

June 2, 2023

Dear Shareholders:

Notice of Convocation of the 15th Annual Shareholders Meeting

MS&AD Insurance Group Holdings, Inc. (the “Company”) hereby announces that its 15th Annual Shareholders Meeting will be held as set out below.

When convening this Shareholders Meeting, the Company takes measures for providing information that constitutes the content of Reference Documents for Shareholders Meeting, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information as “Notice of Convocation” on the Company’s website. Please access the Company’s website by using the Internet address shown below to review the information.

The Company’s website

Japanese: https://www.ms-ad-hd.com/ja/ir/ir_event/meeting.html

English: https://www.ms-ad-hd.com/en/ir/ir_event/meeting.html

In addition to posting items for which measures for providing information in electronic format are to be taken on the website above, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE). To access this information from the latter website, access the TSE website (Listed Company Search) by using the Internet address shown below, enter the issue name (company name) or securities code (8725), and click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information.”

TSE website (Search for a listed Company)

Japanese: <https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

English: <https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet or in writing. Please review the Reference Documents for Shareholders Meeting, and exercise your voting rights by following the instructions on page 4 to 5.

Yours faithfully,

MS&AD Insurance Group Holdings, Inc.

27-2, Shinkawa 2-chome, Chuo-ku, Tokyo

Noriyuki Hara, Director, President & CEO

Particulars

1. Date and Time: 10:00 a.m. on June 26, 2023 (Monday) (Entry starts at 9:00 a.m.)
2. Place: Mitsui Sumitomo Insurance Surugadai Building
9, Kanda Surugadai 3-chome, Chiyoda-ku, Tokyo
3. Purposes of the Meeting:

Matters to be reported:

1. Business Report, consolidated financial statements, and a report on the results of audit of consolidated financial statements by Accounting Auditors and the Audit & Supervisory Board for the 15th fiscal year (Fiscal 2022 (from April 1, 2022 to March 31, 2023)); and
2. Report on the non-consolidated financial statements for the 15th fiscal year (Fiscal 2022 (from April 1, 2022 to March 31, 2023)).

Matters to be resolved:

- | | |
|-------------|--|
| Proposal 1: | Appropriation of Surplus |
| Proposal 2: | Election of Eleven (11) Directors |
| Proposal 3: | Election of One (1) Audit & Supervisory Board Member |

- If any changes occur to the management of this Shareholders Meeting due to future situation, they will be posted to the Company's website.
- Among the items for which measures for providing information in electronic format are to be taken, in accordance with the provisions of laws and regulations and Article 17 of the Articles of Incorporation of the Company, the following items are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents. Accordingly, the documents that are delivered to shareholders who have made a request for delivery of paper-based documents are part of the documents included in the scope of audits by the Audit & Supervisory Board Members and the Accounting Auditor when they create their respective audit reports.
 - i) "Main offices of Corporate Group," "Employees of Corporate Group," and "Major Lenders of Corporate Group" under "Matters Concerning the Current Status of the Insurance Holding Company," "Matters Concerning Stock Acquisition Rights, etc.," "System for Ensuring Appropriateness of Operations," and "Matters Concerning Specified Wholly Owned Subsidiaries" of the Business Report
 - ii) "Consolidated Statement of Changes in Net Assets" and "Consolidated Explanatory Notes" for the consolidated financial statements
 - iii) "Non-consolidated Statement of Changes in Net Assets" and "Non-Consolidated Explanatory Notes" for the non-consolidated financial statements
- Questions regarding the purpose of this Shareholders Meeting will be taken in advance of the Meeting, and the answers will be posted on the Company's website. Shareholders who wish to submit questions are requested to submit them via the Company's website by June 13 (Tuesday). Please note that it may not be possible to answer all of your questions.
- If revisions to the items for which measures for providing information in electronic format are to be taken arise, a notice of the revisions and the details of the items after the revisions will be posted on the Company's aforementioned website and the TSE website.

[Language used and accompaniment of interpreter at the Shareholders Meeting]

Only the Japanese language will be used at this Shareholders Meeting.

The Company will not arrange for an interpreter.

Shareholders may arrange and bring an interpreter, but when making a comment, please understand the following.

- * Please follow the instructions of the chair when making a comment.
- * When a comment is allowed by the chair, the relevant shareholder speaks first and then the interpreter interprets the comment to the chair.
- * Interpreters may only interpret the comment of the relevant shareholder into Japanese.
- * Interpreters may never make a comment of their own volition instead of the relevant shareholder.
- * What the interpreter says is deemed to be a comment by the relevant shareholder.

[Attendance of beneficial shareholders]

Beneficial shareholders, i.e. shareholders who do not hold shares in their own names but rather through an institutional investor (e.g., institutional investors owning shares in the name of a trust bank), attending this Shareholders Meeting are required to obtain advance consent from the Company by prior notification to the Company (submitting necessary documents ^(Note 1)) and by bringing the specified identity verification documents ^(Note 2) on the day of the Shareholders Meeting.

- (Notes)1. “Letter of proxy,” “Certificate concerning the exercise of voting rights by proxy,” “Status of the exercise of voting rights by proxy,” “Certificate by standing proxy (in the case of a foreign institutional investor)”
2. “Notification of proxy,” “Identity verification materials”

Instructions for the Exercise of Voting Rights

You may exercise your voting rights at the Annual Shareholders Meeting by any of the following methods:

Exercise of voting rights by attending the Annual Shareholders Meeting

Please bring the enclosed Voting Right Exercise Form and submit the completed Form to the reception at the Meeting. Please also bring this booklet as a guide to the proceedings.

When attending by proxy, please submit a letter of proxy together with the enclosed Voting Right Exercise Form to the reception at the Meeting. The proxy must be one (1) shareholder who holds voting rights.

Date and Time of the Annual Shareholders Meeting:

10:00 a.m. on June 26, 2023 (Monday)

Exercise of voting rights via the Internet

Scanning the QR Code (Japanese Only)

You may log in to the website for exercising voting rights without entering the “Vote Exercise Code” and “Password” only once by using a smartphone to scan the special QR Code printed on the Voting Right Exercise Form. Once you log in to the website, please indicate your approval or disapproval to each of the proposals as instructed on the display screen.

Entering the “Vote Exercise Code” and “Password”

Please access the following website for exercising voting rights and indicate your approval or disapproval to each of the proposals as instructed on the display screen, entering the “Vote Exercise Code” and “Password” printed on the enclosed Voting Right Exercise Form.

The website for exercising voting rights: <https://www.web54.net>

Deadline for the exercise of voting rights via the Internet:

No later than 5:00 p.m. on June 23, 2023 (Friday)

Exercise of voting rights by mailing of written documents

Please indicate on the enclosed Voting Right Exercise Form your approval or disapproval to each of the proposals and return the Form to the administrator of the shareholders’ registry of the Company (Sumitomo Mitsui Trust Bank, Limited) by mail.

Deadline for the arrival of written documents to exercise voting rights by mail:

No later than 5:00 p.m. on June 23, 2023 (Friday)

Notes on the exercise of voting rights

- When a shareholder exercises voting rights via the Internet as well as submitting the Voting Right Exercise Form by mail, the vote via the Internet shall be treated as the valid exercise of voting rights.
- If multiple votes via the Internet are received from a shareholder, the most recent vote shall be treated as the valid exercise of voting rights.
- Any connection charges and communications expenses payable to Internet providers and telecommunication carriers incurred in accessing the website for exercising voting rights will be borne by shareholders.
- Please be aware that exercising voting rights via a PC or smartphone may not be possible in certain Internet usage environments. In addition, exercising voting rights via a mobile phone may not be possible with certain types of mobile phones.
- If you do not indicate your approval or disapproval to each of the proposals on the returned Voting Right Exercise Form, it shall be assumed that you have indicated your approval.

Should you have any questions regarding the exercise of voting rights via the Internet, please contact the administrator of the shareholders' registry stated below:

Free Dial: 0120-652-031 (9 a.m. – 9 p.m.)

Stock Transfer Agency Business Planning Dept. Sumitomo Mitsui Trust Bank, Limited

For institutional investors

You may use the Electronic Voting Platform operated by ICJ, Inc. to exercise your voting rights at the Annual Shareholders Meeting.

* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

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Reference Documents for Shareholders Meeting

Proposals and Reference Matters:

Proposal 1: Appropriation of Surplus

The Company is committed to meeting the expectations of shareholders by increasing the corporate value through sustainable growth on the premise of securing financial soundness, while providing continuous and stable returns to shareholders.

In view of the above, it is the Company's policy to secure a stable dividend scale per share in Stage 1 (2022-2023) of the Medium-Term Management Plan (2022-2025)*¹ and to provide returns to shareholders through shareholder dividends and repurchase of treasury stock, based on 50% of the Group Adjusted Profit.*²

With a view to providing continuous and stable shareholder returns, the Company proposes to pay a dividend on its surplus for the current fiscal year that exceeds 50% of the Group's Adjusted Profit as follows:

Matters concerning the fiscal year-end dividend:

1. Matters regarding distribution of dividends to shareholders and the total amount thereof:

100 yen per share of common stock of the Company

Total: 53,569,943,100 yen

As a result, the annual dividend for the current fiscal year totals 200 yen per share, including the interim dividend.

2. Effective date of dividend:

June 27, 2023

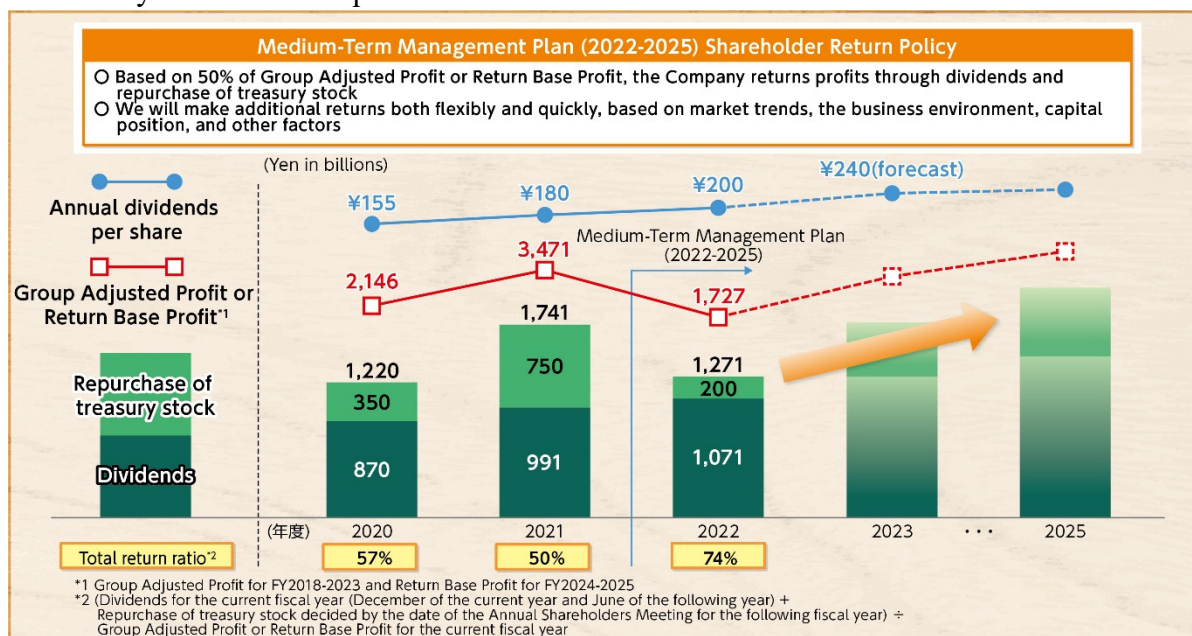
(Notes)

*1 For our shareholder return policy under the Medium-Term Management Plan, please refer to "(Reference) Shareholder Return Policy" shown on the next page.

*2 The Group Adjusted Profit is the Company's own index showing the ordinary profitability of the entire Group. It is calculated by adding/deducting provision for catastrophe loss reserve and others (adding for provision and deducting for reversal) to/from consolidated net income.

(Reference)
Shareholder Return Policy

In the Group's Medium-Term Management Plan (2022-2025), we have set the base of 50% of Group Adjusted Profit in Stage 1 (FY2022-2023), and 50% of Return Base Profit in Stage 2 (FY2024-2025), and we are making returns through dividends and the repurchase of treasury stock. Furthermore, we will make additional returns both flexibly and quickly, based on market trends, the business environment, capital position, and other factors. In FY2022, we will pay a dividend of 107.1 billion yen (including Proposal 1) and repurchase 20.0 billion yen of treasury stock to return profits to shareholders.



