Capitalization (¥ billion)



(Source: Bloomberg)

Aspirations, Basic Strategies, and Foundations of the Medium-Term Management Plan (2022–2025)

The Medium-Term Management Plan (2022–2025) aims for us to become a “corporate group supporting a resilient and sustainable society” that contributes to solving social issues and grows together with society by implementing a value creation story and acting as a platform provider of risk solutions.

To realize our aspirations, we will use “Value (value creation),” “Transformation (business reforms),” and “Synergy (pursuit of Group synergies)” as our basic strategies, and “Sustainability,” “Quality,” “Human Resources,” and “ERM” as the foundation to support our basic strategies.

Aspirations

Qualitative Targets

Corporate group that supports a resilient and sustainable society

As a platform provider of risk solutions, we will help solve climate change and other social issues, while growing together with society.

- In addition to covering economic losses, seamlessly provide products and services before and after coverage and protection.
- Offer optimal solutions through marketing, underwriting, payment services, and risk consulting that utilize digital technologies.

Quantitative Targets

IFRS net income FY2025 ¥450 billion

Group adjusted profit FY2025 ¥760 billion
(excluding the ¥450 billion impact of accelerated sales of strategic equity holdings)

Adjusted ROE*1 FY2025 12%

Group adjusted ROE*2 FY2025 16%
(10% excluding the impact of accelerated sales of strategic equity holdings)

*1 IFRS net income / (Net assets on an IFRS basis – Net unrealized gains/losses on sale of strategic equity holdings are no longer included in net income. To align the standards for the denominator (net assets) and numerator (net income) of ROE, gains/losses on strategic equity holdings are excluded from net assets.

*2 Group adjusted profit / Group adjusted net assets: Adjusted net assets = Consolidated net assets + Catastrophe reserve and others – Goodwill and other intangible fixed assets

Basic Strategies and Foundations Supporting Basic Strategies

Basic Strategy

Value (value creation)

- Enhance the profitability of our businesses, products, and services to strengthen the earnings foundation
- Roll out CSV×DX globally to provide value to all stakeholders and enhance corporate value

Transformation (business reforms)

- Complete a fundamental review of the business structure and implement reforms aimed at a business structure based on customer-focused operations and compliance with laws and regulations
- Transform our business structure to adapt to changes in the business environment, including the creation of new businesses
- Transform our businesses, products, and risk portfolio to build a stable earnings foundation

Synergy (demonstration of Group synergies)

- Take advantage of the diversity of the Group and strengthen cooperation to achieve further growth
- Deepen standardization, collaboration, and integration in the Group to improve productivity
- Demonstrate synergies on a global basis

Foundations

Sustainability

- Employ initiatives to address the three priority issues
- Symbiosis with the global environment (Planetary Health)
Safe and secure society (Resilience)
Happiness of diverse people (Well-being)

Quality

- Re-emphasize customer-focused business operations and compliance
- Be a corporate group that continues to evolve based on customer feedback
- Engage in highly transparent and effective corporate governance

Human resources

- Build an optimal portfolio of human resources
- Develop a working environment in which employees can fully demonstrate their abilities, skills, and motivation

ERM

- Improve earning power and capital efficiency
- Reduce strategic equity holdings

Progress of Basic Strategies

Value (value creation)

Strengthening the earnings foundation

In the domestic non-life insurance business, we implemented measures such as rate revisions and strengthening underwriting in response to rapid inflation, high accident frequency, and the increasing severity and frequency of natural catastrophes. We will continue to strengthen efforts to improve profitability.

Advancement of MS&AD Value strategy

We expanded our risk management business utilizing digital data and developed and offered services before and after compensation and protection. In addition, we worked to strengthen existing businesses and create new ones through investments in start-ups.



Transformation (business reforms)

Business portfolio reform

In our international business, we are working to expand the profits of our Lloyd’s and reinsurance business, develop the U.S. market, and invest in the specialty insurance company in North America. We also aimed to improve capital efficiency by withdrawing from some ADI international businesses, selling an Australian life insurance company, etc.

In the domestic life insurance business, we expanded our lineup of products and services including those that contribute to healthy longevity and asset life extension.

Reform of the risk portfolio

To achieve zero strategic equity holdings by the end of FY2029, we reduced our holdings in FY2024 by ¥708.5 billion, versus the ¥690.0 billion planned for reduction. We will continue to further reduce our holdings.

Synergy (demonstration of Group synergies)

Domestic Non-Life Insurance Business

As part of our One Platform Strategy, we promoted integrated management of head office functions, expansion of BPO, and co-location of offices, while also deciding in March 2025 to merge the two core non-life insurance companies. We will proceed with specific considerations and preparations for the merger in April 2027.

Life insurance × non-life insurance business, between two life insurance companies

At MSA Life, in addition to cross-selling at non-life insurance agents, we worked to develop asset building markets in collaboration between both companies through the sale of MSP Life products. We will pursue synergies by leveraging our largest customer base in Japan to achieve further growth.

Global synergy

Through the “TENKAI Project,” an initiative that includes sharing and utilizing products, services, and knowledge in both Japan and overseas, we developed and expanded information exchange platforms and rolled out the mutual expansion of know-how.



Foundations Sustainability

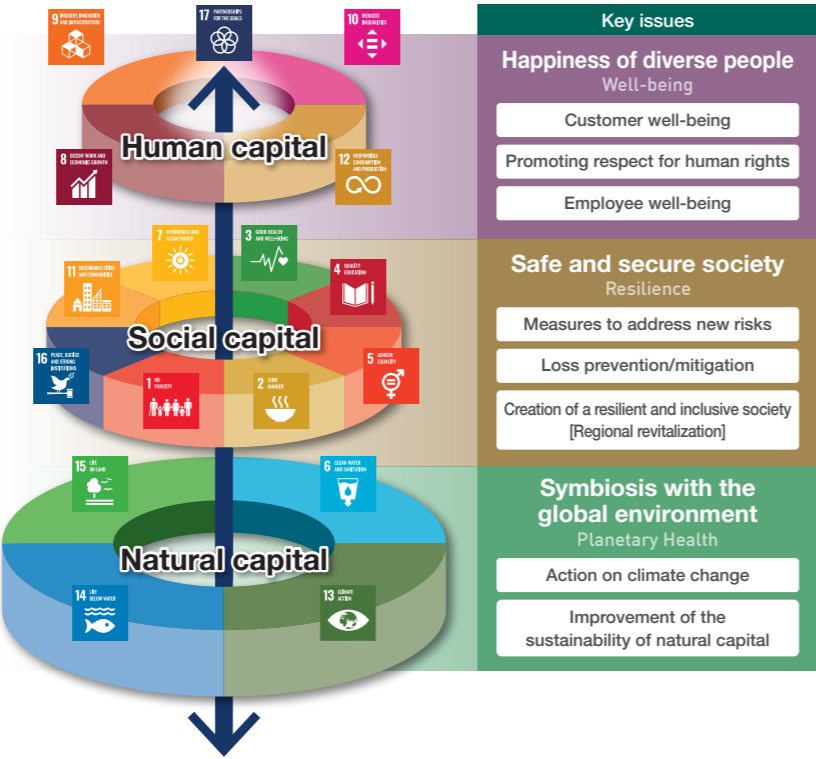
Toward a Sustainable Future: MS&AD Group's Approach to Social Issues

Among various social issues, the MS&AD Group has identified “Symbiosis with the global environment,” “Safe and secure society,” and “Happiness of diverse people” as three priority issues and is working to resolve them.

As illustrated by the wedding cake model, which organizes the 17 SDGs into three layers—“Nature,” “Society,” and “People”—it becomes clear that “Happiness of diverse people” is supported by “Safe and secure society,” and that “Safe and secure society” is supported by “the natural environment.”

We believe that these three issues are deeply interconnected and must be addressed in an integrated manner.

Source: Prepared by the Company based on the SDGs Wedding Cake model by the Stockholm Resilience Centre



Sustainability Dialogues with Corporate Clients and Investee Companies

The MS&AD Group is advancing initiatives toward the goal of achieving net zero greenhouse gas emissions from the Group by 2050. We have reduced our own emissions through such measures as implementing paperless procedures for insurance applications and claims processing and introducing renewable energy at our offices. In addition, in November 2023, we became the first domestic non-life insurer to set an interim 2030 target for reducing greenhouse gas emissions at our corporate clients and investee companies. Leveraging our position as social infrastructure supporting clients across all industries, the Group engages in sustainability dialogue to propose solutions addressing the challenges faced by our corporate clients and investee companies.

The proposed solutions include adopting various methods and technologies, such as utilizing renewable energy and promoting recycling. Yet, these initiatives must be implemented while avoiding the depletion of natural capital, such as deforestation and excessive water resource consumption. Therefore, the Group broadens the scope of dialogue beyond greenhouse gas emission reduction to encompass all sustainability challenges, supporting the resolution of issues faced by our corporate clients and investee companies.

Greenhouse gas emission reduction targets and achievements

Greenhouse gas emission reduction targets for insurance underwriting and investment/financing recipients			Achievements
Percentage reduction in greenhouse gas emissions of key Japanese domestic corporate clients*1	Reduction target	• FY2030: -37%*2 (Key Japanese domestic corporate clients vs. FY2019)	FY2022: -18.3% reduction
	Action targets	• We, through engagement with clients, share challenges they have in reducing GHG emissions. We work together with them towards reduction of GHG emissions with solution proposals.	204 companies (Cumulative total from November 2023 (interim target announced) to the end of October 2024)

*1 Greenhouse gas emissions of key Japanese domestic corporate clients (approx. 3,300 companies) selected based on insurance premium (in relation to our insurance underwriting and investments)
*2 At the same level as Japan's Nationally Determined Contribution (NDC) target for total greenhouse gas emissions in FY2030

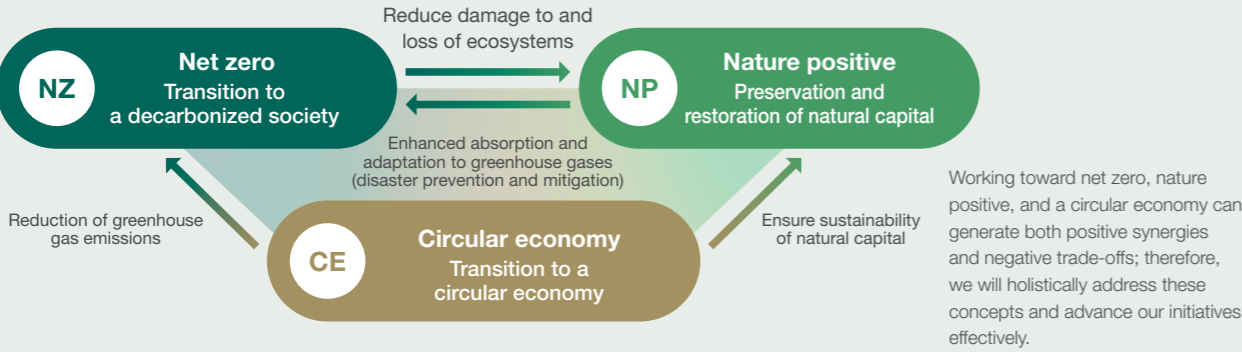
Initiatives to Achieve both Net Zero and Nature Positive

Achieving net zero by 2050 requires not only reducing greenhouse gas emissions but also conserving natural capital such as forests that serve as CO2 sinks and wetlands that reduce flood risks. There are various approaches to reducing greenhouse gas emissions, such as utilizing renewable energy and introducing electric vehicles. However, such changes in business activities and processes could inadvertently impart negative impacts on the natural environment. Many of these impacts are difficult to recognize generally, as they can only be understood through detailed surveys and research into changes in biodiversity around the area of activity. However, some impacts become apparent to the extent that they force business suspension, posing significant risks for business operators.