Calculation formula for Group Adjusted Profit

$$\text{Group Adjusted Profit}^3 = \text{Consolidated net income} + \text{Provision for catastrophe loss reserve and others}^{4,5} - \text{Other incidental factors (amortization of goodwill and other intangible fixed assets and others)} + \text{Equity in earnings of the non-consolidated Group companies}$$

*3 Each adjustment amount is on an after-tax basis
*4 Catastrophe loss reserve, contingency reserve, and reserve for price fluctuation of domestic non-life insurance business and Mitsui Sumitomo Aioi Life
*5 Subtraction in case of reversal

Calculation formula for Return Base Profit

$$\text{Return Base Profit} = \text{IFRS net income} - \text{Reconciliation items from IFRS net income}^6 + \text{Gains (losses) from sales of strategic equity holdings}$$

*6 Impact of market fluctuations, deferred effects of new contract costs, gain/loss related to unfavorable contracts, amortization of intangible fixed assets, impairment of goodwill

Proposal 2: Election of Eleven (11) Directors

The terms of office of all eleven (11) Directors will expire at the close of this Annual Shareholders Meeting, and so the Company proposes the election of eleven (11) Directors, including five (5) Outside Directors.

The candidates for Directors are as follows:

Candidate No.	Name		Gender	Position and Duties at the Company
1	Reappointment	Yasuyoshi Karasawa	Male	Chairman & Director, Chairman Executive Officer
2	Reappointment	Yasuzo Kanasugi	Male	Representative Director, Vice Chairman & Director, Vice Chairman Executive Officer
3	Reappointment	Noriyuki Hara	Male	Representative Director, President & CEO (Group CEO)
4	Reappointment	Tetsuji Higuchi	Male	Representative Director, Executive Vice President Corporate Planning Dept., in sub-charge of Digital Innovation Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., in sub-charge of International Business Planning Dept., Internal Audit Dept., Capital Policy, Group CFO
5	New Appointment	Tomoyuki Shimazu	Male	Executive Officer Assist Management
6	Reappointment	Yusuke Shirai	Male	Director, Executive Officer Assist Management
7	Reappointment	Mariko Bando	Female	Outside Director Independent Director Director (Outside Director)
8	Reappointment	Junichi Tobimatsu	Male	Outside Director Independent Director Director (Outside Director)
9	Reappointment	Rochelle Kopp	Female	Outside Director Independent Director Director (Outside Director)
10	Reappointment	Akemi Ishiwata	Female	Outside Director Independent Director Director (Outside Director)
11	New Appointment	Jun Suzuki	Male	Outside Director Independent Director

Candidate No.	Name (Date of birth)	Career summary, Position and Duties at the Company and Important concurrent positions, if any	Number of shares of the Company owned
1	<p style="text-align: center;">Reappointment</p> <p style="text-align: center;">Yasuyoshi Karasawa</p> <p style="text-align: center;">(Oct. 27, 1950)</p> <p>Attendance at Board of Directors meetings held in FY2022: 12/12 (100%)</p>	<p>Apr. 1975 Entered The Sumitomo Marine and Fire Insurance Co., Ltd.</p> <p>Apr. 2004 Executive Officer, General Manager of Corporate Planning Dept., Mitsui Sumitomo Insurance Co., Ltd. (“MSI”)</p> <p>Jun. 2005 Director, Executive Officer, General Manager of Corporate Planning Dept., <i>MSI</i></p> <p>Apr. 2006 Director, Managing Executive Officer, <i>MSI</i></p> <p>Apr. 2008 Director, Senior Executive Officer, <i>MSI</i> Director, <i>the Company</i></p> <p>Apr. 2009 Director, Senior Executive Officer, <i>the Company</i></p> <p>Apr. 2010 President & CEO, <i>MSI</i> Director, Executive Officer, <i>the Company</i></p> <p>Jun. 2014 President & CEO, <i>the Company</i></p> <p>Apr. 2016 Chairman & Director, Chairman Executive Officer, <i>MSI</i></p> <p>Jun. 2020 Chairman & Director, Chairman Executive Officer, <i>the Company</i> (present)</p> <p>Apr. 2021 Director, Advisor, <i>MSI</i></p> <p>Jun. 2021 Advisor, <i>MSI</i> (present)</p> <p><Position and Duties at the Company> Chairman & Director, Chairman Executive Officer</p>	53,460
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Yasuyoshi Karasawa has a wealth of business experience gained through his involvement in corporate planning, marketing & sales, corporate communications, investment planning, etc. He served as President & CEO of <i>MSI</i> from 2010 to 2016 and as Chairman & Director of <i>MSI</i> from 2016 to 2021. He served as President & CEO of the Company from 2014 to 2020 and has been serving as Chairman & Director of the Company since 2020. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies, etc. Therefore, we propose to reappoint him as Director.</p>			

(Note) “Notes commonly applicable to more than one candidate” on page 20 are applicable to Mr. Yasuyoshi Karasawa.

Candidate No.	Name (Date of birth)	Career summary, Position and Duties at the Company and Important concurrent positions, if any	Number of shares of the Company owned
2	<p style="text-align: center;">Yasuzo Kanasugi</p> <p style="text-align: center;">(May 29, 1956)</p> <p>Attendance at Board of Directors meetings held in FY2022: 12/12 (100%)</p>	<p>Apr. 1979 Entered Dai-Tokyo Fire & Marine Insurance Co., Ltd.</p> <p>Apr. 2008 Managing Officer, General Manager of Human Resource Planning Dept., Aioi Insurance Co., Ltd. (“<i>Aioi</i>”)</p> <p>Apr. 2009 Executive Officer, <i>Aioi</i></p> <p>Oct. 2010 Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd. (“<i>ADI</i>”)</p> <p>Apr. 2011 Managing Executive Officer, <i>ADI</i></p> <p>Apr. 2012 Executive Officer, <i>the Company</i></p> <p>Jun. 2012 Director, Managing Executive Officer, <i>ADI</i></p> <p>Apr. 2013 Director, Senior Executive Officer, <i>ADI</i></p> <p>Jun. 2014 Director, Executive Officer, <i>the Company</i></p> <p>Apr. 2016 President & CEO, <i>ADI</i></p> <p>Jun. 2020 Vice Chairman & Director, Vice Chairman Executive Officer, <i>the Company</i> (present)</p> <p>Apr. 2022 Chairman & Director, <i>ADI</i> (present)</p> <p><Position and Duties at the Company> Representative Director, Vice Chairman & Director, Vice Chairman Executive Officer</p> <p><Important concurrent positions> Chairman & Director, <i>ADI</i></p>	60,611
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Yasuzo Kanasugi has a wealth of business experience gained through his involvement in human resources, marketing & sales, corporate planning, merger preparation, etc. He served as President & CEO of <i>ADI</i> from 2016 to 2022, and has been serving as Chairman & Director of <i>ADI</i> since 2022, and as Vice Chairman & Director of the Company since 2020. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies, etc. Therefore, we propose to reappoint him as Director.</p>			

(Note) “Notes commonly applicable to more than one candidate” on page 20 are applicable to Mr. Yasuzo Kanasugi.

Candidate No.	Name (Date of birth)	Career summary, Position and Duties at the Company and Important concurrent positions, if any	Number of shares of the Company owned
3	<p>Reappointment</p> <p>Noriyuki Hara</p> <p>(Jul. 21, 1955)</p> <p>Attendance at Board of Directors meetings held in FY2022: 12/12 (100%)</p>	<p>Apr. 1978 Entered Taisho Marine and Fire Insurance Co., Ltd.</p> <p>Apr. 2008 Executive Officer, General Manager of Corporate Quality Control Dept., Mitsui Sumitomo Insurance Co., Ltd. (“MSI”)</p> <p>Apr. 2010 Managing Executive Officer, General Manager of Nagoya Commercial Business Div., <i>MSI</i></p> <p>Apr. 2012 Director, Managing Executive Officer, <i>MSI</i></p> <p>Apr. 2013 Director, Senior Executive Officer, <i>MSI</i></p> <p>Apr. 2015 Director, Vice President, Executive Officer, <i>MSI</i></p> <p>Apr. 2016 President & CEO, <i>MSI</i> Executive Officer, <i>the Company</i></p> <p>Jun. 2016 Director, Executive Officer, <i>the Company</i></p> <p>Jun. 2020 President & CEO, <i>the Company</i> (present)</p> <p>Apr. 2021 Chairman & Director, Chairman Executive Officer, <i>MSI</i> (present)</p> <p><Position and Duties at the Company> Representative Director, President & CEO (Group CEO)</p> <p><Important concurrent positions> Chairman & Director, Chairman Executive Officer, <i>MSI</i></p>	54,537
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Noriyuki Hara has a wealth of business experience gained through his involvement in market development, marketing & sales, product operations, corporate planning, etc. He served as President & CEO of <i>MSI</i> from 2016 to 2021 and has been serving as Chairman & Director of <i>MSI</i> since 2021 and as President & CEO of the Company since 2020. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies, etc. Therefore, we propose to reappoint him as Director.</p>			

(Note) “Notes commonly applicable to more than one candidate” on page 20 are applicable to Mr. Noriyuki Hara.

Candidate No.	Name (Date of birth)	Career summary, Position and Duties at the Company and Important concurrent positions, if any	Number of shares of the Company owned
4	<p style="text-align: center;">Reappointment</p> <p style="text-align: center;">Tetsuji Higuchi</p> <p style="text-align: center;">(Jun. 24, 1961)</p> <p>Attendance at Board of Directors meetings held in FY2022: 12/12 (100%)</p>	<p>Apr. 1984 Entered The Sumitomo Marine and Fire Insurance Co., Ltd.</p> <p>Apr. 2014 Executive Officer, General Manager of Tokyo Div., Mitsui Sumitomo Insurance Co., Ltd. (“MSI”)</p> <p>Apr. 2015 Executive Officer, General Manager of Corporate Planning Dept., <i>MSI</i></p> <p>Apr. 2016 Director, Managing Executive Officer, <i>MSI</i></p> <p>Apr. 2017 Executive Officer, <i>the Company</i></p> <p>Apr. 2018 Director, Senior Executive Officer, <i>MSI</i></p> <p>Apr. 2020 Senior Executive Officer, <i>the Company</i></p> <p>Jun. 2020 Director, Senior Executive Officer, <i>the Company</i></p> <p>Apr. 2021 Director, Executive Vice President, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Representative Director, Executive Vice President Corporate Planning Dept., in sub-charge of Digital Innovation Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., in sub-charge of International Business Planning Dept., Internal Audit Dept., Capital Policy, Group CFO</p>	22,122
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Tetsuji Higuchi has a wealth of business experience gained through his involvement in marketing & sales, product operations, human resources, and corporate planning, etc. He served as Senior Executive Officer of <i>MSI</i> from 2018 to 2020 and has been serving as Executive Vice President of the Company since 2021. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies, etc. Therefore, we propose to reappoint him as Director.</p>			

(Note) “Notes commonly applicable to more than one candidate” on page 20 are applicable to Mr. Tetsuji Higuchi.

Candidate No.	Name (Date of birth)	Career summary, Position and Duties at the Company and Important concurrent positions, if any	Number of shares of the Company owned
5	<p style="text-align: center;">New Appointment</p> <p style="text-align: center;">Tomoyuki Shimazu</p> <p>(Mar. 16, 1963)</p>	<p>Apr. 1985 Entered Taisho Marine and Fire Insurance Co., Ltd.</p> <p>Apr. 2015 Executive Officer, General Manager of Human Resources Dept., Mitsui Sumitomo Insurance Co., Ltd. (“MSI”)</p> <p>Apr. 2016 Executive Officer, General Manager of Chugoku Div., <i>MSI</i></p> <p>Apr. 2018 Managing Executive Officer, General Manager of Loss Support Div., <i>MSI</i></p> <p>Apr. 2021 Director, Senior Executive Officer, <i>MSI</i></p> <p>Apr. 2023 Executive Officer, <i>the Company</i> (present)</p> <p>Apr. 2023 Director, Executive Vice President, <i>MSI</i> (present)</p> <p><Position and Duties at the Company> Executive Officer Assist Management</p> <p><Important concurrent positions> Director, Executive Vice President, <i>MSI</i></p>	18,716
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Tomoyuki Shimazu has a wealth of business experience gained through his involvement in human resources, marketing & sales, loss support, corporate planning, etc. He served as Executive Vice President of <i>MSI</i> from 2023. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies, etc. Therefore, we propose to appoint him as Director.</p>			

(Note) “Notes commonly applicable to more than one candidate” on page 20 are applicable to Mr. Tomoyuki Shimazu.

Candidate No.	Name (Date of birth)	Career summary, Position and Duties at the Company and Important concurrent positions, if any	Number of shares of the Company owned
6	<p style="text-align: center;"><u>Reappointment</u></p> <p style="text-align: center;">Yusuke Shirai</p> <p style="text-align: center;">(Jun. 13, 1964)</p> <p>Attendance at Board of Directors meetings held in FY2022: 10/10 (100%)*</p>	<p>Apr. 1988 Entered Dai-Tokyo Fire & Marine Insurance Co., Ltd.</p> <p>Apr. 2019 Executive Officer, General Manager of Corporate Planning Dept., <i>the Company</i></p> <p>Apr. 2021 Managing Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd. (“<i>ADI</i>”)</p> <p>Apr. 2022 Director, Managing Executive Officer, <i>ADI</i> Executive Officer, <i>the Company</i></p> <p>Jun. 2022 Director, Executive Officer, <i>the Company</i> (present)</p> <p>Apr. 2023 Director, Senior Executive Officer, <i>ADI</i> (present)</p> <p><Position and Duties at the Company> Director, Executive Officer Assist Management</p> <p><Important concurrent positions> Director, Managing Executive Officer, <i>ADI</i></p>	10,421
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Yusuke Shirai has a wealth of business experience gained through his involvement in corporate planning, marketing & sales, compliance, etc. He has been serving as Senior Executive Officer of <i>ADI</i> from 2023. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies, etc. Therefore, we propose to reappoint him as Director.</p>			

* Mr. Yusuke Shirai was newly elected and assumed the position of Director at the 14th Annual Shareholders Meeting held on June 27, 2022, and his attendance at the Board of Directors meetings held after that date is shown.

(Note) “Notes commonly applicable to more than one candidate” on page 20 are applicable to Mr. Yusuke Shirai.

Candidate No.	Name (Date of birth)	Career summary, Position and Duties at the Company and Important concurrent positions, if any	Number of shares of the Company owned
7	<p style="text-align: center;"><u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u></p> <p style="text-align: center;">Mariko Bando</p> <p style="text-align: center;">(Aug. 17, 1946)</p> <p>Attendance at Board of Directors meetings held in FY2022: 12/12 (100%)</p> <p>Years since the assumption of office as Outside Director: 6 years (at the close of this Annual Shareholders Meeting)</p>	<p>Jul. 1969 Entered the Prime Minister's Office</p> <p>Oct. 1985 Counsellor of Cabinet Secretariat, Councilor of Cabinet Secretariat</p> <p>Jul. 1989 Director of Consumer Statistics Division, Statistics Bureau, Management and Coordination Agency</p> <p>Jul. 1994 Director of Gender Equality Bureau, Cabinet Secretariat</p> <p>Apr. 1995 Vice-Governor of Saitama Prefecture</p> <p>Jun. 1998 Consul General of Japan in Brisbane, Australia</p> <p>Jan. 2001 Director General of Gender Equality Bureau, Cabinet Office</p> <p>Oct. 2003 Director, Incorporated Educational Institution Showa Women's University</p> <p>Apr. 2007 President, Showa Women's University</p> <p>Apr. 2014 Chancellor, Incorporated Educational Institution Showa Women's University</p> <p>Jul. 2016 Chairperson of the board, Showa Women's University (present)</p> <p>Jun. 2017 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p> <p><Important concurrent positions> Chairperson of the board, Showa Women's University Director, Mitsubishi Research Institute, Inc. (Outside Director) Director, Itoki Corporation (Outside Director)</p>	6,600
<p>[Reasons for selection as a candidate for Outside Director and overview of expected role]</p> <p>Ms. Mariko Bando has gained a wealth of insight and experience in the administrative and educational fields as well as diversity promotion from previously serving as Director General of Gender Equality Bureau of the Cabinet Office, Consul General of Japan in Brisbane, Australia, President of Showa Women's University, etc. The Company expects to continue to draw from that insight and experience and have her supervise the management and provide advice on overall management from her expert perspective, particularly in regard to promoting diversity. Ms. Mariko Bando has not been involved in the corporate management in any manner other than by becoming an Outside Director or an Outside Audit & Supervisory Board Member in the past. However, she has broad insight and experience in the administrative and educational fields, and the Company believes that she is able to perform her duties as an Outside Director appropriately.</p>			

(Notes)

1. There are transactions between the Company or its major subsidiaries and Incorporated Educational Institution Showa Women's University, Mitsubishi Research Institute, Inc., and Itoki Corporation, each of which accounts for less than 1% of the annual revenue from activities or annual consolidated net sales of the university, Mitsubishi Research Institute, Inc., or Itoki Corporation, respectively, during the most recent fiscal year. The transaction amount is less than 1% of the consolidated net premiums written during the most recent fiscal year of the Company. There are also no other reasons to impact her independence with regard to the Company.
2. "Notes commonly applicable to more than one candidate" on page 20 are applicable to Ms. Mariko Bando.

Candidate No.	Name (Date of birth)	Career summary, Position and Duties at the Company and Important concurrent positions, if any	Number of shares of the Company owned
8	<p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u></p> <p>Junichi Tobimatsu (Aug. 15, 1972)</p> <p>Attendance at Board of Directors meetings held in FY2022: 12/12 (100%)</p> <p>Years since the assumption of office as Outside Director: 5 years (at the close of this Annual Shareholders Meeting)</p>	<p>Apr. 1998 Registered as Attorney-at-Law Attorney-at-Law, Mori Sogo (currently, Mori Hamada & Matsumoto)</p> <p>Jun. 2004 Registered as Attorney-at-law in N.Y.</p> <p>Apr. 2010 Associate Professor, Graduate School of Law and Political Science, the University of Tokyo</p> <p>Jul. 2016 Attorney-at-law, Tobimatsu Law (currently, GAIEN PARTNERS) (present)</p> <p>Jun. 2018 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p> <p><Important concurrent positions> Attorney-at-law, GAIEN PARTNERS Director, amana inc. (Outside Director) Director, AI, Inc. (Outside Director (Audit and Supervisory Committee Member)) Director, CANDEAL Co., Ltd. (Outside Director (Audit and Supervisory Committee Member))</p>	0
<p>[Reasons for selection as a candidate for Outside Director and overview of expected role]</p> <p>Mr. Junichi Tobimatsu has a wealth of insight and experience concerning overall corporate legal affairs including those of overseas companies as an attorney-at-law. The Company expects to continue to draw from that insight and experience and have him supervise management and provide advice on overall management from his expert perspective, particularly in regard to securing soundness of the management of the Group. Mr. Junichi Tobimatsu has not been involved in the corporate management in any manner other than by becoming an Outside Director or an Outside Audit & Supervisory Board Member in the past. However, he has professional insight and experience as an attorney-at-law, and the Company believes that he is able to perform his duties as an Outside Director appropriately.</p>			

(Notes)

- There are no transactions between the Company or its major subsidiaries and GAIEN PARTNERS and AI, Inc. There are transactions between the Company or its major subsidiaries and amana inc. and CANDEAL Co., Ltd., each of which accounts for less than 1% of the annual consolidated net sales of amana inc. and CANDEAL Co., Ltd., respectively, during the most recent fiscal year. The transaction amount is less than 1% of the consolidated net premiums written during the most recent fiscal year of the Company. There are also no other reasons to impact his independence with regard to the Company.
- In November 2020 and May 2023, it was discovered that in amana inc., for which Mr. Junichi Tobimatsu had been appointed as an Outside Corporate Auditor from March 2009 to March 2021 and has been appointed as an Outside Director since March 2021, inappropriate accounting treatment and inappropriate transactions were conducted by amana inc. and its consolidated subsidiaries in Japan. He was not aware of this fact in advance, but he made proposals from the viewpoint of legal compliance on a regular basis. After doubts about this fact arose, he demanded that the internal controls should be further strengthened and provided necessary advice regarding measures to prevent recurrence.
- “Notes commonly applicable to more than one candidate” on page 20 are applicable to Mr. Junichi Tobimatsu.

Candidate No.	Name (Date of birth)	Career summary, Position and Duties at the Company and Important concurrent positions, if any	Number of shares of the Company owned
9	<p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u></p> <p>Rochelle Kopp (Jun. 29, 1964)</p> <p>Attendance at Board of Directors meetings held in FY2022: 12/12 (100%)</p> <p>Years since the assumption of office as Outside Director: 3 years (at the close of this Annual Shareholders Meeting)</p>	<p>Jun. 1986 Business analyst, ZS Associates International, Inc. Jun. 1987 Senior Business analyst, ZS Associates International, Inc. Aug. 1988 International Public Relations Specialist, The Yasuda Trust & Banking Co., Ltd. (currently, Mizuho Trust & Banking Co., Ltd.) Oct. 1992 Consultant, IPC Group, Inc. Jul. 1994 Managing Principal, Japan Intercultural Consulting (present) Jan. 2015 Professor of Global Leadership Course, Business Break Through University Apr. 2019 Professor of Faculty of Foreign Studies, The University of Kitakyushu Jun. 2020 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p> <p><Important concurrent positions> Managing Principal, Japan Intercultural Consulting Director, Lightworks Corporation (Outside Director)</p>	0
<p>[Reasons for selection as a candidate for Outside Director and overview of expected role]</p> <p>Ms. Rochelle Kopp has a wealth of insight into cross-cultural communication and experience in both Japan and the U.S. as a management consultant. The Company expects to continue to draw from that insight and experience and have her supervise management and provide advice on overall management from her expert perspective, particularly in regard to the Group's global expansion.</p>			

(Notes)

- There are no transactions between the Company or its major subsidiaries and Japan Intercultural Consulting. There are transactions between the Company or its major subsidiaries and Lightworks Corporation, which account for less than 1% of the annual consolidated net sales of Lightworks Corporation during the most recent fiscal year. The transaction amount is less than 1% of the consolidated net premiums written during the most recent fiscal year of the Company. There are also no other reasons to impact her independence with regard to the Company.
- “Notes commonly applicable to more than one candidate” on page 20 are applicable to Ms. Rochelle Kopp.

Candidate No.	Name (Date of birth)	Career summary, Position and Duties at the Company and Important concurrent positions, if any	Number of shares of the Company owned
10	<p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u></p> <p>Akemi Ishiwata (Aug. 23, 1960)</p> <p>Attendance at Board of Directors meetings held in FY2022: 10/10 (100%)</p> <p>Years since the assumption of office as Outside Director: 1 year (at the close of this Annual Shareholders Meeting)</p>	<p>Apr. 1983 Entered Bristol-Myers Company</p> <p>Dec. 1985 Entered Kao Assigned to Kao Life Science Laboratory</p> <p>Mar. 2003 Product Development Manager, Household Business Division, Kao Corporation (“Kao”)</p> <p>Dec. 2005 Section Chief, Consumer Research Center, <i>Kao</i></p> <p>Mar. 2010 General Manger, Consumer Research Center, <i>Kao</i></p> <p>Mar. 2015 Executive Officer, Supervisor of Corporate Communications Division, <i>Kao</i></p> <p>Jan. 2021 Executive Fellow, <i>Kao</i></p> <p>Jan. 2022 Special Mission Fellow, <i>Kao</i> (present)</p> <p>Jun. 2022 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p>	100
<p>[Reasons for selection as a candidate for Outside Director and overview of expected role]</p> <p>Ms. Akemi Ishiwata has a wealth of insight on sustainability gained from previously serving as Executive Officer of <i>Kao</i>, leading its ESG activities. She also has experience as a general manager in charge of public relations and corporate branding. The Company expects to continue to draw from that insight and experience and have her supervise management and provide advice on overall management from her broad perspective.</p>			

* Ms. Akemi Ishiwata was newly elected and assumed the position of Director at the 14th Annual Shareholders Meeting held on June 27, 2022, and her attendance at the Board of Directors meetings held after that date is shown.

(Notes)

- There are transactions between the Company and its major subsidiaries and Kao Corporation, which account for less than 1% of the annual consolidated net sales of Kao Corporation during the most recent fiscal year. The transaction amount is less than 1% of the consolidated net premiums written during the most recent fiscal year of the Company. There are also no other reasons to impact her independence with regard to the Company.
- “Notes commonly applicable to more than one candidate” on page 20 are applicable to Ms. Akemi Ishiwata.

Candidate No.	Name (Date of birth)	Career summary, Position and Duties at the Company and Important concurrent positions, if any	Number of shares of the Company owned
11	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">New Appointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Independent Director</div> <p>Jun Suzuki (Feb. 19, 1958)</p>	<p>Apr. 1983 Entered Teijin Limited</p> <p>Apr. 2011 Teijin Group Chief Representative in Europe, Teijin Limited President, Teijin Holdings Netherlands B.V.</p> <p>Apr. 2012 Teijin Group Corporate Officer, Teijin Limited</p> <p>Apr. 2013 Teijin Group Managing Executive Officer, Teijin Limited</p> <p>Jun. 2013 Director, Managing Executive Officer, Teijin Limited</p> <p>Apr. 2014 Representative Director, President & CEO, Teijin Limited</p> <p>Apr. 2022 Director, Chairperson, Teijin Limited</p> <p>Apr. 2023 Director, Senior Advisor, Teijin Limited (present)*</p> <p><Important concurrent positions> Director, Senior Advisor, Teijin Limited*</p>	2,500
<p>[Reasons for selection as a candidate for Outside Director and overview of expected role]</p> <p>Mr. Jun Suzuki has extensive experience as a management executive by having served as Representative Director, President & CEO of Teijin Limited, and has a wealth of knowledge on global management by having served as the Teijin Group Chief Representative in Europe and other positions. The Company expects to draw from that experience and insight and have him supervise management and provide advice on overall management from his expert perspective, particularly in regard to global management.</p>			

* He is scheduled to retire from his position as a Director of Teijin Limited in June 2023.