Therefore, our Group conducts an Environmental and Social Risk Assessment during the underwriting process for businesses undertaking large-scale development projects to evaluate their impact on nature and local communities. For renewable energy power plants expected to see increased adoption going forward, new hydropower plant construction was added to the scope of risk assessment in FY2023. In FY2024, domestic solar, onshore wind, and biomass power plants were added. Furthermore, to properly identify nature-related risks and mitigate negative impacts, we have established a cooperation agreement with the Nature Conservation Society of Japan, a public interest incorporated foundation possessing advanced expertise in biodiversity. The Group promptly communicates risks identified through this process to its insurance underwriting and investment/financing recipients, working to prevent and mitigate risks, resolve issues, and advance our transition to net zero and nature positive outcomes.

Symbiosis with the global environment Planetary Health

Climate change not only intensifies natural catastrophes and alters weather patterns but also triggers rapid social and economic shifts in the transition to a decarbonized society. Furthermore, the loss of natural capital and biodiversity can also significantly impact business, as climate and natural capital influence each other. Our Group has positioned “Symbiosis with the global environment (Planetary Health)” as a key sustainability priority and is advancing integrated responses to climate change and improving the sustainability of natural capital.



■ Circular economy and net zero, nature positive

The concept of a circular economy, in which what was previously considered waste is now considered a resource and circulated, is gaining importance. The processes of extraction, manufacturing, and disposal of natural resources generate greenhouse gas emissions and impacts on nature. Therefore, the circulation of limited resources is a pressing issue. The circular economy, which promotes resource conservation, substitution with recycled materials, and waste reduction and recycling, plays a role in supporting net zero (transition to a decarbonized society) and nature positive (preservation and restoration of natural capital).

Nature Conservation Society of Japan (NACS-J)

Since its establishment in 1951, the Nature Conservation Society of Japan (NACS-J) has been dedicated to the conservation of nature and biodiversity in Japan for 75 years. This work has been recognized, and the Organization has been certified as a Public Interest Incorporated Foundation by the government. NACS-J engages in nature conservation activities that are independent, transparent, and fair, based on scientific evidence. It conducts policy proposals, research, and human resource development.



Climate and Nature-Related Financial Disclosures (compliance with TCFD and TNFD)

The Group published the MS&AD Green Resilience Report 2024 (TCFD/TNFD Report), which discloses information in accordance with the frameworks recommended by the Task Force on Climate-related Financial Disclosure (TCFD) and the Taskforce on Nature-related Financial Disclosure (TNFD).

We aim to provide useful information on climate and nature-related risks and opportunities for our Group, primarily to investors and analysts. We are also working to communicate our “Green Resilience” initiatives, which are intended to realize a resilient and sustainable society and enhance the resilience of our Group’s businesses, in an easy-to-understand manner to our many stakeholders.

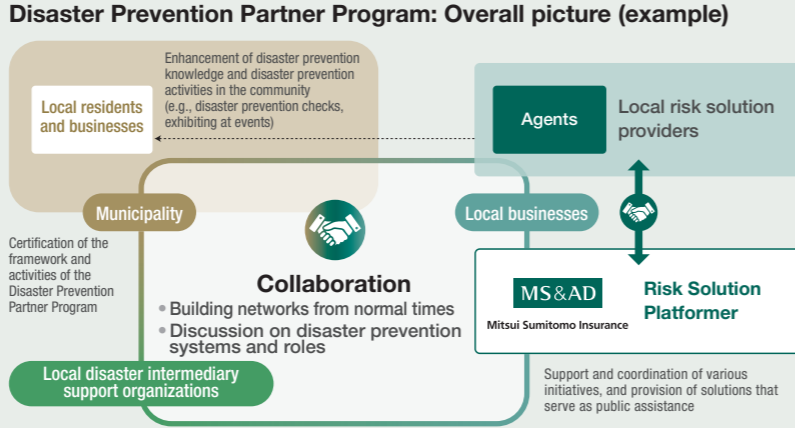
For more information, see the website below.
https://www.ms-ad-hd.com/ja/csr/quality/climate_change/tcfd.html

Safe and secure society
Resilience

The impact of climate change is causing enormous damage in many areas. Mitigating disaster damage and reducing economic losses are urgent issues not only for our customers but also for the Company. The Group’s vision of “building resilient and inclusive local communities” means creating safe, resilient, and sustainable living spaces and advancing community development where everyone can live with peace of mind. In addition to the core function of insurance, providing compensation during disasters, we endeavor to strengthen regional disaster resilience by offering solutions that prevent damage caused by disasters and support rapid recovery after they occur.

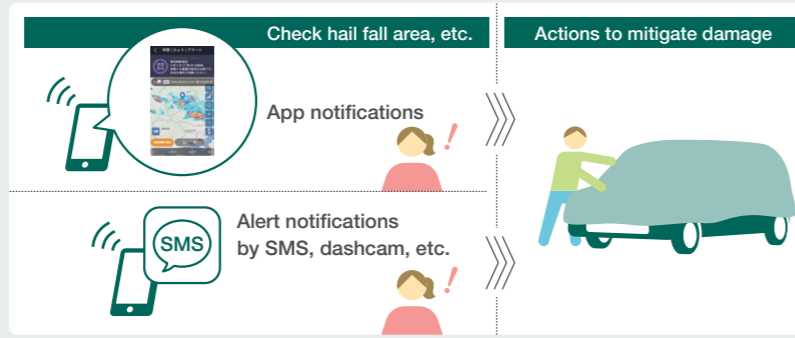
Building disaster-resilient communities

Disaster Prevention Partner Program
To enhance self-help and mutual aid, both of which are important in disaster preparedness, the MS&AD Group plays a central role from normal times in establishing cooperative frameworks with local governments and disaster relief organizations in collaboration with agents and other organizations that conduct disaster prevention activities according to regional characteristics. We will enhance regional disaster preparedness while creating business opportunities by strengthening touchpoints with customers.



Loss prevention/mitigation through the utilization of data

Hailstorm Alert Service
Hail is a localized weather phenomenon, but in recent years, large-scale damage primarily to vehicles has become an annual occurrence. The system notifies customers at heightened risk of hail damage with advance alerts based on hail forecast data and information from social media. This service contributes to the prevention and reduction of hail damage by prompting customers to take mitigation measures in advance.



Symbiosis with the global environment
Planetary Health

Safe and secure society
Resilience

Collective action initiatives in the community

Initiatives to enhance the sustainability of natural capital require targets, responses, and management indicators tailored to the capacity and characteristics of the local natural environment. This makes them distinct from decarbonization initiatives with globally shared quantitative targets, such as greenhouse gas emission reductions under the Paris Agreement. Working together with local stakeholders, we must set the goal of “the natural state” and collaborate to ensure the sustainability of nature and the bounty it provides. Because nature is a shared asset for local stakeholders, the business activities and livelihoods carried out within that nature influence each other.

Similarly, the damage caused by natural catastrophes varies depending on the natural characteristics and conditions of the region. Therefore, developing disaster countermeasures tailored to each community and establishing systems that enable collaboration during emergencies are essential requirements for building disaster-resilient communities.

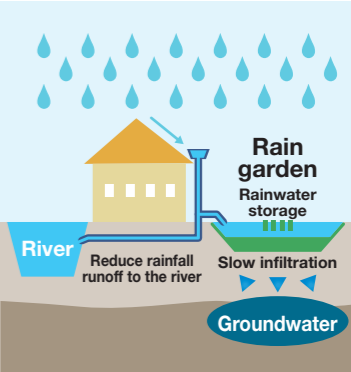
MS&AD has launched initiatives in various locations under the banner “Green Resilience,” aiming to simultaneously achieve “Symbiosis with the global environment” and a “Safe and secure society.” How can we achieve both economic and environmental objectives in each community, and how can we prepare for natural catastrophes that are becoming more severe due to climate change? As an insurance company that supports a safe and secure society, we work with various stakeholders in the community to research the role of catalyst and highly effective ways to promote optimal solutions and actions in each community.

Kumamoto Water
Positive Action

The Kumamoto region is blessed with abundant groundwater from the Shirakawa River basin, whose source is Aso, and has a concentration of semiconductor factories and other manufacturing hubs that rely on the high quality and quantity of water. Kumamoto City’s tap water is supplied entirely by groundwater. To ensure its sustainability, Kumamoto Prefecture and Kumamoto City have long encouraged businesses that extract more than a certain volume of groundwater to engage in recharge through ordinances. However, the concentration of factories, the accompanying widening of roads, and the development of residential and commercial facilities have reduced farmland, causing the loss of ground where rainwater can infiltrate into the groundwater layer. The reduced amount of rainwater that can infiltrate also increases the risk of urban flooding during torrential rains.

Nature-based solutions that address such social issues using the power of nature are attracting attention around the world. In Japan, the Ministry of Land, Infrastructure, Transport and Tourism is promoting “green infrastructure” that utilizes the functions of nature for disaster prevention and mitigation, water circulation, and heat island countermeasures.

In the Kumamoto region, we focused on “rain gardens” as part of green infrastructure and launched the “Kumamoto Water Positive Action” initiative in collaboration with industry, government, academia, and finance. This will maintain a healthy water cycle through the installation of rain gardens, thereby conserving groundwater resources and reducing the risk of flooding. With the participation of many businesses, we will establish a new financing mechanism to encourage investment in green infrastructure and implement a system to achieve water positivity throughout the entire river basin.



On March 20, 2025, the Kumamoto Water Positive Action Launch Event was jointly hosted by six organizations: MS&AD Holdings, Prefectural University of Kumamoto, Kumamoto University, The Higo Bank, Ltd., Suntory Holdings Limited, and Development Bank of Japan Inc., with the attendance of the Governor of Kumamoto Prefecture and the Mayor of Kumamoto City.

Industry, government, academia, and finance will collaborate to utilize green infrastructure to maintain a healthy water cycle and further develop “Kumamoto, the Land of Water,” supporting a prosperous daily life and regional economy.

For more information on the background of Kumamoto Water Positive Action and an overview of its initiatives, scan the QR code on the right to watch the introduction video.



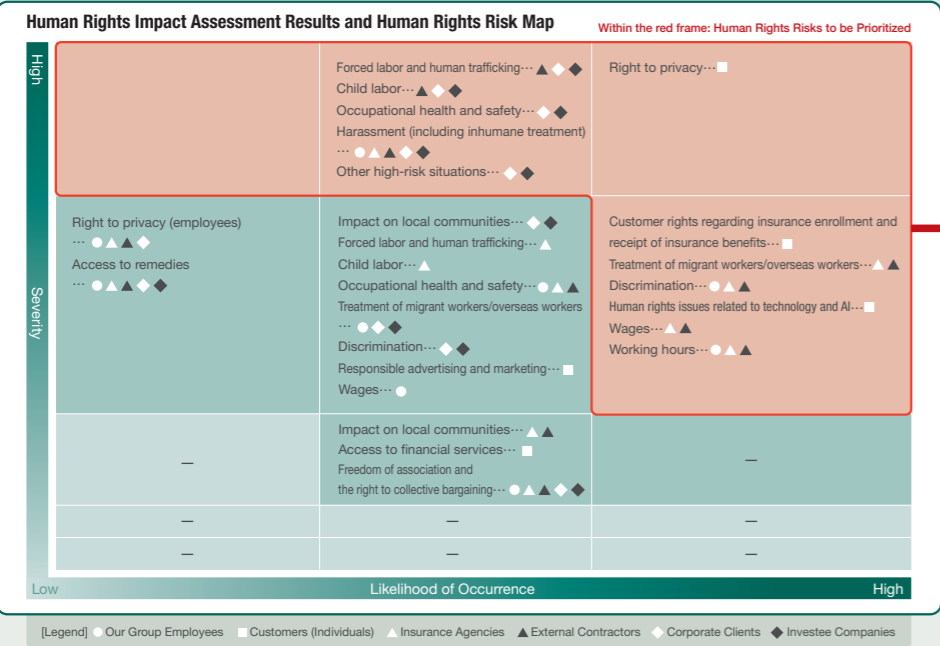
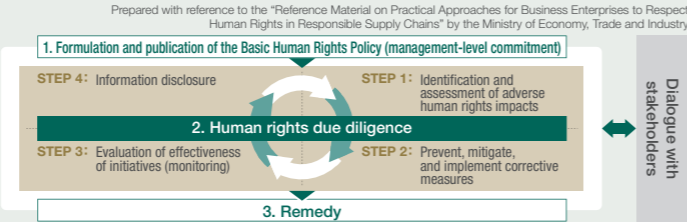
Happiness of diverse people
Well-being

Respect for human rights

The MS&AD Insurance Group will fulfill its corporate responsibility to respect human rights in the ways required of corporations and contribute to the realization of a sustainable society, in accordance with the UN Guiding Principles on Business and Human Rights. To realize the Group’s 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,” it is important that we consider the mutual impact of all our business activities on society, including the environment and human rights, when acting. Under the MS&AD Insurance Group Basic Policy on Human Rights, which covers a wide range of stakeholders involved in the Group, we are promoting initiatives to respect human rights (human rights due diligence) as part of our human rights management system.