(Notes)

1. There are transactions between the Company and its major subsidiaries and Teijin Limited, which account for less than 1% of the annual consolidated net sales of Teijin Limited during the most recent fiscal year. The transaction amount is less than 1% of the consolidated net premiums written during the most recent fiscal year of the Company. If Mr. Jun Suzuki is elected as an Outside Director at the Ordinary General Meeting of Shareholders of Idemitsu Kosan Co., Ltd. to be held in June 2023, he will be appointed as a Director of Idemitsu Kosan Co., Ltd. There are transactions between the Company or its major subsidiaries and Idemitsu Kosan Co., Ltd., which account for less than 1% of the annual consolidated net sales of Idemitsu Kosan Co., Ltd. during the most recent fiscal year. The transaction amount is less than 1% of the consolidated net premiums written during the most recent fiscal year of the Company. There are also no other reasons to impact his independence with regard to the Company.
2. "Notes commonly applicable to more than one candidate" on page 20 are applicable to Mr. Jun Suzuki.

Notes commonly applicable to more than one candidate

1. There is no special interest between any of the candidates and the Company.
2. Ms. Mariko Bando, Mr. Junichi Tobimatsu, Ms. Rochelle Kopp, Ms. Akemi Ishiwata, and Mr. Jun Suzuki are candidates for Outside Director.
3. The Company has submitted to the Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. an Independent Officer Notification, indicating that Ms. Mariko Bando, Mr. Junichi Tobimatsu, Ms. Rochelle Kopp, and Ms. Akemi Ishiwata are Independent Officers who are unlikely to have conflict of interests with general shareholders. The Company plans to submit an Independent Officer Notification indicating that Mr. Jun Suzuki is also an Independent Officer who is unlikely to have conflict of interests with general shareholders.
4. The Company has entered into an agreement with Ms. Mariko Bando, Mr. Junichi Tobimatsu, Ms. Rochelle Kopp, and Ms. Akemi Ishiwata that limits their liability for any damage to the Company caused by a failure to perform the duties of a Director if they as Outside Directors have performed the duties in good faith and without gross negligence. The limit of Outside Director's liability under such agreement is the sum of the amount provided by the items in Article 425, Paragraph 1 of the Companies Act. The Company plans to continue with the agreement if they are elected as Outside Directors. Additionally, if Mr. Jun Suzuki is elected, the Company will enter into the limited liability agreement with him.
5. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act that insures Directors, Audit & Supervisory Board Members, Executive Officers, etc. of the Company and of its main subsidiaries. The insured do not bear any insurance premiums. Under this insurance policy, the insurer will cover any damages that may arise as a result of the insured assuming liability or receiving a claim for the pursuit of liability in relation to the execution of his or her duties. This policy is renewed annually. If each candidate is elected, they will be included as the insured in the insurance policy. Furthermore, the Company plans to renew such insurance policies at the next term of renewal with the same terms and conditions.

Proposal 3: Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Hidema Jinno will expire at the close of this Annual Shareholders Meeting, and so the Company proposes the election of one (1) Audit & Supervisory Board Member.

The Audit & Supervisory Board has given its consent to this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, Position and Duties at the Company	Number of shares of the Company owned
<p style="text-align: center;">New Appointment</p> <p style="text-align: center;">Keiji Suzuki</p> <p style="text-align: center;">(Jun. 18, 1968)</p>	<p>Apr. 1991 Entered Mitsui Marine and Fire Insurance Co., Ltd.</p> <p>Apr. 2016 General Manager, Accounting Dept., Mitsui Sumitomo Insurance Co., Ltd. (“MSI”)</p> <p>Apr. 2018 General Manager of Corporate Risk Management Dept., <i>MSI</i> General Manager, Corporate Risk Management Dept., <i>the Company</i></p> <p>Apr. 2019 General Manager of Corporate Risk Management Dept., <i>the Company</i></p> <p>Apr. 2022 Executive Officer, General Manager of Corporate Risk Management Dept., <i>the Company</i> (present)*</p> <p><Position and Duties at the Company> Executive Officer, General Manager of Corporate Risk Management Dept.*</p>	2,100
<p>[Reasons for selection as a candidate for Audit & Supervisory Board Member]</p> <p>Mr. Keiji Suzuki has the knowledge to properly audit all aspects of the Company’s operations because of his wealth of business experience in accounting and risk management and by having served as Executive Officer of the Company since 2022. Therefore, we propose to appoint him as Audit & Supervisory Board Member.</p>		

* He is scheduled to retire at the close of this Annual Shareholders Meeting.

(Notes)

1. There is no special interest between Mr. Keiji Suzuki and the Company.
2. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act that insures Directors, Audit & Supervisory Board Members, Executive Officers, etc. of the Company and of its main subsidiaries. The insured do not bear any insurance premiums. Under this insurance policy, the insurer will cover any damages that may arise as a result of the insured assuming liability or receiving a claim for the pursuit of liability in relation to the execution of his or her duties. This policy is renewed annually. If Mr. Keiji Suzuki is elected, he will be included as the insured in the insurance policy. Furthermore, the Company plans to renew such insurance policies at the next term of renewal with the same terms and conditions.

(Reference)

Skills matrix of Directors and Audit & Supervisory Board Members expected after the close of the June 2023 Annual Shareholders Meeting

Skill		Corporate management	International	IT / Digital	Sustainability	Personnel affairs / HR development	Legal / Compliance	Risk management	Finance / Accounting	Insurance business
		Officers								
Yasuyoshi Karasawa	Director	○	○		○	○	○	○	○	○
Yasuzo Kanasugi	Director	○	○		○	○	○			○
Noriyuki Hara	Director	○	○		○	○		○		○
Tetsuji Higuchi	Director	○	○	○	○	○	○	○	○	○
Tomoyuki Shimazu	Director		○	○	○	○	○	○		○
Yusuke Shirai	Director				○		○	○		○
Mariko Bando	Outside Director	○	○		○	○	○			
Junichi Tobimatsu	Outside Director		○				○			
Rochelle Kopp	Outside Director	○	○		○	○				
Akemi Ishiwata	Outside Director				○					
Jun Suzuki	Outside Director	○	○		○	○				
Atsuko Suto	Audit & Supervisory Board Member							○	○	○
Keiji Suzuki	Audit & Supervisory Board Member							○	○	○
Kunio Chiyoda	Outside Audit & Supervisory Board Member		○						○	
Kyoko Uemura	Outside Audit & Supervisory Board Member						○			

Skill	Skill Satisfaction Requirements
Corporate management	Experience as president or CxO of a company or other organization
International	Experience working or serving as an executive in an international department or internationally Experience in international business investment and alliances Expertise in international operations
IT / Digital	Experience working or serving as an executive in the IT or digital department Experience working and serving as an executive in companies in the IT or digital sector Expertise in the IT or digital sector
Sustainability	Experience working or serving as an executive in the environmental or sustainability department Expertise in environmental management and sustainability
Personnel affairs / HR development	Experience working or serving as an executive in the human resources department Expertise in human resources or human capital development
Legal / Compliance	Experienced lawyer, judge, or prosecutor Experienced law firm partner Experience working or serving as an executive in the legal or compliance department
Risk management	Experience working or serving as an executive in the risk management department Expertise in actuarial matters
Finance / Accounting	Experience working or serving as an executive in the finance or accounting department Expertise in financial or accounting matters
Insurance business	Experience working or serving as an executive in the insurance industry

(Reference)

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

1. Outside Director candidates and Outside Audit & Supervisory Board Member candidates

Candidates must meet the following requirements.

- Must not be disqualified from serving as a Director or Audit & Supervisory Board Member pursuant to the Companies Act.
- Must not be disqualified from serving as a Director or Audit & Supervisory Board Member of an insurance holding company pursuant to the Insurance Business Act.
- Must have a sufficient level of public credibility.
- An Outside Audit & Supervisory Board Member must satisfy the eligibility requirements for an Audit & Supervisory Board Member pursuant to the Insurance Business Act, etc.

Additionally, candidates must satisfy the following requirements from (1) to (3).

(1) Eligibility

A candidate must have the qualities listed below that are necessary to monitor the overall management of the Company and provide advice, based on a general knowledge of company management and a basic understanding of the way Directors and Board of Directors ought to be.

- Ability to discern facts from materials and reports
- Capability to detect problems and risks and apply own knowledge to solve them
- Capacity to appropriately monitor and provide advice on management strategy
- Mental independence to openly question, debate, re-examine, continuously deliberate, and propose ideas in opposition to a resolution

(2) Expertise

Must have knowledge in a specialized field such as management, accounting, finance, law, administration, or social/cultural affairs, and have a record of achievement in that field.

(3) Independence

The following persons are ineligible.

- (i) An executive of the Company or a subsidiary of the Company.
- (ii) A Director or Audit & Supervisory Board Member of a subsidiary of the Company.
- (iii) A person for whom the Company is a major business partner (a person who received payments from the Company or subsidiaries of the Company that represent 2% or more of annual net consolidated sales during the most recent fiscal year), or an executive thereof.
- (iv) A major business partner of the Company (a person who made payments to subsidiaries of the Company representing 2% or more of the consolidated net premiums written during the most recent fiscal year of the Company (excluding premiums of saving-type insurance)), or an executive thereof.
- (v) Any of the Company's top 10 largest shareholders (or, if the shareholder is a corporation, an executive thereof).
- (vi) An executive of a company to which the Company or a subsidiary of the Company has appointed a Director.
- (vii) A consultant, accounting professional, or legal professional who has received, other than officer remuneration, monetary or other financial benefits of average at least 10 million yen per year for the past three years from the Company or subsidiaries of the Company.
- (viii) A person falling under any of the items (ii) through (vii) during the past five years.
- (ix) An executive of the Company or subsidiaries of the Company in the past.
- (x) A spouse or second-degree or closer relative of a person listed in items (i) through (ix) above.

*** Term limits**

The total terms of office for newly elected Outside Directors and Outside Audit & Supervisory Board Members from April 1, 2015 onward are as listed below.

- (i) For Outside Directors, the total terms of office are four (4) terms, four (4) years, and are renewable for a maximum of eight (8) terms, eight (8) years.
- (ii) For Outside Audit & Supervisory Board Members, in principle the total terms of office are one (1) term, four (4) years, but they are renewable for a maximum of two (2) terms, eight (8) years.

2. Candidates for Director other than Outside Director and candidates for Audit & Supervisory Board Member other than Outside Audit & Supervisory Board Member

Candidates must meet the following requirements.

- Must not be disqualified from serving as a Director or Audit & Supervisory Board Member pursuant to the Companies Act.
- Must not be disqualified from serving as a Director or Audit & Supervisory Board Member of an insurance holding company pursuant to the Insurance Business Act.
- Must satisfy the eligibility requirements for a Director or Audit & Supervisory Board Member who engages in daily business at an insurance company pursuant to the Insurance Business Act, etc.

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

(Reference)

Succession Plan

As part of its aim to achieve sustainable growth and enhance the corporate value of the Group, the Company positions the selection and dismissal of the Group CEO (“CEO”) and the fostering as successors as a key management issue, and has thus formulated a succession plan.

The outline of the plan is as follows.

1. Criteria for CEO Selection

- Ability to embody the Group’s Corporate Philosophy (Mission), Corporate Vision and Code of Conduct (Values), and having the high sense of values for creating shared value (CSV) with society
- Ability to plan and build future visions
- Fairness and impartiality
- Ability to develop human assets
- Ability to demonstrate leadership
- Global response capability
- Acting in the Group’s best interest

2. CEO Selection Process

- (1) Recommendation by current CEO
 - The current CEO prioritizes the candidates and recommends them to the Nomination Committee (the majority of whose members and the chairperson are Outside Directors).
 - Candidates may be from within the Group as well as outside the Group.
- (2) Deliberation by the Nomination Committee
 - The Nomination Committee deliberates on candidates recommended by the CEO.
 - Outside Directors can recommend other candidates.
- (3) Resolution by the Board of Directors
 - After the processes (1) and (2) above, the Nomination Committee advises the Board of Directors that makes the final decision.

3. Development Plan for CEO Candidates

The CEO must position the development of a large number of candidates as an important role for him/her and provide the candidates from inside the Group with the following experience as needed.

- Multiple departments (management, operations, international, sales, claims services, systems, etc.)
- Management of domestic operating companies and overseas subsidiaries

4. CEO Dismissal Process

- (1) When an Outside Director deems it necessary to discuss dismissal, such as when the CEO is subject to the prohibitions stipulated in the Executive Officers Rules (violating obligations set forth in the Companies Act and other laws and regulations or company regulations, etc.), or when it is determined that it is difficult for the CEO to properly continue his/her duties due to health or other reasons, the Outside Director shall deliberate on his/her own initiative with members of the Nomination Committee excluding the CEO.