Implementation of human rights due diligence

We regularly review the identification and assessment of negative impacts to pinpoint priority issues in response to social and environmental changes affecting the Group’s value chain. In FY2024, we conducted the third review of risk identification and assessment and created a risk map. Initiatives to respect human rights have been incorporated into a road map and are being promoted in a Group-wide fashion.



Priority Issues for Respecting Human Rights
[Priority areas for respecting human rights]

- Fair and impartial customer service
- Consideration of human rights measures at insurance agencies, external contractors, corporate clients, and investee companies
- Consideration for employees’ mental and physical health and the realization of a safe and secure workplace environment

Implementation of prevention, mitigation, and corrective measures, and monitoring

With the aim of protecting the human rights of its employees, the Group has established the “Malicious Complaint Response Manual” as a measure to deal with customer harassment (malicious complaints) and has developed a system of policies. Based on the manual, the Group announced internally and externally in FY2024 that it would take a firm and systematic stance to protect the human rights of its employees and has conducted employee training. We monitor our business partners, including agents and external contractors, to assess their systems for preventing and mitigating human rights risks. This includes confirming whether they have a basic human rights policy, understanding the status of their internal training programs, and identifying their recognized human rights risks and countermeasures. Regarding the employment of foreign technical intern trainees at the Group’s agents, we investigated the governance systems at the employing companies and their initiatives to prevent and rectify human rights violations.

Access to Remedy

The MS&AD Group has established a dedicated Human Rights Issues Consulting Desk to receive reports from stakeholders, including customers, employees, and business partners. Furthermore, starting in FY2024, we have expanded access to the Human Rights Issues Consulting Desk utilizing a specialized agency platform based on the UN Guiding Principles on Business and Human Rights, making it available to all agents and external contractors. We will promptly ascertain the facts and take necessary measures in the event of any violation of laws, internal policies, or inappropriate conduct.

Embedding understanding of “Business and Human Rights” among officers and employees

In May 2025, the Company held an executive study session on the theme of basic understanding of “business and human rights” and human rights risks learned from specific cases with guest speaker attorney Sakon Kuramoto of Kuramoto International Law Office. We promoted executives’ comprehension of human rights through lectures incorporating real-world case studies to deepen understanding of the responsibilities that companies should fulfill in response to the growing global awareness of human rights.

In addition, we hold information-sharing sessions with personnel from relevant departments, including those responsible for products and services, focusing on the theme of “business and human rights.” We aim to deepen our understanding of human rights risks across the entire Company and fulfill our corporate responsibilities.



Foundations Quality

Efforts to regain customer trust

In response to the price fixing incidents and fraudulent insurance claims by referred repair shops in FY2023, we have promoted “Major reforms of business style” in the Medium-Term Management Plan (2022–2025) Stage 2 and made every effort to regain our customers’ trust.

Despite this, in light of the discovery of information leakage between insurance agents and insurance companies, we will steadily implement a radically revised business improvement plan and measures to prevent recurrence, and strive to regain customer trust by “Re-emphasizing customer-focused business operations” and “Taking actions on our own initiative in response to the requests of our customers and society to meet their expectations.”

Basic Policy for Responding to Customer Feedback

Based on our mission, the Group has established the “Basic Policy for Responding to Customer Feedback,” and we are committed to responding to all customer feedback in a prompt, appropriate, and sincere manner.

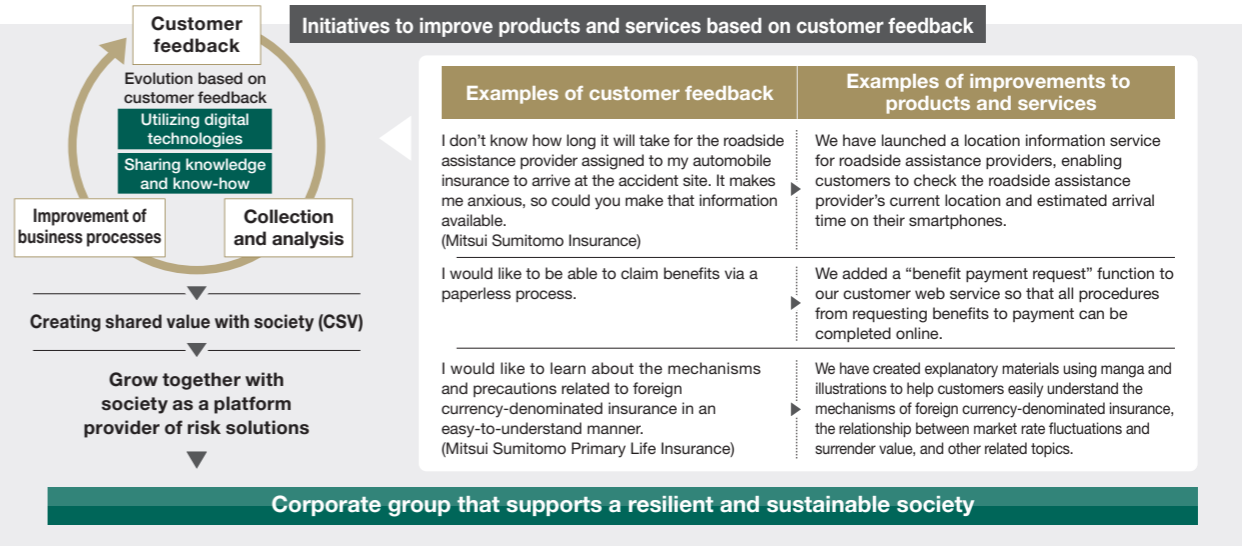
Basic stance toward customer feedback

- 1 All officers and employees shall respond promptly, appropriately, and sincerely to all customer feedback received from customers.
- 2 All officers and employees shall recognize that customer feedback is “important information for securing customers’ trust, achieving business growth, and achieving further improvements in quality.”
- 3 All officers and employees shall collect and analyze information on customer feedback, strive to reduce complaints, and at the same time utilize customer feedback in various measures to improve quality and enhance customer satisfaction.

Initiatives related to customer-focused business operations

- On May 30 or June 30, the five Group insurance companies announced the status of initiatives for FY2024 based on the “Policy Regarding Customer-Focused Business Operations.” For details, please refer to each company’s website.
- The five Group insurance companies have declared that they will comply with ISO 10002 (Quality management – Customer satisfaction – Guidelines for complaints handling in organizations), an international standard related to handling complaints.

Initiatives to improve products and services based on customer feedback



Practice highly transparent and effective corporate governance (see p. 95)

Topics

Provision of quality that meets customer expectations and examples of evaluations by external organizations

Each Group company has received the highest level of evaluation from HDI-Japan (managed by Think Service Corporation), a customer center evaluation by an external organization, because of quality improvements based on stakeholder feedback.

- Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Direct received the highest rating of “3 Stars” in the categories of “Contact” and “Web Support” in the open rating survey.

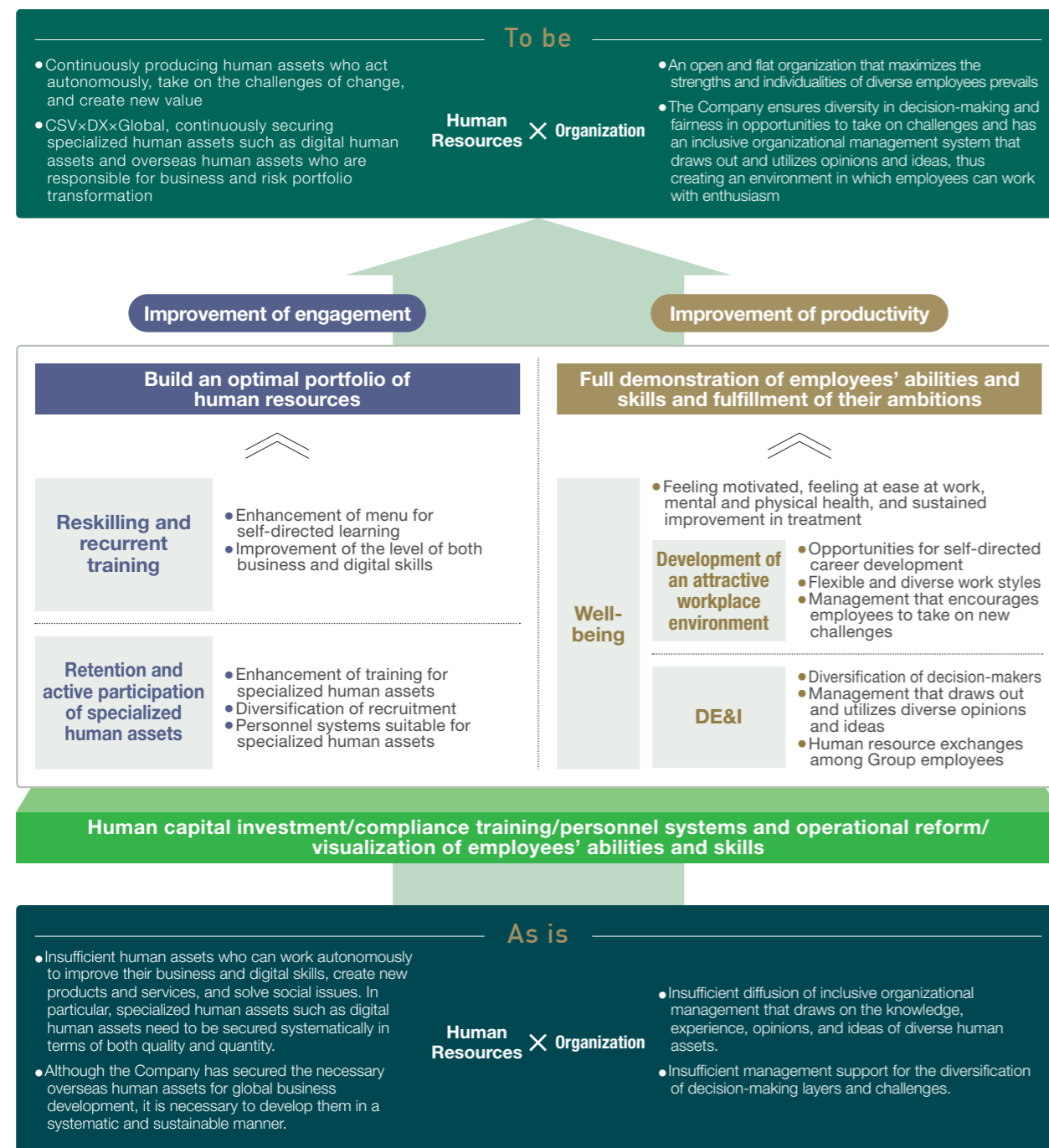


Foundations Human Resources

The Group's greatest asset is its human resources, and every employee of the Group is the driving force behind the improvement of corporate value.