Based on the results of the deliberation, necessary procedures are carried out in accordance with the Companies Act and internal regulations.

- (2) Directors who are not Outside Directors may request a meeting of the Board of Directors to be convened in accordance with the Rules of the Board of Directors and submit proposals for dismissal of Directors at the Shareholders Meeting.

(Reference)

Reduction Efforts for Strategic Equity Holdings

1. MS&AD Insurance Group Basic Policy for Reduction of Strategic Equity Holdings

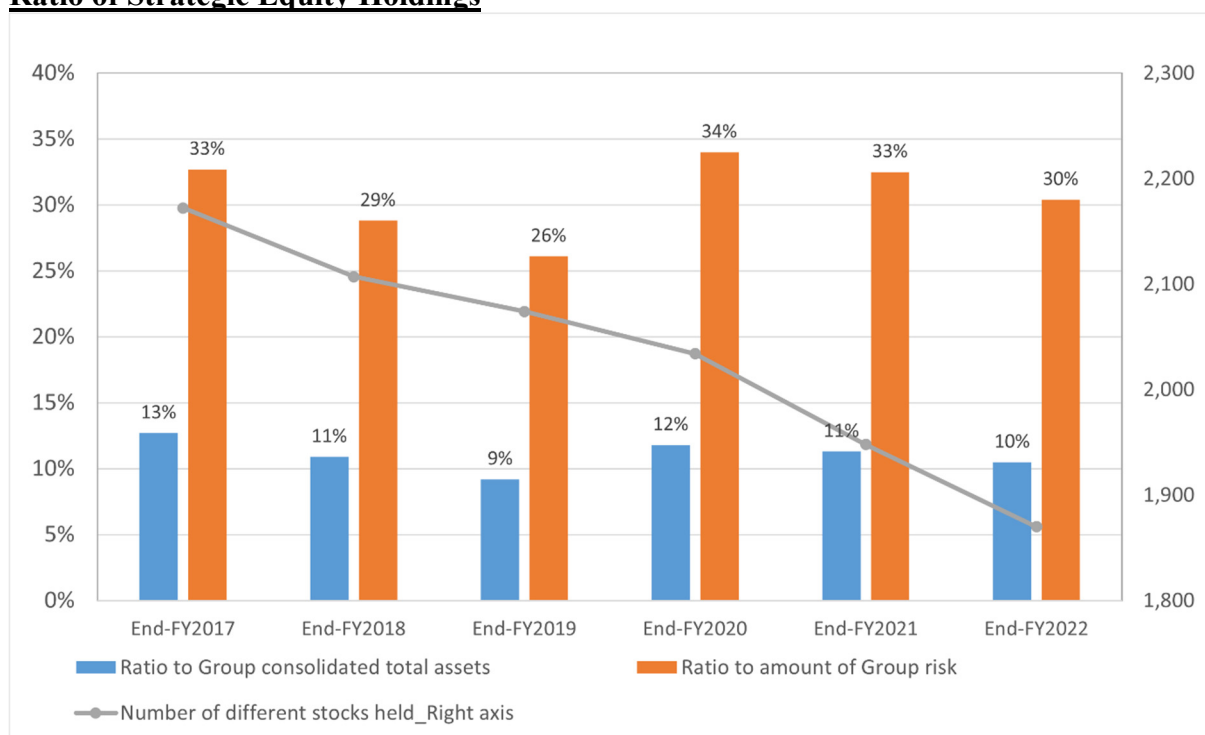
With the core business of insurance, the Group carries out diversified investment in a variety of investment assets (securities and shares), and is building a strong financial base by steadily acquiring investment income. Strategic equity holdings are investments in shares that are intended to be held for the long term to maintain and strengthen our overall transactional relationships. The dividends of those investments account for about 40% of the interest and dividend revenue of domestic non-life insurance subsidiaries, making it a major investment vehicle. We are also continually working on reducing the total amount of strategic equity holdings, so as to lessen the impact of stock price fluctuations from holding a large amount of stock and to build a strong financial base.

The Group's reductions were 620.8 billion yen for the five-year period from FY2017 to FY2021, exceeding the initial target of 500 billion yen, and were 206.6 billion yen for FY2022, which also exceeded the initial annual target of 100 billion yen (revised target of 150 billion yen), resulting in the total amount of strategic equity holdings of 2,604.5 billion yen as of March 31, 2023. As a result, the ratio of the Group's consolidated total assets have become 10% and the ratio of the Group's risk amount has become 30% to successfully reach the estimated targets.

However, the total amount of the Group's strategic equity holdings remains high, and in order to further improve capital efficiency, we have decided to increase the planned reduction from 400 billion yen to 600 billion yen over the four years (FY2022 to FY2025) of our current Medium-Term Management Plan. In the next Medium-Term Management Plan, we will continue the same level of reduction, aiming to roughly halve the market value of strategic equity holdings compared to the end of September 2022.

(Reference)

Ratio of Strategic Equity Holdings



<Reduction Amount of Strategic Equity Holdings>

Target	Current Medium-Term Management Plan (Cumulative total for FY2022-2025)	
	Before revision	After revision
	¥400.0 billion	¥600.0 billion

	Previous reduction plan (Cumulative total for FY2017-2021)					Current Medium-Term Management Plan (After revision) FY2022
Target	¥500.0 billion					¥150.0 billion
Actual	¥620.8 billion					¥206.6 billion
(Breakdown)	FY2017	FY2018	FY2019	FY2020	FY2021	
	¥151.3 billion	¥136.7 billion	¥111.8 billion	¥102.7 billion	¥118.1 billion	

2. Verification of Propriety of Strategic Equity Holdings and Reduction Efforts

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance examine the propriety of their strategic equity holdings by each equity based on income generated from holding the equity and balance of insurance contract as to whether the purpose of the holding is appropriate and whether the benefits and risks associated with the holding are commensurate with the capital cost. The results of these examinations are confirmed by the Company's Board of Directors.

Based on the results of the examinations of each equity, constructive dialogue takes place with regard to equities that do not meet the objective of the rationale and are particularly in need of improvement. The equity will continue to be held in the event that an improvement is anticipated, and sale negotiations will be entered into in the event that an improvement is not anticipated. We may sell our holdings even when the rationale for holding the equity is recognized, taking into consideration the market environment and our business and financial strategies.

3. Criteria for Ensuring Appropriate Handling of the Exercise of Voting Rights Pertaining to Strategic Equity Holdings

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance have expressed their acceptance of Japan's Stewardship Code, and these companies published reports providing an overview of their measures to address Japan's Stewardship Code and their stewardship activities. The exercise of voting rights is seen to be an important means of influencing the management and improving the enterprise value of investee companies. Therefore, decisions are not made uniformly based on formulaic short-term criteria, but rather in terms of enhancement of enterprise value in the medium- to long-term and improvement in shareholder returns, among others, based on dialogue with investee companies.

When exercising voting rights, the Company has established specific standards and guidelines for making judgments on items such as whether the investee company is managed with an emphasis on growth of the company in question and the interests of shareholders, and whether the company is engaged in any antisocial behavior. Proposals are also judged based on the results of dialogue with the company concerned following a detailed examination of individual issues as required, including cases that meet the Company's standards and guidelines.

BUSINESS REPORT FOR THE 15TH TERM (FY2022)

(From April 1, 2022 to March 31, 2023)

1. Matters Concerning the Current Status of the Insurance Holding Company

(1) Progress and results of business of the Corporate Group (the “Group”)

In fiscal 2022, although the global economy showed signs of recovery due to the relaxing of COVID-19 restrictions, the economic outlook remained uncertain due to the increased upward pressure on commodity prices and the impact of monetary policies by various countries aimed at curbing inflation arising from the rising costs of raw materials and other factors caused by the protracted Ukraine conflict.

The Medium-Term Management Plan (2022-2025), which started from this fiscal year, is aiming for “Growing Together with Society as a Risk Solution Platformer.” We have been working to become a “corporate group that supports a resilient and sustainable society” under the three basic strategies of “Value (value creation),” “Transformation (business transformation),” and “Synergy (Group synergy).” Due to the impact of natural disasters and the COVID-19 pandemic, among other factors, the Group Adjusted Profit for fiscal 2022 was lower than the initial forecast (300 billion yen) but higher than the revised forecast (170 billion yen), resulting in a profit level of 172.7 billion yen. In terms of capital efficiency, the Group Adjusted ROE fell short of the initial forecast (7.6%), but achieved the revised forecast of 4.6%. As an indicator of the Group’s financial soundness, the ESR was 228%, which was within the target range (180-250%).

Value (Value creation)	Through the global implementation of “CSV × DX* ¹ ,” the following initiatives were undertaken with the aim of providing value to all stakeholders and enhancing corporate value, as well as increasing the profitability of our business, products, and services and strengthening our earnings base. [Details of Initiatives] <ul style="list-style-type: none">• Development of products and services that come before and after coverage and protection, such as “Accident Risk AI Assessment*²,” and establishment of a sales structure• Implementation of measures to improve and expand profitability of the domestic non-life insurance business, including premium rate revisions for fire insurance, development of disaster prevention and mitigation services, and sales expansion of strategic products for casualty insurance
Transformation (Business transformation)	The following initiatives were undertaken with the aim of transforming the business structure and adapting to changes in the business environment through the creation of new businesses and other measures, as well as transforming the business, product, and risk portfolios to build a stable earnings base. [Details of Initiatives] <ul style="list-style-type: none">• Business investment in the U.S. MGA*³ market in international operations and expansion of domestic life insurance business and new business areas

	<ul style="list-style-type: none"> Using DX to establish new business sectors and developing more advanced risk consulting services with InterRisk Research & Consulting playing a central role Reducing strategic equity holdings by 206.6 billion yen, exceeding the revised target (150 billion yen) for FY2022
Synergy (Group synergy)	<p>The following initiatives were undertaken with the aim of realizing further growth by strengthening collaboration by leveraging the diversity of the Group, improving productivity by deepening Group standardization, collaboration, and integration, and realizing synergies on a global basis.</p> <p>[Details of Initiatives]</p> <ul style="list-style-type: none"> Implementation of the “One Platform Strategy” to improve quality and productivity in areas such as products, claims services, and administrative work for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance Sales promotion of the products of Mitsui Sumitomo Primary Life through the sales network of Mitsui Sumitomo Aioi Life, and the expansion of concurrent selling of life insurance and non-life insurance products Global synergies including the sharing and mutual use of expertise and skills of Group companies in Japan and overseas through the TENKAI Project*4 and other initiatives

*1 CSV (Creating Shared Value) × DX (Digital Transformation)

An initiative to achieve sustainable growth and increase corporate value by improving productivity and competitiveness through a combination of CSV (Creating Shared Value with Society) and DX (Digital Transformation).

*2 Accident Risk AI Assessment

A service for local governments that uses AI to quantify the risk of traffic accidents for each location (road segment and intersection) and visualize it on a map.

*3 MGA (Managing General Agent)

An agent authorized by an insurance company to underwrite insurance and to certify and assess damage amount, in addition to insurance solicitation.

*4 TENKAI Project

An initiative where, to maximize the synergy of our Group, our know-how, technology, and services are deployed both domestically and internationally for accelerating our efforts to enhance our corporate value and sustainable growth.

The Group’s consolidated business performance for the current fiscal year was as follows.

(Yen in billions)

Category	FY2021	FY2022 (Current fiscal year)	Change
Ordinary income	5,132.0	5,251.2	2.3%
Ordinary profit	390.4	231.1	(40.8%)
Net income attributable to owners of the parent	262.7	161.5	(38.5%)

The progress and results of our efforts in each business domain for the current fiscal year are as follows:

Domestic Non-Life Insurance Business

Mitsui Sumitomo Insurance Co., Ltd. (“MSI”) and Aioi Nissay Dowa Insurance Co., Ltd. (“ADI”), the core non-life insurance companies of the Group, have developed and provided products and services that contribute to CSV in order to assist in solving social issues such as climate change and to grow together with society. MSI has responded to the needs of society by adding a special rear camera that records clear images of the rear of the vehicle as an option in its “Mimamoru Automobile Insurance (premium drive recorder-type)”^{*5} and by offering products and services that contribute to the preservation and restoration of natural capital and biodiversity, such as the “Additional Expense Coverage for Marine Pollution Clause” that covers the cost of preventing the spread of damage to the natural environment and restoration operations when an accident involving a vessel occurs. ADI has provided the “Traffic Safety EBPM Support” service,^{*6} which uses accumulated automobile driving data to support traffic safety planning and effectiveness verification at local governments, and launched pet insurance, offering one of the most generous coverage in the industry and services to prevent injuries and illnesses, and other products and services to help solve social and local issues. Also, the two companies jointly launched the “Disaster Support Insurance” to support social contribution initiatives of businesses in the event of disasters such as typhoons, floods, and earthquakes, and in order to realize a decarbonized society, developed and offered “Electric Vehicle Replacement Cost Clause,” the first such clause among Japanese non-life insurance companies, to cover the cost of acquiring electric vehicles as replacement vehicles in the event of major damage to a policyholder’s vehicle.

Mitsui Direct General Insurance Co., Ltd. (“Mitsui Direct”) has launched a new product that embodies the brand concept of “Strong and Tender.” This “Strong and Tender” car insurance is “Strong” in terms of coverage and accident response and is “Tender” in terms of offering a reasonable price, allowing customers to make their own choices with a sense of satisfaction.

*5 Mimamoru Automobile Insurance (premium drive recorder-type)

An auto insurance policy that provides services to prevent accidents from occurring and to support recovery by reducing the impact of accidents through the use of a communication-type dashboard cameras (“dashcams”) capable of capturing 360-degree views around vehicles and enabling use of the dashcam itself outside the vehicle (recording and speaking).

*6 Traffic Safety EBPM Support service

A service that is used by local governments and prefectural police when implementing traffic policies such as reviewing school commuting routes and installing signs. It objectively identifies possible dangerous intersections based on stored telematics data (vehicle driving data such as sudden deceleration), finds the reasons for hazards through detailed analysis of the intersection, and then proposes optimal traffic safety measures. EBPM is an abbreviation for Evidence-Based Policy Making.

Operating results by segment were as follows:

	Category	FY2021	FY2022 (Current fiscal year)	Change
MSI	Net premiums written	¥1,579.3 billion	¥1,629.8 billion	3.2%
	Net income	¥145.7 billion	¥107.8 billion	(26.0%)
ADI	Net premiums written	¥1,291.3 billion	¥1,335.5 billion	3.4%
	Net income	¥53.9 billion	¥43.1 billion	(20.0%)
Mitsui Direct	Net premiums written	¥35.4 billion	¥34.5 billion	(2.5%)
	Net income	¥0.7 billion*	¥0.8 billion	21.5%

(*) The figures for FY2021 show the net income after adjustment for equity interest (segment income).

Domestic Life Insurance Business

Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (“MSAL”) has established new coverage that enables receiving of lump-sum payments at the time of hospitalization (including outpatient hospitalization) in medical insurance policies that provide coverage for hospitalization and surgery. Also, MSAL has improved the attractiveness of its cancer insurance products by adding a special clause that eliminates the need to pay premiums when the insured is diagnosed with cancer. And in addition to providing coverage through insurance products, MSAL released a new healthcare service brand, “MSA Care,” which aims to provide total support for customers’ health by addressing prevention, early detection, and prevention of serious illness and recurrence by offering insurance products and healthcare services in integrated packages.

Mitsui Sumitomo Primary Life Insurance Co., Ltd. (“MSPL”) has increased the attractiveness of products that help customers build assets and extend their asset life by establishing a new guarantee-oriented course and an investment-oriented course for the index-linked annuity “Minori 10 Years,” which offers the pleasure of increasing assets while protecting annuity capital. In addition, Primary Life My Page, a web service for customers, was completely revamped to provide highly convenient services through a renewed screen design and a wider range of service options.

Operating results by segment were as follows:

	Category	FY2021	FY2022 (Current fiscal year)	Change
MSAL	New policies	¥1,690.4 billion	¥1,456.6 billion	(13.8%)
	Total amount of policies in force	¥23,847.7 billion	¥23,249.9 billion	(2.5%)
	Net income	¥21.0 billion	¥12.7 billion	(39.6%)
MSPL	New policies	¥819.6 billion	¥1,279.8 billion	56.1%
	Total amount of policies in force	¥6,803.6 billion	¥6,932.2 billion	1.9%
	Net income	¥53.0 billion	¥19.7 billion	(62.7%)

Overseas Business

The Group took steps to increase and stabilize the Group's profits through the growth of its international business while curbing underwriting of international natural disaster risks. While making business investments for further business expansion, the Group also worked to strengthen governance for its international offices and management of international natural disaster risks.

MSI acquired Transverse Insurance Group, LLC*⁷ (“Transverse”) to capture the growing MGA market in the United States and to expand its presence in the U.S. insurance market. In the MS Amlin business, profitability was strengthened by reducing natural disaster risks, carefully selecting underwriting, and continuing efforts to improve profitability such as premium rate increases, resulting in a profitable underwriting profit despite the impact of the Russian-Ukrainian conflict and Hurricane Ian. In Asia, MSI continued to generate stable profits by continuing to expand the retail market through the use of digital technology and collaboration with platform providers and others, and to open up the corporate market by strengthening intra-regional collaboration that leverages the strengths of MS First Capital Insurance Limited and other offices in the region.

ADI implemented telematics and mobility services businesses in the five core regions of Japan, the US, Europe, China, and Southeast Asia. In Europe, ADI used an AI model jointly developed with Mind Foundry*⁸ to improve profitability by streamlining premium rate setting and claims payment operations. In Thailand, the cumulative number of sales of automobile insurance policies incorporating driving behavior exceeded 200,000, and the company received the Insurtech Initiative of the Year - Thailand award at the Insurance Asia Awards 2022*⁹ for its technologically-advanced example of data utilization, and its innovation efforts using telematics technology were widely lauded, contributing to growth of its presence in the Asian region.

*7 Transverse Insurance Group, LLC

A holding company that operates an insurance business model in which it delegates certain functions and authority to an MGA, which then acts as an intermediary to reinsurers for risks associated with insurance policies sold by the MGA. Founded in 2018 in the United States.

*8 Mind Foundry

A start-up company with strengths in AI development that was founded by two professors in the field of AI at University of Oxford.

*9 Insurance Asia Awards 2022

An awards program sponsored by Charlton Media Group, publisher of Insurance Asia, a publication for insurance companies and investors in the Asia-Pacific region.

The results of overseas insurance subsidiaries were as follows:

Category	FY2021	FY2022 (Current fiscal year)	Change
Net premiums written	¥703.0 billion	¥934.1 billion	32.9%
Net income after adjustment for equity interest (segment income)	¥24.5 billion	¥15.7 billion	(36.0%)

Risk-Related Services Business

With MS&AD InterRisk Research & Consulting, Inc. (“InterRisk”) as its core, the entire Group has been working to develop and provide services that come before and after coverage and protection using digital data.

The Group launched “Accident Risk AI Assessment” as an AI-based service and offers services that provide risk analysis and damage estimation through disaster simulation and other methods. The Group also supported efforts to address social and environmental issues such as biodiversity conservation, SDGs, and business and human rights, as well as corporate decarbonization efforts such as addressing climate change risks, and calculating greenhouse gas emissions and establishing their targets.

Financial Services Business

In light of social issues, environmental changes, and customer needs, the Group has been aiming to make a stable contribution to earnings by offering a variety of products and services that are not limited to insurance by developing businesses using the Group’s comprehensive strengths, which include not only its domestic sales network but also its overseas network.

MSI launched a new service, “100-year Life Lounge,” which simulates employees’ lifetime income and expenditures to support their asset building as a part of corporate benefit programs, and focused on sales of weather derivatives to mitigate economic losses caused by natural disasters and extreme weather events.

In addition, MSI and ADI continued the sale of defined contribution pension products for corporations and individuals to meet asset-building needs in a society with increasing lifespans.

Promotion of Sustainability

In the Group’s Medium-Term Management Plan, we set sustainability as one of the fundamental initiatives for supporting our basic strategies and placed priority on the issues of Planetary Health (coexistence with the global environment), Resilience (a safe and security society), and Well-being (the well-being of diverse people).

<p>Coexistence with the global environment (Planetary Health)</p>	<p>To achieve our target of virtually zero greenhouse gas emissions by 2050, we have suspended new insurance underwriting for existing coal-fired power plants and coal mines that produce coal that is primarily used as fuel for power generation, except where decarbonization technologies have been adopted. In the area of natural capital, as a member of the TNFD*¹⁰ Forum, we participated in discussions on the development of a nature-related financial disclosure framework.</p>
<p>Safe and secure society (Resilience)</p>	<p>We provided products and services that address new risks, including the joint development and sale by Group companies of insurance and risk consulting services (such as “Information security e-learning”) that contribute to cybersecurity measures throughout the supply chain of corporate operations.</p>
<p>Well-being of diverse people (Well-being)</p>	<p>Based on human rights due diligence, the Group prepared prevention and improvement measures and monitoring methods for three key issues (“Fair and just customer services,” “Consideration for human rights responses by our underwriting customers, investees, borrowers, and external contractors,” and “Consideration for the health of employees and work environment without discrimination”), and have undertaken the following initiatives.</p> <ul style="list-style-type: none"> • Human rights awareness training for agents and external contractors • Checking the status of initiatives, preparing and disseminating basic human rights policies at overseas sites, etc. <p>Also, we have provided life insurance products that promote health and prevent unwellness and serious illnesses, asset-building products and services to prepare for longevity, and improved employee engagement.</p>

*10 TNFD

Abbreviation for Taskforce on Nature-related Financial Disclosures.

■ Issues to be Addressed

While the global economy, including Japan, is expected to continue its gradual recovery, there are concerns about downside risks due to the effects of global monetary tightening, rising commodity prices, and other factors.

The insurance industry is expected to play a role as a social infrastructure that responds to various challenges and enhances the resilience of society even in uncertain environments, such as the frequent occurrence of large-scale natural disasters, transition to a society coexisting with COVID-19, and rising geopolitical risks.

Under these circumstances, in FY2023, the second year of the Medium-Term Management Plan started in the previous fiscal year, the Group will continue to pursue the theme of “Growing Together with Society as a Risk Solution Platformer.” In order to become a corporate group that supports a resilient and sustainable society, we have set “Value (value creation),” “Transformation (business transformation),” and “Synergy (Group synergy)” as our basic strategies, and we will implement each initiative with Sustainability, Quality, Human Assets, and ERM as the foundation supporting our basic strategies.

Basic strategies	Value (Value creation)	By expanding the “CSV × DX” initiative globally, we will contribute to solving social issues such as climate change. We will also upgrade risk consulting that utilizes data and digital technologies and develop more products and services that come before and after coverage and protection to strengthen our earnings base.
	Transformation (Business transformation)	We will transform mainly our product, business, and risk portfolios to create a structure that will withstand the occurrence of a large-scale natural disaster, pandemics, etc.
	Synergy (Group synergy)	We will promote Group standardization, collaboration, and integration under the “One Platform Strategy.” While promoting synergy between life insurance and non-life insurance businesses, we will also pursue global synergy arising from the Group-wide, mutual sharing of knowhow and the like of each Group company both in Japan and overseas, in order to achieve further growth by leveraging the diversity of the Group and strengthening cooperation.

Foundations	Sustainability	Quality	Human Assets	ERM
	We will address social issues of high importance to both our stakeholders and the Group, namely Planetary Health (coexistence with the global environment), Resilience (a safe and secure society), and Well-being (the well-being of diverse people).	While securing the trust of society and customer satisfaction, we will practice highly transparent and effective corporate governance.	We will secure human assets to support implementation of basic strategies and create an environment in which employees can demonstrate their abilities, skills, and motivation to the fullest extent.	We will strive to improve profitability and capital efficiency through the integrated management of risk, return, and capital, while reducing strategic equity holdings.

Our implementation plans by major business area are as follows.

In the domestic non-life insurance business, we will increase revenue and generate stable profit by leveraging our strengths of having three non-life insurance companies with distinctive characteristics, one of the largest sales networks in Japan, and a close relationship with one of the leading corporate groups in Japan. We will continue our efforts to improve profitability in fire insurance and reduce operating expenses through the promotion of the “One Platform Strategy” and other initiatives.

In the domestic life insurance business, we will strengthen the customer marketing approach that leverages the sales channels (non-life insurance agents and sales through financial institutions) of MSAL and MSPL, which are their strengths, to increase revenue as well as expand the asset-building market through collaboration between the two companies for achieving sustainable growth.

In our international businesses, we will steadily implement initiatives to strengthen profitability, such as expanding underwriting of good performance contracts in the MS Amlin business, whose profitability has recovered, capturing the U.S. MGA market by utilizing Transverse, and strengthening our retail businesses in Asia, in addition to making business investments and enhancing global synergies in the U.S. and Asia. Also, in order to improve capital efficiency, we will continue to monitor profitability and growth potential and work to enhance the sophistication of our international business management.

In our risk-related services business, with InterRisk as the core of the Group, we will create new business opportunities by using digital data to strengthen risk management services such as consulting and services that come before and after coverage and protection.

The Group will continue to enhance capital efficiency by improving profitability in each of these business areas, and will strive to manage its businesses with an awareness of the cost of capital and stock price, and to increase corporate value.

Furthermore, based on the three key issues in sustainability, Coexistence with the global environment, Safe and secure society, and Well-being of diverse people, we will work toward contributing to the sustainability of society and the long-term growth of our Group.

We look forward to the continued support and encouragement of our shareholders.

(Note) All monetary amounts and number of shares indicated in this Business Report (including the statements that follow) are rounded down. Percentages of increase/decrease (change) are rounded off to the first decimal place.