Under our human asset strategy linked to the basic strategy of the Medium-Term Management Plan (2022–2025), we are working on “building an optimal portfolio of human resources” and the “full demonstration of employees’ abilities and skills and fulfillment of their ambitions,” and we are focusing on “Value (value creation),” “Transformation (business reforms),” and “Synergy (pursuit of Group synergies).”

In addition, to improve employee engagement, we are developing a working environment that includes opportunities for self-directed career development; flexible, efficient, and effective work styles; and a corporate culture that encourages a spirit of taking on new challenges.



Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance are working to integrate their personnel management systems in preparation for their merger in April 2027. We asked two mid-level employees from both companies' human resources departments—who will lead the next generation—to discuss the MS&AD Group's future human resources initiatives, skills-based personnel management, and what is necessary for the Company to continue being chosen.

**Natsumi
Horisawa**

Aioi Nissay Dowa
Insurance
Human Asset
Innovation Section
Human Resources
Dept.

Kazuki Kaneko

Mitsui Sumitomo
Insurance
Human Resources
Transformation
Promotion Team,
Human Resources
Dept.

Dialogue

Employee growth ensures the Group's sustainable growth

Status of the Group

Kaneko We have been expanding our training menu to encourage employees to learn autonomously, as set forth in our Human Asset Strategy. With the expansion of mid-career recruitment, we are welcoming employees with diverse knowledge and experience. This has introduced new perspectives and values into the Group, creating more opportunities for growth and fresh ideas and inspiration.

Meanwhile, Mitsui Sumitomo Insurance has introduced a new skill-based personnel system to more closely link such employees' autonomous actions with their day-to-day work and to help employees realize their aspirations while enabling the Company to achieve its vision.

Horisawa Significant environmental changes are occurring not only within our Group but also across all fields. I think it will become increasingly necessary to acquire and demonstrate skills as one's own strengths to adapt to change.

Skills-based personnel management

Kaneko The MS&AD Group is currently working to transform its business model, making the capabilities, skills, and motivation of each employee more critical than ever before. It is necessary to acquire and demonstrate skills as professionals and provide new value to customers. Within the Group, there are employees possessing and utilizing various skills;

however, at present, the visualization of such skills is a work in progress. Our skills-based personnel management system ensures the Company can accurately identify who possesses and utilizes which skills. In addition, we will clearly specify the skills required for each department and define the direction each department should pursue. I believe this will significantly boost employees' motivation to acquire new skills and establish a cycle where they can tangibly experience their own growth. I would like to create an environment where employees can thrive by using skills as a common language.

Once skills are visualized, new business opportunities might arise from the combination of these skills. In addition, as part of a new skills-based approach to personnel management, we have shifted employee transfers from company-initiated moves to those primarily based on open recruitment.

Horisawa This management approach enables self-directed career development, where careers are chosen by individuals themselves rather than determined by the Company.

Kaneko To achieve a desired career path through open recruitment, it is essential for employees to engage in healthy competition and strive to improve together. I hope employees will continue to challenge themselves toward their own aspirations.

Horisawa To maximize the skills of employees as an organization, it is also necessary to improve skills at the

management level. I would like the management level to implement initiatives that support employee growth not only through verification and oversight roles but also by providing forward-thinking advice and presenting new ideas.

To remain a company that continues to be chosen

Kaneko Isn't it a company where employees feel their own growth, have a sense of their career path, and work with enthusiasm and high engagement that continues to be chosen? To achieve this, I feel we need to offer employees diverse growth opportunities.

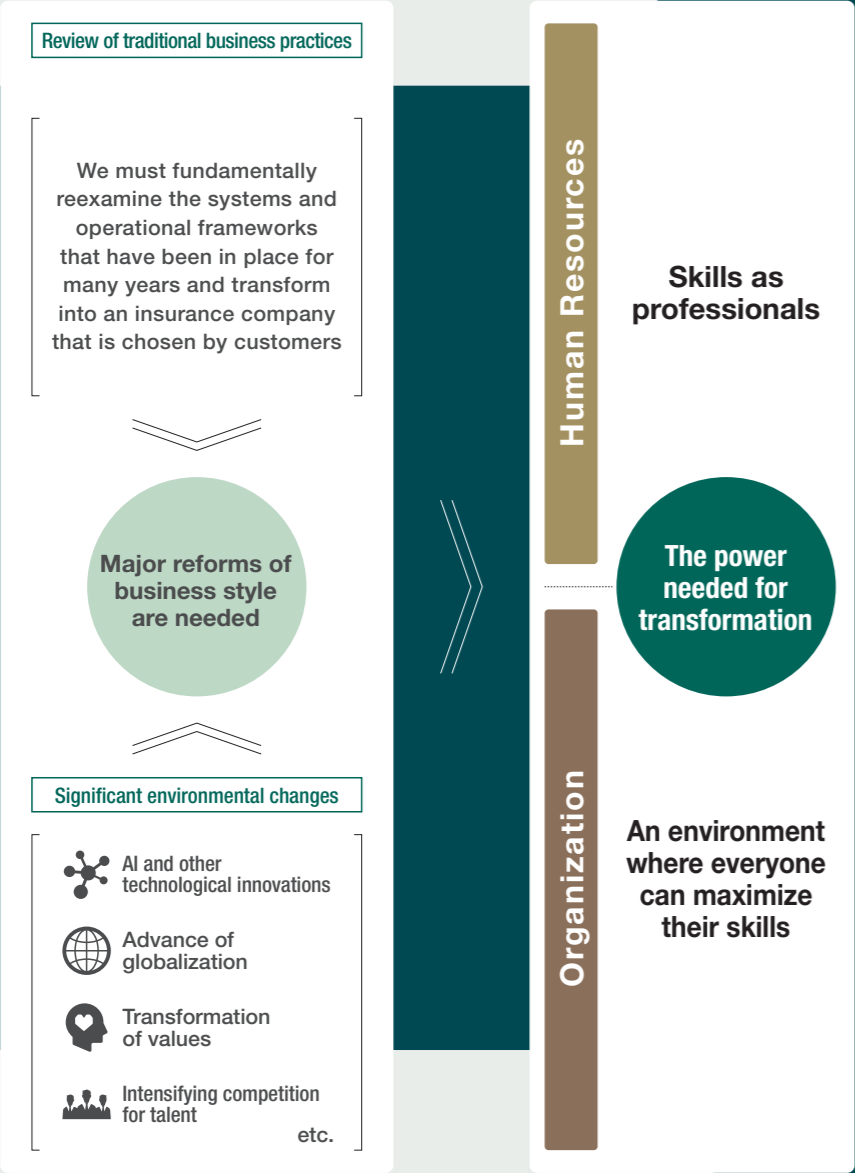
In addition to providing opportunities through open recruitment, I would like to consider initiatives that expand opportunities beyond conventional frameworks, such as supporting employees taking an entrepreneurial path.

Horisawa I think it would be good to be able to show that, "If you join this company, you will be able to chart this kind of career for yourself." Young employees especially are sensitive to the question of "what benefits can I gain from joining this company?" To that end, I feel it is also necessary to provide support tailored to the growth of each individual employee.

I would like to make the Company one that continues to be chosen by linking the growth of each employee to the bolstering of organizational strength, which in turn will lead to the sustainable growth of the entire Group.


Human Resource Strategy

Amid the reassessment of business practices and significant environmental changes, transforming business styles is essential to achieve sustainable growth in corporate value. The “power needed for transformation” includes human resources (skills) and organization (an environment in which skills can be demonstrated). To demonstrate these capabilities, we are revising our personnel system to focus on skills from the perspective of both human resources and organization. This will promote the strengthening of human capital and enhance job satisfaction, thereby further increasing corporate value.

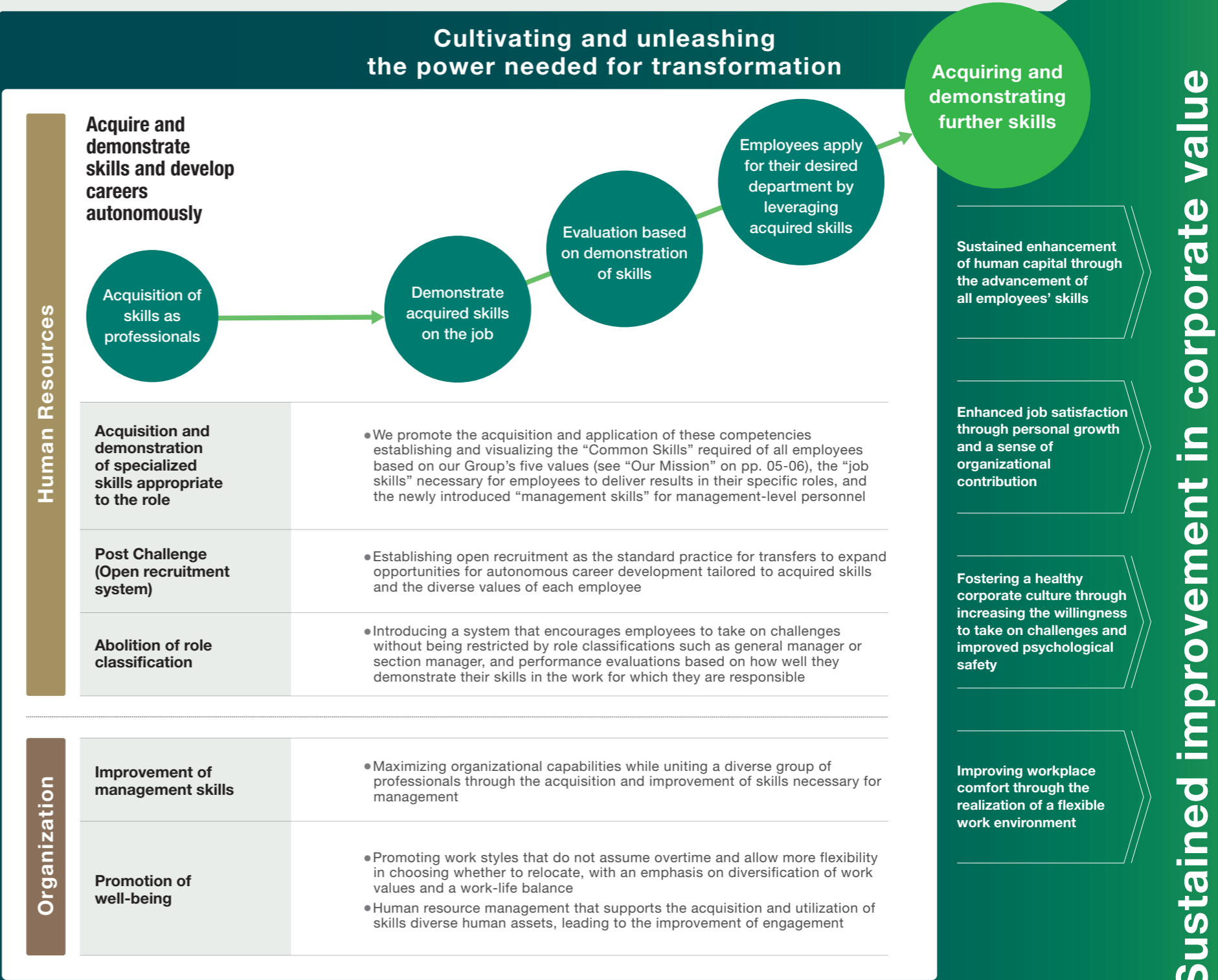


Mitsui Sumitomo Insurance, which revised its personnel system starting in FY2025, has been recognized by opinion leaders for its initiatives and received the Grand Prize (Management Transformation Category) at the “Career Ownership Management Award 2025.”

MSI was recognized for fostering a culture that embraces transformation and for creating opportunities for employees to actively pursue their desired roles and careers by leveraging their skills, while also gaining a sense of growth and contribution. These initiatives have begun to transform the corporate culture, which was highly evaluated.



2025 Career Ownership Management Award
最優秀賞
(大企業・金融・サービス・製造業部門)



Note: The above is based on Mitsui Sumitomo Insurance’s concept of personnel system revision.

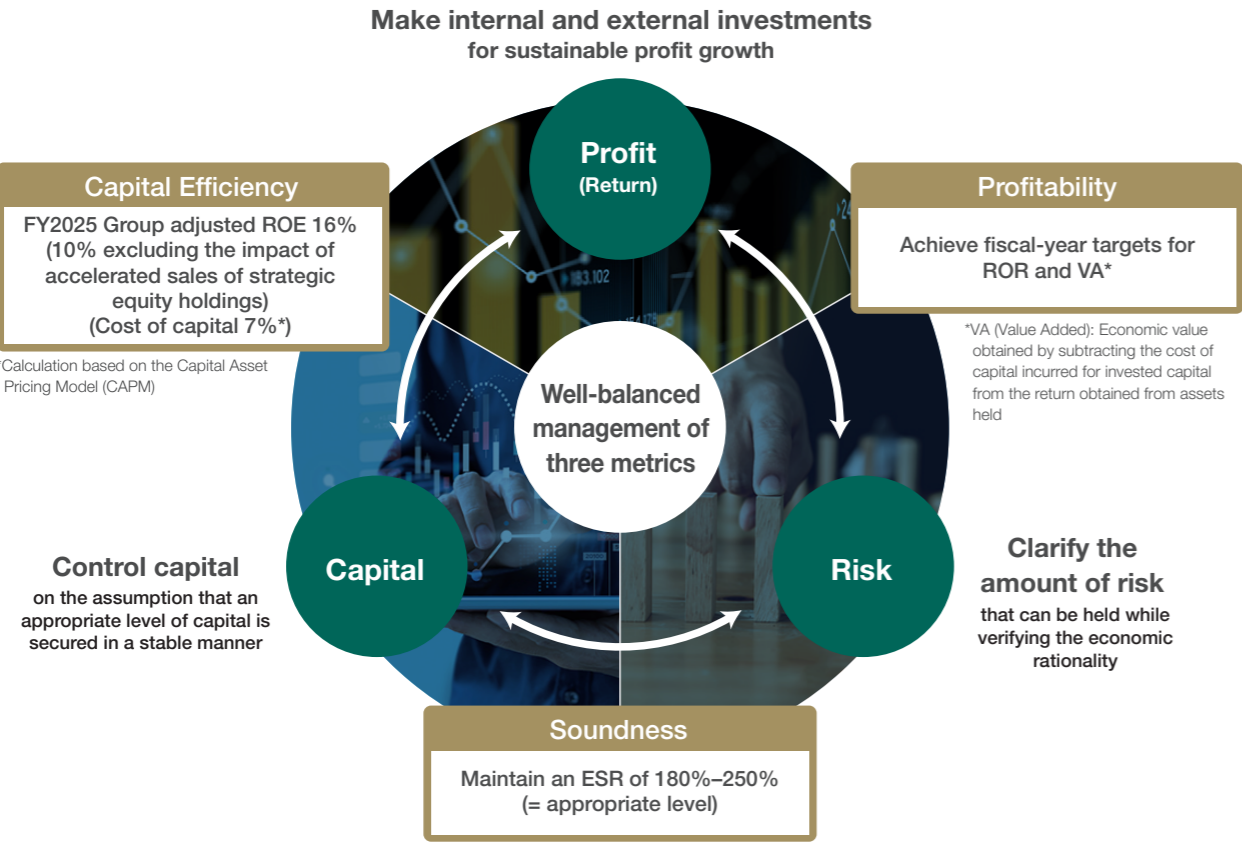
Foundations ERM

ERM-Based Group Management

In the Group, we position the Enterprise Risk Management (ERM) cycle as the base of Group management and work to improve profitability and capital efficiency under the precondition of ensuring soundness. We allocate capital to each business based on our Risk Appetite Statement and other factors, and take risks utilizing allocated capital, while appropriately controlling risk through monitoring return on risk (ROR) and other measures. Under the Medium-Term Management Plan (2022–2025), the ERM Committee plays a central role in the Group’s efforts to improve the assessment and management of each Group business based on risk, return, and capital, while also reducing strategic equity holdings and flexibly allocating capital to business opportunities with higher capital efficiency, including investing in growth businesses, as part of the Group’s measures to enhance capital efficiency.

Integrated management of risk, returns, and capital

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

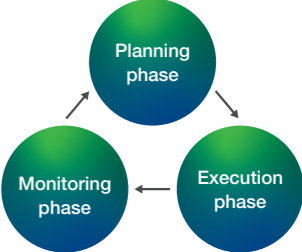


Capital Efficiency	Profitability (return on risk)	Soundness
Group adjusted ROE	ROR	1/ESR
Return (Group adjusted profit) Capital (adjusted net assets)	Return (Group adjusted profit) Risk (integrated risk amount)	Risk (integrated risk amount) Capital (NAV)
(See p. 29)	(See p. 29)	(See p. 29)

ERM cycle

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

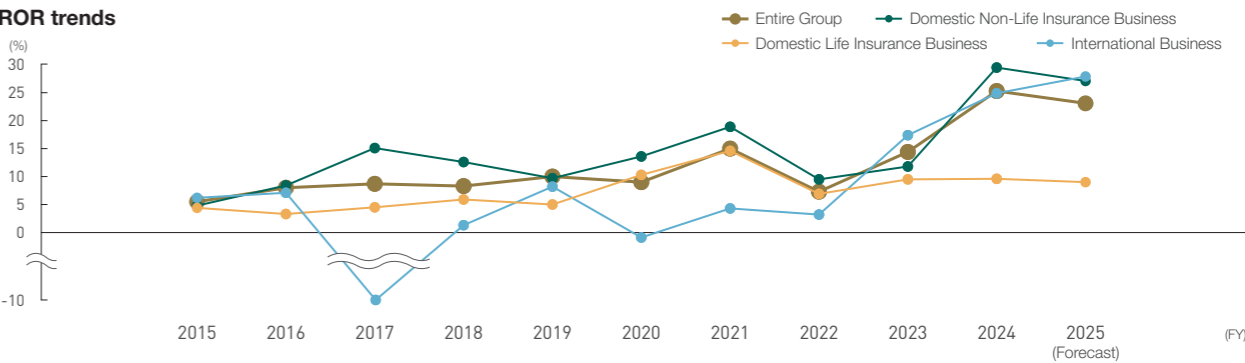
*During the monitoring phase, we check the Group adjusted ROE, ROR, ESR, compliance relative to risk limits, etc., on a quarterly basis.



Initiatives to boost profitability

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

Product development/sales/initiative management	P/L management by product/line Domestic non-life insurance Improved earnings through rate revisions for voluntary automobile insurance and fire insurance, strengthened underwriting, and expanded earnings from casualty insurance MSI Aiol Life* Assessment of profitability (comparing estimates at the time of development to the actual value) for new policies launched in FY2023 MSI Primary Life* Confirmation of the profitability (ROR) of policies sold and the value of new business for each product category
Asset management strategy	Strengthening our Group-wide asset management capabilities through the One Platform Strategy in the asset management field, with the aim of increasing the balance of higher return assets
Retention/reinsurance policy	Establishing a retention and outward reinsurance scheme that maintains the financial soundness and stability of periodic profit and loss and contributes to improving profitability Controlling the net retained risk amount associated with natural disasters



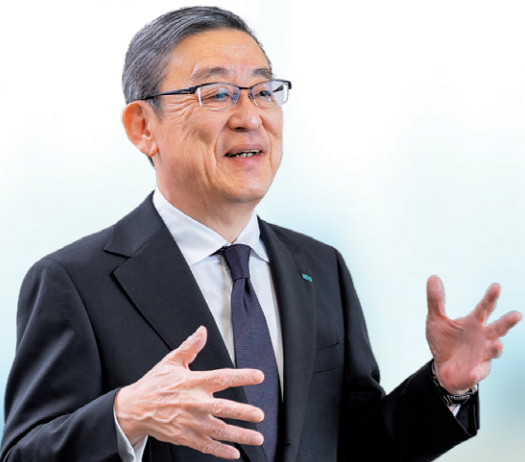
Strengthen the risk management framework

Strengthen the risk management framework	Strengthening our framework for identifying risks by horizontally deploying risks detected at each Group company, utilizing external advisors, etc.
Forward-looking risk detection	Define conduct risk as a Group, integrate it into existing risk management frameworks, and strengthen risk detection capabilities
Cultivation of a risk culture	Further cultivate a risk culture as the foundation of governance to improve corporate value and build a sustainable business

Zero strategic equity holdings

Efforts to reduce strategic equity holdings*	We will accelerate the reduction of strategic equity holdings to achieve zero holdings by the end of March 2030. This will contribute to the reduction of risk and the improvement of capital efficiency. While maintaining our shareholder return policy, returning 50% of Group adjusted profit, we will utilize the funds remaining from the sale of strategic equity holdings for growth investments (e.g., business investments, system investments, DX investments).
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*Excluding business investments, such as the development of insurance products and services or stocks that are deemed reasonable to hold as portfolio investments



CRO Message

Practicing forward-looking risk management and business management that emphasize quality to meet stakeholder expectations

Satoru Tamura
Senior Executive Officer
Group CRO

As the environment surrounding the MS&AD Group undergoes significant changes, we will practice forward-looking risk management and continue to operate our businesses in a stable manner, as a corporate group supporting a resilient and sustainable society through our global insurance and financial services businesses.

The Group appropriately controls risk through measures such as strengthening underwriting, adjusting the amount of catastrophe risk through the utilization of reinsurance, reducing strategic equity holdings, and comprehensive asset and liability management (ALM), and we ensure that we have sufficient capital for risks with a probability of occurrence of once in 200 years. In addition, we conduct stress tests, etc., based on the assumption of the occurrence of various events, such as large-scale storms, floods, and earthquakes in Japan and overseas; significant fluctuations in financial markets; increased cyberattacks; pandemics; and the emergence of geopolitical risks, thereby confirming that there are no problems with our financial soundness.

In terms of quality, we will thoroughly implement customer-focused business operations by enhancing risk detection and management.

In this section, we would like to discuss key themes and initiatives related to risk management and business operations that support the execution of strategies for the Group's development together with our stakeholders.

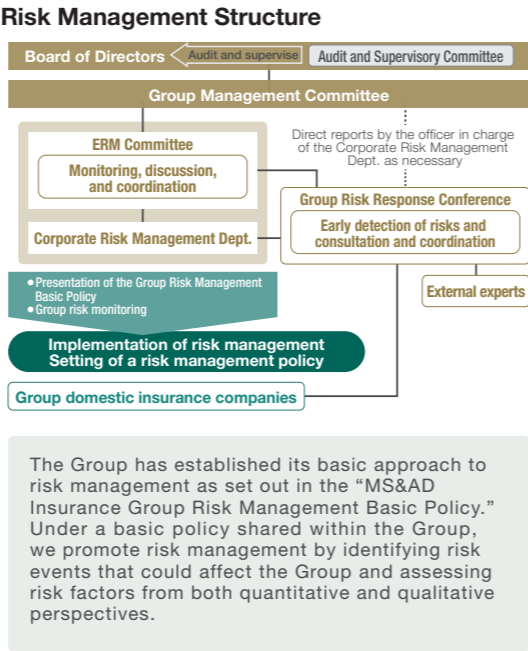
Strengthening risk detection capabilities and preventing the recurrence of scandals, etc. –Forward-looking risk detection and response

Given the occurrence of price fixing incidents and information leakage, the Group strives to ensure not only thorough compliance to avoid violations of related laws and regulations but also customer-focused business operations by revisiting the Group's Mission, Vision, and Values. The Group Risk Response Conference, which was newly established in FY2024 (in addition to the directors of each Group company, external experts participate to provide advice and guidance from a wide range of perspectives), mainly discusses the Group's legal and conduct risk management systems. We define conduct risk within our Group, integrate it into our existing risk management framework, and ensure this framework functions effectively. We are strengthening our risk detection and response capabilities by detecting risks inherent within the Group in a forward-looking manner, communicating them horizontally across the organization, and autonomously addressing risks.