(2) Changes in status of assets and earnings of the Corporate Group and Insurance Holding Company

a. Changes in status of consolidated assets and earnings of Corporate Group

(Yen in millions)

Category	FY2019	FY2020	FY2021	FY2022 (Current fiscal year)
Ordinary income	5,168,361	4,892,244	5,132,042	5,251,271
Ordinary profit	157,701	306,524	390,499	231,113
Net income attributable to owners of the parent	143,030	144,398	262,799	161,530
Comprehensive income	(157,288)	753,938	310,470	(80,923)
Net assets	2,494,038	3,126,657	3,302,749	3,056,273
Total assets	23,196,455	24,142,562	25,033,846	25,000,433

b. Changes in status of assets and earnings of Insurance Holding Company

Category	FY2019	FY2020	FY2021	FY2022 (Current fiscal year)
	(Yen in millions)	(Yen in millions)	(Yen in millions)	(Yen in millions)
Operating income	130,128	216,887	124,693	179,756
Dividends income	129,968	216,724	124,536	179,589
Subsidiaries engaged in insurance business	128,619	215,825	122,657	177,550
Other subsidiaries	1,348	899	1,878	2,038
Net income	33,244	232,030	117,016	174,315
Net income per share	57.72 Yen	411.03 Yen	211.25 Yen	323.26 Yen
	(Yen in millions)	(Yen in millions)	(Yen in millions)	(Yen in millions)
Total assets	1,656,210	1,766,273	1,700,359	1,687,398
Shares of subsidiaries engaged in insurance business	1,430,635	1,496,497	1,422,745	1,425,216
Shares of other subsidiaries	179,149	42,050	47,321	54,003

(3) Main offices of Corporate Group

Name of company	Name of office	Location	Date founded
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo	Oct. 1, 2014
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Co., Ltd.	Headquarters	9, Kanda Surugadai 3-chome, Chiyoda-ku, Tokyo	Oct. 1, 2013
Aioi Nissay Dowa Insurance Co., Ltd.	Headquarters	28-1, Ebisu 1-chome, Shibuya-ku, Tokyo	Apr. 1, 2001
Mitsui Direct General Insurance Co., Ltd.	Headquarters	5-1, Koraku 2-chome, Bunkyo-ku, Tokyo	Jan. 4, 2021
(Domestic life insurance business) Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo	Oct. 1, 2014
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	Headquarters	3-7, Yaesu 1-chome, Chuo-ku, Tokyo	May 1, 2008

(4) Employees of Corporate Group

(Number of employees)

Business segment	End of previous fiscal year	End of current fiscal year	Change for the current fiscal year
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	401	418	17
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Co., Ltd.	13,453	12,572	(881)
Aioi Nissay Dowa Insurance Co., Ltd.	13,503	12,741	(762)
Mitsui Direct General Insurance Co., Ltd.	528	498	(30)
(Domestic life insurance business) Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	2,436	2,391	(45)
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	403	410	7
(Overseas business) Overseas insurance subsidiaries	8,913	9,186	273
Other	325	368	43

(Note) The numbers of employees each represent the number of those on duty and do not include Executive Officers.

(5) Major lenders of Corporate Group

(Yen in millions)

Business segment	Lender	Amount borrowed
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Co., Ltd.	Syndicated loan	100,000

(Note) Syndicated loan was arranged by Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Ltd.

(6) Capital procurement of Corporate Group

Not applicable.

(7) Capital investment of Corporate Group

a. Total amount of capital investment

(Yen in millions)

Division name	Amount
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	-
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Co., Ltd.	12,637
Aioi Nissay Dowa Insurance Co., Ltd.	8,072
Mitsui Direct General Insurance Co., Ltd.	179
Domestic Life Insurance Business Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	494
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	563
International Business Overseas insurance subsidiaries	2,884
Other	157

b. Establishment of major facilities, etc.

(Yen in millions)

Business segment	Description	Amount
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Co., Ltd.	Reconstruction of a building related to MSI Takamatsu Building	2,108

(8) The parent company and main subsidiaries

a. Status of the parent company

Not applicable.

b. Status of main subsidiaries

Name of company	Location	Principal business	Date of incorporation	Common stock	Percentage of voting rights (%)	Other
Mitsui Sumitomo Insurance Co., Ltd.	Chiyoda-ku, Tokyo	Non-life insurance business	Oct. 21, 1918	¥139,595 million	100.0%	-
Aioi Nissay Dowa Insurance Co., Ltd.	Shibuya-ku, Tokyo	Non-life insurance business	Jun. 30, 1918	¥100,005 million	100.0%	-
Mitsui Direct General Insurance Co., Ltd.	Bunkyo-ku, Tokyo	Non-life insurance business	Jun. 3, 1999	¥39,106 million	100.0%	-
au insurance Co., Ltd.	Minato-ku, Tokyo	Non-life insurance business	Feb. 23, 2010	¥3,150 million	49.0% (49.0%)	-
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Life insurance business	Aug. 8, 1996	¥85,500 million	100.0%	-
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Life insurance business	Sep. 7, 2001	¥41,060 million	100.0%	-
Little Family SS Insurance Co., Ltd.	Shinagawa-ku, Tokyo	Small-amount, short-term insurance business	Aug. 1, 2019	¥75 million	97.3% (97.3%)	-
MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.	Chuo-ku, Tokyo	Venture capital business	Dec. 6, 1990	¥1,000 million	100.0% (100.0%)	-
Sumitomo Mitsui DS Asset Management Co., Ltd.	Minato-ku, Tokyo	Investment management business and investment advisory and agency business	Jul. 15, 1985	¥2,000 million	15.0% (15.0%)	-
MS&AD InterRisk Research & Consulting, Inc.	Chiyoda-ku, Tokyo	Risk management and consulting business	Jan. 4, 1993	¥330 million	100.0%	-
MSIG Holdings (U.S.A.), Inc.	New York, U.S.A.	Holding company	Oct. 21, 1988	US\$1,362 million (¥181,926 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance USA Inc.	New York, U.S.A.	Non-life insurance business	Jan. 28, 1988	US\$5,000 thousand (¥667 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance Company of America	New York, U.S.A.	Non-life insurance business	Mar. 29, 2001	US\$5,000 thousand (¥667 million)	100.0% (100.0%)	-
MSIG Specialty Insurance USA Inc.	New York, U.S.A.	Non-life insurance business	Jan. 11, 1994	US\$5,000 thousand (¥667 million)	100.0% (100.0%)	-
Transverse Insurance Group, LLC	Delaware, U.S.A.	Holding company	Jun. 26, 2018	US\$107,695 thousand (¥14,380 million)	100.0% (100.0%)	-
Transverse Specialty Insurance Company	Dallas, U.S.A.	Non-life insurance business	Nov. 18, 1982	US\$5,000 thousand (¥667 million)	100.0% (100.0%)	-
Transverse Insurance Company	Dallas, U.S.A.	Non-life insurance business	Mar. 14, 1961	US\$4,200 thousand (¥560 million)	100.0% (100.0%)	-
TRM Specialty Insurance Company	Dallas, U.S.A.	Non-life insurance business	Nov. 5, 1987	US\$2,500 thousand (¥333 million)	100.0% (100.0%)	-

Name of company	Location	Principal business	Date of incorporation	Common stock	Percentage of voting rights (%)	Other
DTRIC Insurance Company, Limited	Honolulu, U.S.A.	Non-life insurance business	Dec. 12, 1978	US\$4,500 thousand (¥600 million)	100.0% (100.0%)	-
DTRIC Insurance Underwriters, Limited	Honolulu, U.S.A.	Non-life insurance business	Feb. 2, 2007	US\$2,500 thousand (¥333 million)	100.0% (100.0%)	-
Mitsui Sumitomo Seguros S/A.	Sao Paulo, Brazil	Non-life insurance business	Dec. 15, 1965	BRL619,756 thousand (¥16,243 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Europe Limited	London, U.K.	Holding company	Nov. 8, 2017	UK£350,010 thousand (¥57,947 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Insurance UK Limited	London, U.K.	Non-life insurance business	Dec. 11, 2017	UK£135,100 thousand (¥22,367 million)	100.0% (100.0%)	-
MS Amlin Corporate Member Limited	London, U.K.	Non-life insurance business	Sep. 19, 1994	UK£1,700 thousand (¥281 million)	100.0% (100.0%)	-
MS Amlin Underwriting Limited	London, U.K.	Non-life insurance business	Nov. 29, 1988	UK£400 thousand (¥66 million)	100.0% (100.0%)	-
MSI Corporate Capital Limited	London, U.K.	Non-life insurance business	Jan. 7, 2000	UK£5,200 thousand (¥860 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance Company (Europe), Limited	London, U.K.	Non-life insurance business	Jul. 28, 1972	UK£80,700 thousand (¥13,360 million)	100.0% (100.0%)	-
Leadenhall Capital Partners LLP	London, U.K.	Investment management business	Apr. 30, 2008	US\$2,850 thousand (¥380 million)	80.0% (80.0%)	-
MS Amlin AG	Zurich, Switzerland	Non-life insurance business	Aug. 19, 2010	SFR10,000 thousand (¥1,461 million)	100.0% (100.0%)	-
MSIG Insurance Europe AG	Cologne, Germany	Non-life insurance business	Apr. 20, 2012	€184,000 thousand (¥26,812 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Life Insurance of Europe AG	Ismaning, Germany	Life insurance business	Dec. 8, 2005	€5,000 thousand (¥728 million)	100.0% (100.0%)	-
MS Financial Reinsurance Limited	Hamilton, Bermuda	Life insurance business	Nov. 21, 2011	¥46 million	100.0% (100.0%)	-
MS Amlin Insurance SE	Brussels, Belgium	Non-life insurance business	Jan. 4, 2016	€140,000 thousand (¥20,400 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Insurance Company of Europe SE	Senningerberg, Luxembourg	Non-life insurance business	Nov. 12, 2004	€41,875 thousand (¥6,102 million)	100.0% (100.0%)	-
MSIG Insurance (Singapore) Pte. Ltd.	Singapore, Singapore	Non-life insurance business	Sep. 23, 2004	S\$333,442 thousand (¥33,544 million)	100.0% (100.0%)	-
MS First Capital Insurance Limited	Singapore, Singapore	Non-life insurance business	Dec. 9, 1950	S\$26,500 thousand (¥2,665 million)	97.7% (97.7%)	-
Aioi Nissay Dowa Insurance Company Australia Pty Ltd	Melbourne, Australia	Non-life insurance business	Aug. 1, 2008	A\$87,800 thousand (¥7,874 million)	100.0% (100.0%)	-
Challenger Limited	Sydney, Australia	Holding company	Sep. 13, 1985	A\$2,513 million (¥225,464 million)	15.2%	-
MSIG Mingtai Insurance Co., Ltd.	Taipei, Taiwan	Non-life insurance business	Sep. 22, 1961	NT\$2,535 million (¥11,107 million)	100.0% (100.0%)	-
MSIG Insurance (Hong Kong) Limited	Hong Kong, P.R.C.	Non-life insurance business	Sep. 8, 2004	HK\$1,625 million (¥27,655 million)	100.0% (100.0%)	-

Name of company	Location	Principal business	Date of incorporation	Common stock	Percentage of voting rights (%)	Other
Aioi Nissay Dowa Insurance (China) Company Limited	Tianjin, P.R.C.	Non-life insurance business	Jan. 23, 2009	RMB1,000 million (¥19,420 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance (China) Company Limited	Shanghai, P.R.C.	Non-life insurance business	Sep. 6, 2007	RMB500,000 thousand (¥9,710 million)	100.0% (100.0%)	-
BOCOM MSIG Life Insurance Company Limited	Shanghai, P.R.C.	Life insurance business	Jul. 4, 2000	RMB5,100 million (¥99,042 million)	37.5%	-
MSIG Insurance (Vietnam) Company Limited	Hanoi, Vietnam	Non-life insurance business	Feb. 2, 2009	VND300,000 million (¥1,710 million)	100.0% (100.0%)	-
Cholamandalam MS General Insurance Company Limited	Chennai, India	Non-life insurance business	Nov. 2, 2001	INR2,988 million (¥4,900 million)	40.0% (40.0%)	-
Max Financial Services Limited	Nawanshahr, India	Holding company	Feb. 24, 1988	INR690,065 thousand (¥1,131 million)	21.9% (21.9%)	-
Max Life Insurance Company Limited	Chandigarh, India	Life insurance business	Jul. 11, 2000	INR19,188 million (¥31,468 million)	- (-)	-
PT. Asuransi Jiwa Sinarmas MSIG Tbk	Jakarta, Indonesia	Life insurance business	Jul. 17, 1984	IDR210,000 million (¥1,869 million)	80.0% (80.0%)	-
PT. Asuransi MSIG Indonesia	Jakarta, Indonesia	Non-life insurance business	Dec. 17, 1975	IDR100,000 million (¥890 million)	80.0% (80.0%)	-
Ceylinco Insurance PLC	Colombo, Sri Lanka	Holding company	Feb. 11, 1987	LKR1,324 million (¥543 million)	15.0% (15.0%)	-
MSIG Insurance (Thailand) Public Company Limited	Bangkok, Thailand	Non-life insurance business	Apr. 14, 1983	THB142,666 thousand (¥557 million)	86.4% (86.4%)	-
BPI/MS Insurance Corporation	Makati, Philippines	Non-life insurance business	Oct. 1, 1965	PHP350,000 thousand (¥864 million)	48.5% (48.5%)	-
MSIG Insurance (Malaysia) Bhd.	Kuala Lumpur, Malaysia	Non-life insurance business	Apr. 28, 1979	MYR1,511 million (¥45,663 million)	65.4% (65.4%)	-
Hong Leong Assurance Berhad	Kuala Lumpur, Malaysia	Life insurance business	Dec. 20, 1982	MYR200,000 thousand (¥6,042 million)	30.0% (30.0%)	-
MSIG Insurance (Lao) Co., Ltd.	Vientiane, Laos	Non-life insurance business	Sep. 18, 2009	US\$2,000 thousand (¥267 million)	51.0% (51.0%)	-

(Notes)

1. The table above shows main subsidiaries and associates.
2. Shown in parentheses in the Common stock column is the Yen value as translated at the exchange rate on the last day of the current fiscal year.
3. Shown in parentheses in the Percentage of voting rights column is the percentage of voting rights indirectly held.
4. Sumitomo Mitsui DS Asset Management Co., Ltd., Challenger Limited, Max Life Insurance Company Limited, and Ceylinco Insurance PLC are classified as associates because they have substantial influence, although the Company's ownership interest in these companies is less than 20%.