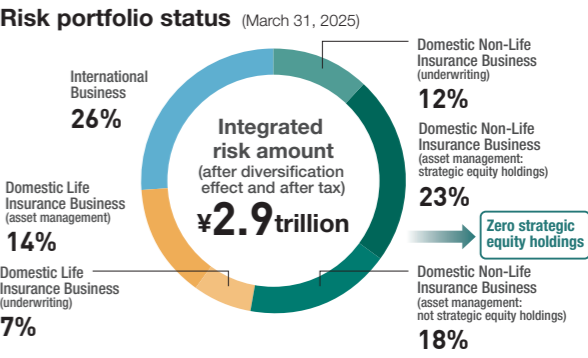
We will continue to swiftly respond to changes in the environment surrounding our Group and appropriately implement the PDCA cycle to continually review and improve the state of our governance and risk management, thereby preventing the recurrence of misconduct and other issues. We aim to grow as a Group that meets the expectations of our stakeholders.

Responding to changes in risk portfolios

The Group formulates management plans and takes risks in accordance with the Group Risk Appetite Statement, while also monitoring returns on risk and other factors through the ERM cycle to control risk, thereby ensuring soundness, improving capital efficiency, and enhancing profitability.



The Group will reduce the amount of strategic equity holdings held by the Group to zero by the end of FY2029, and we will use the proceeds from the sale for business investments, asset management, system and DX-related investments, etc., as well as shareholder returns. Although the Group's risk portfolios will change significantly because of these efforts, we will upgrade and strengthen risk management, as we aim to build a risk portfolio that enables us to steadily improve capital efficiency and return on risk (ROR) while maintaining financial soundness.



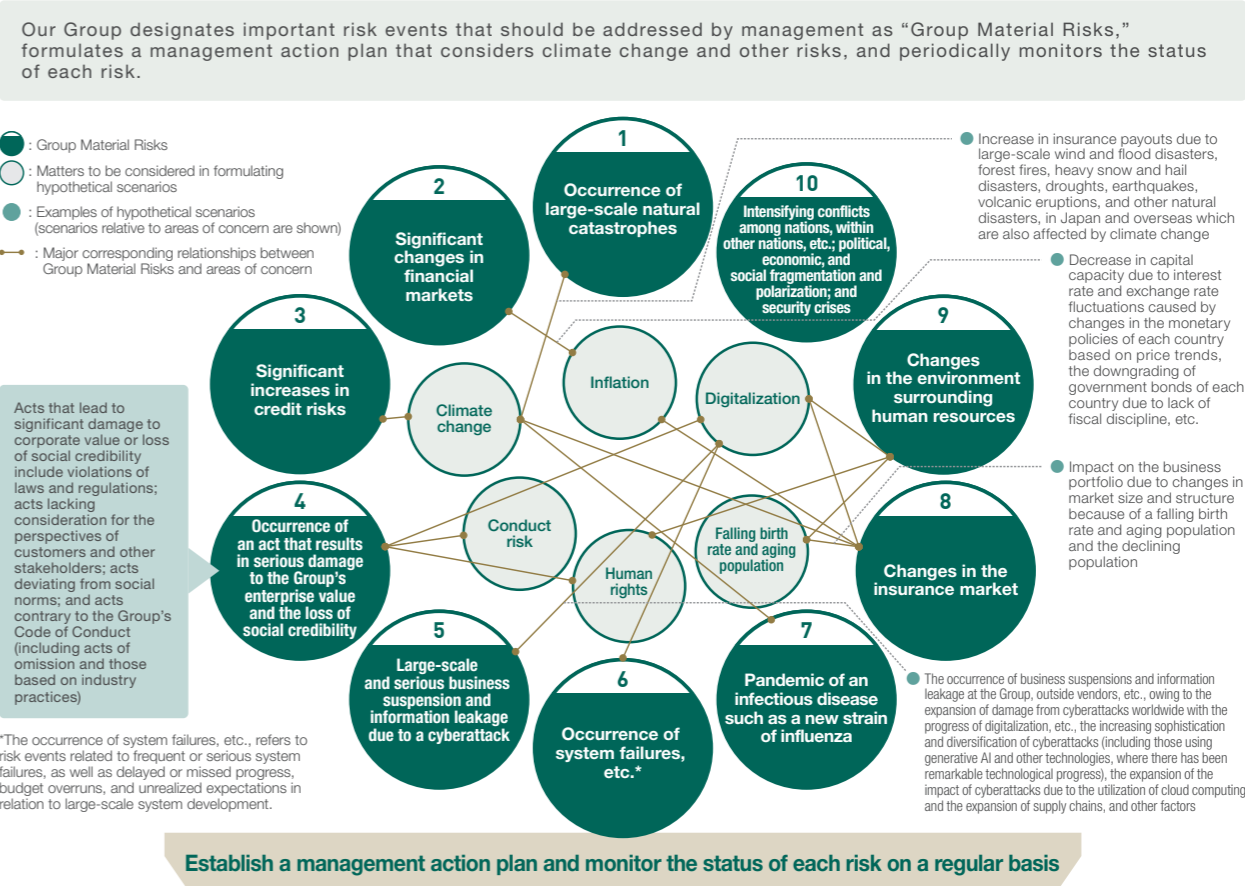
Identifying and addressing important risks

As I mentioned at the outset, the environment surrounding the Group is continually changing. In FY2024, we witnessed the first-ever issuance of Nankai Trough Earthquake Extra Information (Megaquake Advisory) following the Hyuga-nada Earthquake, along with frequent natural disasters such as hail damage in Hyogo Prefecture and wildfires near Los Angeles in the United States; escalating tensions in the Middle East; and financial market turbulence following the start of the second Trump administration.

In FY2025, we will continue to prepare for these risks while also appropriately addressing cyber risks, risks associated with generative AI utilization, changes in the insurance and human capital markets, inflation impacts, geopolitical risks, and other factors to achieve the sustainable growth of our Group. Therefore, as in FY2024, we have selected 10 Group Material Risks and are working to strengthen their management and mitigation initiatives.

In addition, we will promote measures to address climate change, conserve natural capital, respect human rights, and respond to new risks associated with technological innovations such as self-driving and AI. We will also be thoroughly engaging in business operations that emphasize quality to ensure perspectives oriented toward customers and other stakeholders, prevent violations of the Group's Values, etc., and contribute to solving social issues through our business activities while working to reduce the Group's risk.

FY2025 Group Material Risks



For more information, see the Group's official website. ●Risk Management (https://www.ms-ad-hd.com/en/group/value/risk_management/erm/risk.html)

●Risk Management Basic Policy ●Risk Management Structure ●The "three lines of defense" of risk management ●Insurance business risks ●Risk management in the international business ●Crisis management system (including business continuity plans)

Promotion of Compliance

The MS&AD Group regards compliance as one of the most important issues in the management of the Group and requires all officers and employees of the Group to comply with laws, internal regulations, etc., related to business activities.

Mechanism to ensure the effectiveness of rules and systems

We have established the “Basic Policy on Compliance of the MS&AD Insurance Group,” which is shared across the Group as a whole, and we are developing a compliance promotion framework based on this policy. As a company-wide implementation plan for compliance, the Company and our Group companies have each formulated a “Compliance Program,” and are promoting specific initiatives. The status of implementation of the plan, issues to be addressed, etc., are reported to the compliance committees, Boards of Directors, etc., of each Group company. In addition, we have established the Quality Improvement and Compliance Committee as a task-specific committee of the Board of Directors for monitoring, discussion, and coordination of compliance measures across the entire Group. Important matters are reported to the Board of Directors following discussions by the committee.

Measures to prevent money laundering, terrorist financing, counter-proliferation financing, and corruption and bribery

Our Group has established the Policy on Countermeasures against Money Laundering, Terrorist Financing, and Counter-Proliferation Financing and is promoting initiatives to prevent the use of the products and services of Group companies for money laundering, terrorist financing, and proliferation financing. In addition, we have established the Policy on Fair Business Practices to ensure fair business practices (e.g., prohibition of corrupt practices such as bribery and compliance with laws and regulations concerning political activities and political funds).
At overseas entities, we have established a Compliance Manual that includes sections on measures against money laundering, terrorist financing, counter-proliferation financing, and bribery prevention at overseas entities, and we are implementing appropriate rules and training.

Speak-up system (whistleblowing system)

Our Group has established the “Speak-Up System (Whistleblowing System)” to allow officers and employees, etc., of Group companies to report directly, in addition to the usual reporting lines, when there are violations of laws or regulations, breaches of internal rules, inappropriate actions, or potential risks of such actions by organizations or individuals. We have set up various reporting channels both within and outside the Group, ensuring they are accessible 24 hours a day, 365 days a year. In order to make them user-friendly for anyone wishing to report, we take great care to maintain the confidentiality of the whistleblowers and consultants, and handle the information with the utmost caution. Furthermore, we strive to protect these individuals so that they do not suffer any disadvantageous treatment as a result of reporting or consulting.
Also, for officers and employees working at our overseas entities, we have established a global reporting channel in addition to their local reporting channels. This system supports reports in 17 languages, and it allows for direct reporting to our headquarters in Japan from overseas.

Tax governance

Our Group believes that the origin and important value of its insurance business is as a company that can be trusted to support stability in people’s lives and dynamic business activities in the pursuit of a resilient and sustainable society. In recent years, as the importance of ensuring tax transparency has increased as a corporate social responsibility and as efforts to strengthen the international tax framework have progressed, the tax environment has changed significantly. Our Group believes that it is important to fully recognize the importance of ensuring tax transparency and to demonstrate the Group’s approach to taxation and its initiatives both internally and externally as responsible corporate actions.

For more information, see the Group’s official website.
●Our compliance (https://www.ms-ad-hd.com/en/group/value/risk_management/compliance.html)
●Basic Policy on Compliance ●Compliance promotion system ●Specific activities: Compliance program, Compliance manual, Compliance education, Training, Compliance inspection, Monitoring activities, Speak-up system (whistleblowing system), Anti-money laundering and terrorist financing, Counter-proliferation financing, Initiatives to prevent corruption and bribery
●Our tax governance (https://www.ms-ad-hd.com/en/group/value/risk_management/tax.html)

Amount of tax paid in major countries (FY2023: Based on national reports)(¥ billion)	
Country	Tax amount
Japan	9.3
U.S.	3.5
Singapore	2.8
Malaysia	2.0
U.K.	1.8
China	1.8
Others	0.9
Total	22.3

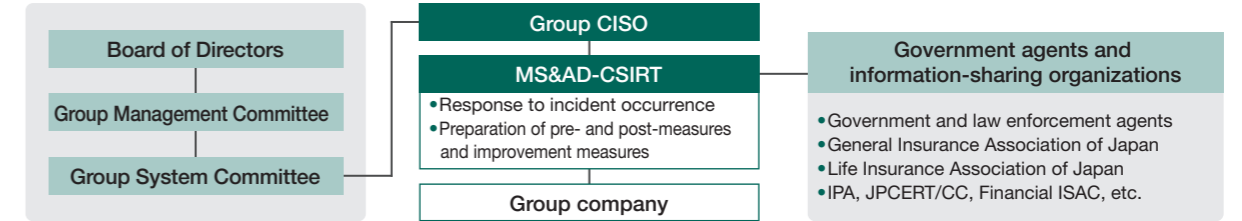
Information Security Management

The MS&AD Group positions the implementation of information security management as a key issue (materiality) for stakeholders and the Company in creating a world-leading insurance and financial group that continues to pursue sustainable growth and corporate value improvement. We are also striving to strengthen our response to cyber risks and threats by complying with laws and guidelines and promoting collaboration between the public and private sectors.

Executive Officer Group CISO Takuya Tsuda

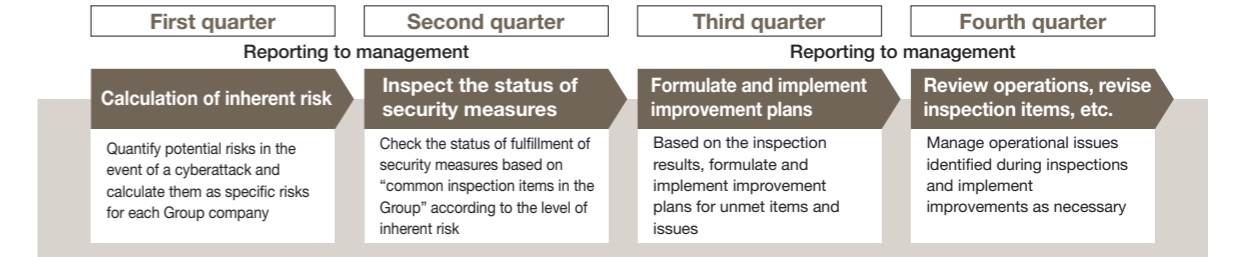
Information security management system of the Group

- The Group’s top management formulates strategies and policies for information security across the entire MS&AD Group, including cybersecurity, and has established the necessary governance systems. The Board of Directors and Group Management Committee hold discussions twice a year based on reports from the Group CISO, who is responsible for information security.
- We identify risks associated with information assets, constantly monitor changes in the external environment, including threat trends, and develop information security measures and a swift response system. Regarding cybersecurity, we have established the MS&AD-CSIRT to respond to incidents when they occur, collect information on security threats, share information among Group companies, and strengthen information linkage with government agencies, information-sharing organizations, etc.



Monitoring activities of our Group

We regularly check the status of security measures (monitoring activities) for Group companies, including overseas entities, using common Group indicators developed independently based on domestic and overseas standards, guidelines, and frameworks (e.g., NIST SP 800, Financial Services Agency Guidelines) to continuously improve security levels.



FY2024 initiatives

The MS&AD Group is continuing and strengthening its existing measures while also considering and introducing new measures to cope with environmental changes, such as increasingly sophisticated cyberattacks, stricter laws and regulations in various countries, and the proliferating scope of impact of supply chain attacks. As a result of such Group-wide initiatives to enhance information security management, no serious situations affecting business continuity occurred within the Group in FY2024.

Examples of ongoing efforts	<ul style="list-style-type: none">●Based on the heightened geopolitical risk, we will analyze attacks from the perspective of cyberattackers and consider and promote countermeasures●Inspections with Threat Led Penetration Testing (TLPT)●Reconfirmation of the system for incident occurrence (system, response flow, reporting party, response procedure) and response exercises●Collect and analyze vulnerability and threat information●Security training, targeted attack e-mail training●Technological monitoring through ASM* <p>*ASM (Attack Surface Management): A system to detect vulnerabilities and other risks to IT assets accessible from the Internet</p>
Examples of a stronger response to cyber risks	<ul style="list-style-type: none">●Research on overseas data protection regulations and inspection of legal risks at overseas entities●Enhancement of security measures inspection by incorporating the content of the Financial Services Agency’s new guidelines* <p>*Financial Services Agency, “Guidelines on Cyber Security in the Financial Sector” (published in October 2024)</p>



CDO Message

Delivering new value through AI beyond providing insurance, becoming the company most chosen by customers

Tomoyuki Motoyama
Executive Officer
Group CDO (DX Promotion)

The future envisioned by AI

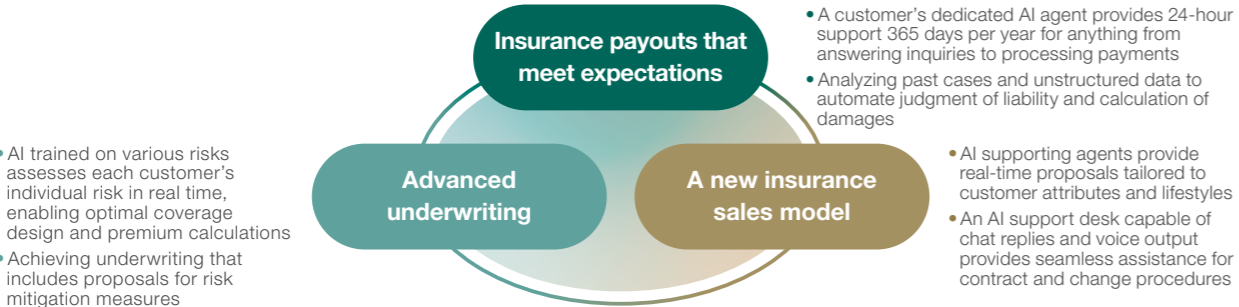
Insurance companies utilize AI to analyze weather big data, enabling highly accurate forecasts of damage from torrential rains and landslides weeks in advance. Each customer residing in the area at risk receives personalized optimal evacuation routes and action guidelines delivered to their smartphones or wearable devices. Insurance claims after a disaster are instantly assessed using drone-captured data, and payouts are completed on the same day—that future is just around the corner. As an insurance company, we are called upon to take the lead in building and providing this society marked by “peace of mind created by AI.” In recent years, alongside the increase in natural catastrophes brought on by climate change, risks surrounding communities and society, such as aging infrastructure and the diversification of cyber risks, are becoming more complex and severe at an unprecedented pace. Under these circumstances, it is not enough to merely provide coverage and handle claims. We will maximize the use of cutting-edge digital technologies such as generative AI to build a society that detects signs early and proactively takes optimal action. This will not only provide peace of mind for our customers but also contribute to enhancing the resilience of society.



Enhancing customer experience value with AI

For the near term, we envision a world where each customer has their own dedicated AI agent, fundamentally transforming the customer experience surrounding insurance policies. When customers consider purchasing insurance, for example, a dedicated AI agent proposes the optimal coverage plan. Should an accident occur, the agent assists with accident reporting and various procedures. In addition, for customers who wish to receive insurance proposals from agents, an AI agent designed to support agent sales can also present the most suitable products to the agent.

We aim to exponentially enhance the customer experience related to insurance policies by integrating AI into various aspects of our business processes. We will swiftly introduce AI technology in three particularly impactful areas to enhance operational efficiency.



Creating businesses that leverage cutting-edge business models and technologies

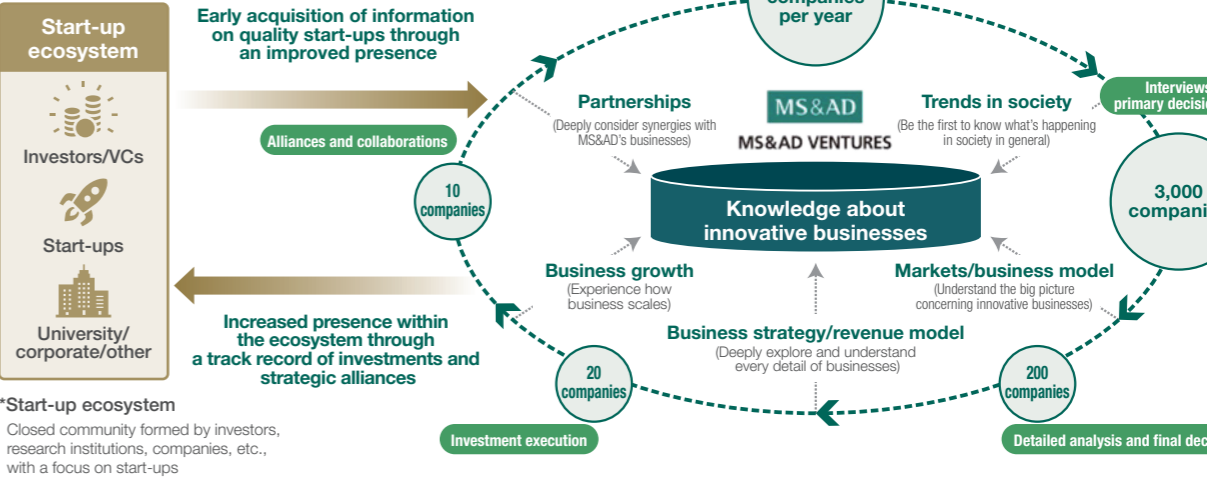
Through start-up investment activities by MS&AD Ventures*1, our CVC based in Silicon Valley, and research activities at the Aioi R&D Lab-Oxford*2, we are creating new businesses that contribute to business growth by quickly interacting with AI and other cutting-edge business models and technologies that have the potential to transform society in a variety of areas.

We are working to strengthen our profitability by developing new solutions that leverage our Group's assets, such as our customer base, channels, and brands, and by creating new businesses through entry into new markets.

Through such activities, we will drive the transformation of our business and risk portfolio while accelerating the value creation that contributes to solving social challenges.

*1 CVC (Corporate Venture Capital) was established in 2018 as the first such organization by a Japanese insurance group in Silicon Valley.
*2 A joint research institute jointly established by ADI and Mind Foundry Ltd., an AI start-up of the University of Oxford, to conduct research-and-development activities related to cutting-edge technology and science

With roots in Silicon Valley, the world's largest start-up ecosystem*, we will accumulate knowledge about innovative businesses through repeating investment processes as a VC.

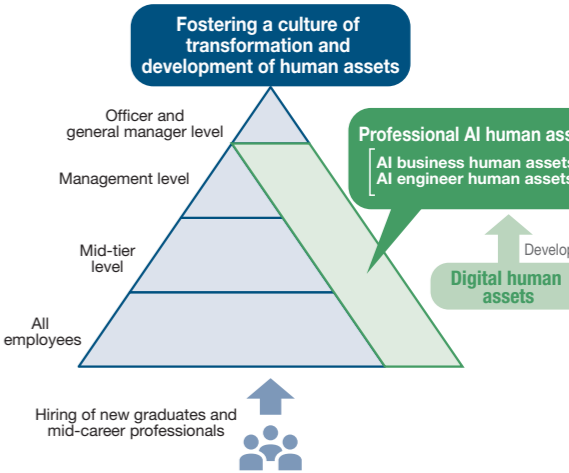


*Start-up ecosystem
Closed community formed by investors, research institutions, companies, etc., with a focus on start-ups

Development and acquisition of professional AI human assets

To achieve effective AI deployment, it is essential to advance both the development and acquisition of AI professionals as two key pillars. AI professionals include “AI business professionals” who possess expertise in both business operations and AI, enabling them to create use cases and drive transformation, and “AI engineer professionals” who possess technical expertise in AI and perform model building, implementation, and operation. We will strategically advance the development and acquisition of these human assets.

The Group has already achieved the goal of developing 7,000 digital human assets set forth in our current Medium-Term Management Plan and currently employs approximately 8,500 digital resources. We aim to cultivate digital human assets as candidates for the next generation of professional AI human assets who leverage AI to deliver new value to our customers.



MS&AD Digital Academy	MS&AD Digital College from Kyoto	Data Science Training	Recurrent Programs for Soft Skills
 Information Networking for Innovation and Design Collaboration with INIAD (Faculty of Information Networking for Innovation and Design, Toyo University)	 KYOTO UNIVERSITY of ADVANCED SCIENCE 京都先端科学大学 Cooperation with the Kyoto University of Advanced Science (KUAS)	 滋賀大学 Cooperation with Shiga University	 昭和女子大学 SHOWA WOMEN'S UNIVERSITY Collaboration with Showa Women's University

Investment (asset management)

The main theme of our asset management strategy in the Medium-Term Management Plan (2022–2025) has been to improve profitability, and given the major change in the environment of reducing strategic equity holdings to zero, we will review our asset allocation and thus further strengthen profitability.

Basic Strategy

- Aim to both maintain financial soundness and increase net asset value
- Build a portfolio capable of achieving an increase in net asset value within the scope of acceptable risk, while considering periodic profit/loss with the precondition of ensuring ALM and liquidity

Asset allocation policy

- Reduce strategic equity holdings to zero by the end of FY2029
- Increased higher return assets, mainly in foreign currency-denominated assets such as private assets and overseas corporate bonds

Strengthening investment in higher return assets

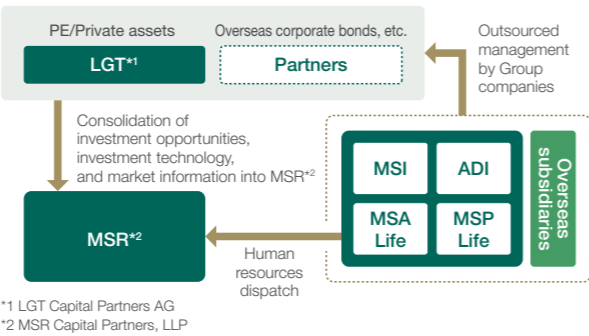
Strengthening foreign currency asset management capabilities in line with international business growth

Private assets	• Selecting and entrusting management by investment target area • MSR will collect information on overseas PE and lead investments
Overseas corporate bonds, etc.	• Promoting capital alliances with asset management companies with strong overseas credit risk analysis capabilities to strengthen our global credit investment capabilities

Market environment outlook (house view)

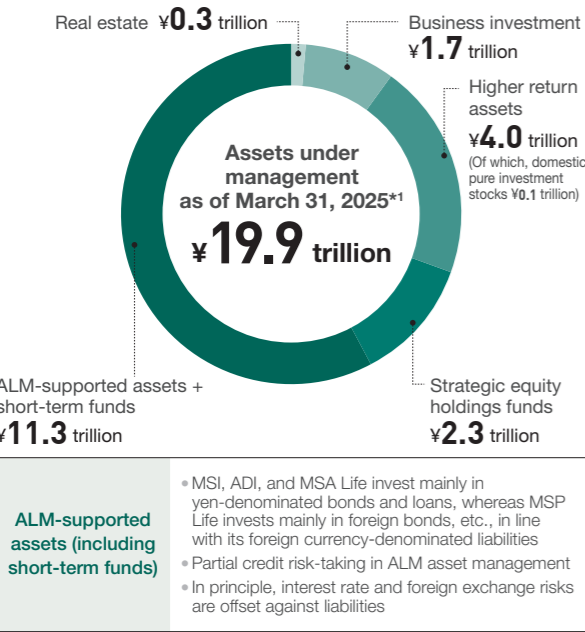
Domestic interest rates: Gradual rise due to monetary policy, etc.
U.S. interest rates: Gradual decline due to interest rate cuts, etc.
Currencies: Slight yen appreciation due to narrowing interest rate differentials

Global investment system

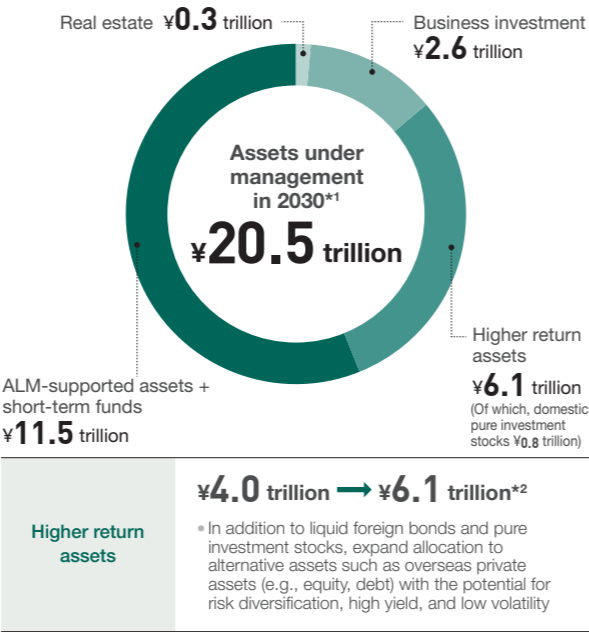


Asset Management Portfolio after the Sale of Strategic Equity Holdings

Assets under management (March 31, 2025)



Assets under management (image for 2030)

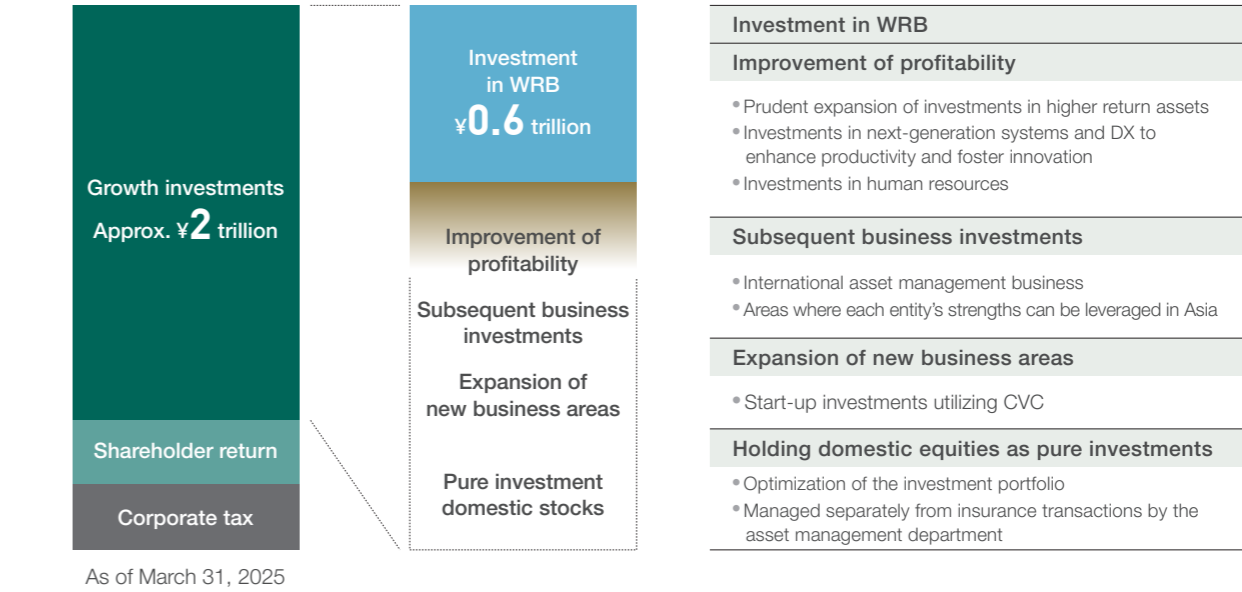


*1 Based on the simple sum of non-consolidated figures for five non-consolidated domestic companies, assumes external outflows (taxes and shareholder returns) of ¥0.7 trillion (from March 31, 2025, to March 31, 2030)
*2 Only the excess of assets over liabilities is counted for MSP Life

Growth Investment Status and Business Investment

- Of the ¥2 trillion allocated for growth investment, approximately ¥600 billion will be directed toward international businesses (WRB).
- Higher return assets increased by approximately ¥350 billion, primarily through the utilization of MSR, focusing on foreign bonds and alternative assets.
- We will leverage our experience and take a disciplined approach when considering further business investment.

Status of growth investments



Asset Owner Principle

- The Group's domestic insurance companies* have endorsed the Asset Owner Principles announced by the Cabinet Secretariat on August 28, 2024, as part of the government's "Policy Plan for Promoting Japan as a Leading Asset Management Center," and have expressed their acceptance to the Financial Services Agency.
- The Group will fulfill its asset owner responsibilities by developing an appropriate organizational structure and risk management framework and by making sound investments that ensure safety, profitability, and liquidity in line with investment targets and policies that take into account the economic and financial environment, with the aim of ensuring the disbursement of insurance payments and benefits to policyholders and the performance of all other liabilities, as well as contributing to business continuity and the sustainable growth of enterprise value.

Overview of the Five Asset Owner Principles

Principle 1	• Asset owners should take into account the best interests of beneficiaries and should determine the purpose of investing. • They should set investment targets and policies based on the purpose through an appropriate process, taking into account the economic and financial situation.
Principle 2	• Asset owners need to make decisions based on their expert knowledge. • They should develop an appropriate structure by securing talent with sufficient knowledge and experience and consider using external knowledge and outsourcing when needed.
Principle 3	• Asset owners should appropriately manage risks, including by diversifying the investment portfolio. • They should select the optimal investment trustee while managing conflicts of interest.
Principle 4	• Asset owners should provide information on the status of asset management and engage in dialogues with stakeholders.
Principle 5	• Asset owners should give consideration to the sustainable growth of investee companies by conducting stewardship activities by themselves or through the investment trustee.

To demonstrate the Group's support for this initiative, we have summarized our Group's common responses and views on each of the Asset Owner Principles, together with the Group's asset management status and published them on the official website below.

(<https://www.ms-ad-hd.com/en/ir/stewardship/principle.html>)

ESG Investing

Investments and Loans Considering ESG Issues

As a signatory of the Principles for Responsible Investment (PRI), our Group invests and lends considering ESG issues. Specifically, we collect and evaluate ESG information in accordance with asset characteristics and investment methods and make investment and loan decisions in conjunction with conventional analysis such as financial analysis. We are working on investments and loans with themes that lead to solutions to sustainability-related issues on the premise of securing profits. In addition, we will engage in constructive “purposeful dialogue” with investee companies based on ESG factors to raise awareness of ESG among investee companies and to enhance corporate value over the medium term.

Our Group’s ESG investment and loan initiatives

ESG investment and loan initiatives	Description	Target assets	Investment and loan balance
Integration			
Reflection of the response to the Group’s “business activities considering sustainability”	Screening specific uses of funds and industries without investments and loans, and making prudent decisions on whether to engage in transactions from the perspectives of responding to climate change, improving the sustainability of natural capital, and respecting human rights	All asset classes	¥15.2 trillion*
Incorporation of the Group’s priority issues into the research	Focusing on “CO2 emissions,” “deforestation,” “water risk,” and “human rights violations,” evaluations by ESG evaluation companies and international initiatives (such as CDP), etc., are used for investment decisions and monitoring	Corporate bonds, stocks, and loans	¥7.5 trillion
Constructive Engagement			
Engagement	Conduct dialogue centered on stewardship activities	Stocks	¥1.8 trillion
Positive Impact			
Sustainable/thematic investing	ESG issues, investments, and loans in themes such as renewable energy (e.g., solar, wind, hydrogen), green transition finance (greenhouse gas reduction), and regional revitalization	Bonds, stocks, loans, and private equity	¥777.7 billion
Impact investing	Investment in themes such as healthcare and education, focusing on climate change	Private equity	

*The scope of coverage excludes cash and cash equivalents, real estate holdings, and funds that also have funds invested by other investors

Breakdown of ESG-themed investments (end of March 2025)

By theme	Investment and loan balance
Investment in ESG-themed funds	¥234.0 billion
Support for efforts to reduce greenhouse gases	
Renewable energy (e.g., solar, wind, hydrogen)	¥94.8 billion
Transition/Sustainability-linked finance	¥37.8 billion
Green finance	¥165.9 billion
Support for sustainable global development	
Social sustainability (including supranational bonds)	¥214.2 billion
Regional revitalization, healthcare, impact investment*, etc.	¥31.2 billion
Total	¥777.7 billion

*Of the investment amount commitment to the fund, only the invested amount is included

Started Group joint impact investments

The MS&AD Insurance Group’s management philosophy is “Provision of security and security through global insurance and financial services businesses to support the development of a vibrant society and a healthy future for the planet.” Through this investment, we aim to generate a positive and measurable impact on the environment and society while also achieving economic returns. In addition, we will use this investment as an opportunity to build a network related to impact investments and to contribute to the achievement of the SDGs and the creation of a sustainable society by accumulating knowledge on environmental and social impact assessment and management.