(9) Status of business transfers and acquisitions of Corporate Group

Date of business transfer	Status of business transfer
Jan. 3, 2023	<p>On August 10, 2022, MSI, a subsidiary of the Company, entered into a basic agreement with Virgo Transverse Core LLC and others to acquire Transverse Insurance Group, LLC. With the approval of the regulatory authorities of the relevant countries, the acquisition procedures were subsequently completed on January 3, 2023 (U.S. time) through MSI’s U.S. subsidiary. The acquisition price was US\$399 million (Note). The overview of the target company and the purpose of the share acquisition are as follows:</p> <ul style="list-style-type: none"> • Overview of the Target Company Company name: Transverse Insurance Group, LLC Headquarters: Delaware, U.S.A. Description of business: Holding company with non-life insurance companies and other businesses under its umbrella • Purpose of acquisition The purpose of the acquisition is to capture the growth of the U.S. MGA market and expand business opportunities by enhancing Transverse’s creditworthiness against the backdrop of MSI’s strong financial base, thereby generating synergy within the Group. <p>(Note) The Company has a performance-linked additional payment clause that pays a certain additional amount according to the performance level of Transverse Insurance Group, LLC after the acquisition.</p>

(10) Other important matters concerning state of Corporate Group

Not applicable.

2. Matters Concerning Officers

(1) Status of officers

(As of end of fiscal year)

Name	Position and duties	Significant concurrent positions	Other
Yasuyoshi Karasawa	Chairman & Director, Chairman Executive Officer	-	-
Yasuzo Kanasugi	Representative Director, Vice Chairman & Director, Vice Chairman Executive Officer	Chairman & Director, <i>Aioi Nissay Dowa Insurance Co., Ltd. ("ADI")</i>	-
Noriyuki Hara	Representative Director, Vice Chairman & Director, Vice Chairman Executive Officer President & CEO (Group CEO)	Chairman & Director, Chairman Executive Officer, <i>Mitsui Sumitomo Insurance Co., Ltd. ("MSI")</i>	-
Tetsuji Higuchi	Representative Director, Executive Vice President Corporate Planning Dept., in sub-charge of Digital Innovation Dept., Global Business Development Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., International Life Insurance Business Dept., Internal Audit Dept., Capital Policy, Sustainability, Group CFO	-	-
Masahito Fukuda	Director Executive Officer Sales	Director, Executive Vice President, <i>MSI</i>	-
Yusuke Shirai	Director Executive Officer Assist Management	Director, Managing Executive Officer, <i>ADI</i>	
Mariko Bando	Director (Outside Director)	Chancellor, Incorporated Educational Institution Showa Women's University Director, Mitsubishi Research Institute, Inc. (Outside Director) Director, Itoki Corporation (Outside Director)	-
Akira Arima	Director (Outside Director)	-	-
Junichi Tobimatsu	Director (Outside Director)	Attorney-at-law, GAIEN PARTNERS Director, amana inc. (Outside Director) Director, AI, Inc. (Outside Director (Audit and Supervisory Committee Member)) Director, CANDEAL Co., Ltd. (Outside Director (Audit and Supervisory Committee Member))	-
Rochelle Kopp	Director (Outside Director)	Managing Principal, Japan Intercultural Consulting Director, Lightworks Corporation (Outside Director)	-
Akemi Ishiwata	Director (Outside Director)	-	-
Hidema Jinno	Audit & Supervisory Board Member (Full-time)	-	-

(As of end of fiscal year)

Name	Position and duties	Significant concurrent positions	Other
Atsuko Suto	Audit & Supervisory Board Member (Full-time)	-	-
Kunio Chiyoda	Outside Audit & Supervisory Board Member	Director, Terasaki Electric Co., Ltd. (Outside Director (Audit and Supervisory Committee Member)) Director, SEIWA ELECTRIC MFG. CO., LTD. (External director (Audit and Supervisory Committee Member))	As a certified public accountant, Mr. Kunio Chiyoda has considerable knowledge of finance and accounting.
Kyoko Uemura	Outside Audit & Supervisory Board Member	Attorney-at-Law, Miyama, Koganemaru & Associates Director, SoftBank Corp. (Outside Director)	-

(Notes)

- The Company has submitted to the Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. an Independent Officer Notification, indicating that Directors Mariko Bando, Akira Arima, Junichi Tobimatsu, Rochelle Kopp, and Akemi Ishiwata as well as Audit & Supervisory Board Members Kunio Chiyoda and Kyoko Uemura are Independent Officers who are unlikely to have conflict of interests with general shareholders.
- The Company adopts an Executive Officer system. Executive Officers (excluding Directors who are also an Executive Officer) as of March 31, 2023 are as follows:

Senior Executive Officer	Satoru Tamura	Human Resources and General Administration Dept., Accounting Dept., Compliance Dept., Corporate Risk Management Dept., Internal Audit Dept., Group Chief Risk Officer
Executive Officer	Shinichiro Funabiki	Assist Management
Executive Officer	Naomi Motojima	In charge of DE&I
Executive Officer	Masashi Ippongi	Digital Innovation Dept., Group Chief Digitalization Officer
Executive Officer	Keisuke Niiro	Assist Management
Executive Officer	Wakana Hitotsuyanagi	Claims Services
Executive Officer	Tamaki Kawate	International Business
Executive Officer	Tomoyuki Shimazu	Assist Management
Executive Officer	Toshiya Kawabe	General Manager of Human Resources and General Administration Dept.
Executive Officer	Takuma Hayakawa	Asset Management, Financial Services Business
Executive Officer	Takuya Tsuda	Data Management Dept., Information Technology Planning Dept., Administration and Information Systems, Group Chief Information Officer, Group Chief Information Security Officer
Executive Officer	Hiroyoshi Owada	General Manager of Corporate Planning Dept.
Executive Officer	Hiroshi Arakawa	Underwriting & Reinsurance
Executive Officer	Keiji Suzuki	General Manager of Corporate Risk Management Dept.

3. There were changes in Executive Officers as of April 1, 2023. Executive Officers as of April 1, 2023 are as follows:

Chairman	Yasuyoshi Karasawa	
Executive Officer		
Vice Chairman Executive Officer	Yasuzo Kanasugi	
President & CEO	Noriyuki Hara	Group CEO
Executive Vice President	Tetsuji Higuchi	Corporate Planning Dept., in sub-charge of Digital Innovation Dept., Corporate Communications and Investor Relations Dept., International Supervisory Dept., in sub-charge of International Business Planning Dept., Internal Audit Dept., Capital Policy, Group CFO
Senior Executive Officer	Satoru Tamura	Human Resources and General Administration Dept., Accounting Dept., Compliance Dept., Corporate Risk Management Dept., Internal Audit Dept., Group Chief Risk Officer
Managing Executive Officer	Naomi Motojima	Corporate Sustainability Dept., in charge of DE&I, Group Chief Sustainability Officer
Executive Officer	Shinichiro Funabiki	Assist Management
Executive Officer	Keisuke Niiro	Assist Management
Executive Officer	Tamaki Kawate	International Business Planning Dept.
Executive Officer	Tomoyuki Shimazu	Assist Management
Executive Officer	Toshiya Kawabe	General Manager of Human Resources and General Administration Dept.
Executive Officer	Yusuke Shirai	Assist Management
Executive Officer	Takuma Hayakawa	Asset Management, Financial Services Business
Executive Officer	Takuya Tsuda	Data Management Dept., Information Technology Planning Dept., Group Chief Information Officer, Group Chief Information Security Officer
Executive Officer	Hiroyoshi Owada	General Manager of Corporate Planning Dept.
Executive Officer	Hiroshi Arakawa	Underwriting & Reinsurance
Executive Officer	Keiji Suzuki	General Manager of Corporate Risk Management Dept.
Executive Officer (New Appointment)	Hiroshi Tatematsu	Sales
Executive Officer (New Appointment)	Tomoyuki Motoyama	Digital Innovation Dept., Administration, Group Chief Digitalization Officer
Executive Officer (New Appointment)	Mitsuru Sato	Claims Services
Executive Officer (New Appointment)	Sachiko Hori	Assist Corporate Risk Management

4. The Company appoints one Substitute Audit & Supervisory Board Member to fill a vacancy in preparation for a shortfall in the number of statutory Audit & Supervisory Board Members.

Substitute Audit & Supervisory Board Member	Kozo Meguro
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(2) Remuneration to officers

- i) Total amount of remuneration for each type of officer, total amount of each type of remuneration, and number of officers who are eligible to receive payment of remuneration

(Yen in millions)

Category	Number of recipients	Total amount of remuneration	Total amount of each type of remuneration		
			Fixed remuneration	Performance-linked remuneration	
				Monetary remuneration	Non-monetary remuneration (stock-based remuneration)
Director	12	376	248	65	63
Audit & Supervisory Board Members	4	80	80	—	—
Total	16	457	328	65	63

(Notes)

1. The number of recipients to be paid includes one (1) Director who retired during this fiscal year.
2. Fixed remuneration includes remuneration for one (1) Director who retired during this fiscal year.
3. The performance-linked remuneration of six (6) Directors paid during this fiscal year resulted in a difference of 19 million yen from the reserve for performance-linked remuneration based on the performance of the previous fiscal year, which is not included in the table above.

- ii) Policies for determining the content of individual remuneration for Directors, etc.
The Board of Directors of the Company passed the following resolution on policies for determining the content of individual remuneration for Directors, etc. at its meetings held on February 14, 2019, May 20, 2019, May 20, 2021, and December 27, 2022 after deliberation by the Remuneration Committee of which a majority of the members are Outside Directors.

a. Basic policy

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

b. Decision process

(a) Remuneration for Directors

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

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

Directors has therefore judged that it is in line with this basic policy for determining the remuneration of Directors.

(b) Remuneration for Audit & Supervisory Board Members

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

c. Overview of remuneration

(a) Composition of remuneration

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

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

<President & Director>

The composition is such that the proportion of performance-linked remuneration is higher than for other positions.

(Standard ratios)

[Fixed remuneration] 50%	[Performance-linked remuneration] Monetary remuneration 25%	[Performance-linked remuneration] Stock-based remuneration 25%
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<Other positions>

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

(Standard ratios)

[Fixed remuneration] Approx. 60% - approx. 70%	[Performance-linked remuneration] Monetary remuneration Approx. 20%	[Performance-linked remuneration] Stock-based remuneration Approx. 10% - approx. 20%
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(b) Contents of stock-based remuneration

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

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

d. Performance indicators pertaining to performance-linked remuneration

- Performance-linked remuneration shall be linked with the business performance of the Company and determined based on financial and non-financial indicators.
- Financial and non-financial indicators have been selected after taking into consideration the Group's Medium-Term Management Plan (2022-2025) and the details of indicators and reasons for their selection are as follows.

(a) Financial indicators

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

Indicator	Reasons for selection
Group Adjusted Profit* ¹	The selected indicators were Group Adjusted Profit as a measure of shareholder returns, Group Adjusted ROE as a measure of capital efficiency, and Consolidated Net Income as a key performance indicator for the Group. * After the adoption of IFRS, the indicators at the left will be changed to "IFRS net income" and "Adjusted ROE" on an IFRS basis.
Consolidated Net Income	
Group Adjusted ROE* ²	

*1 Group Adjusted Profit

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

*2 Group Adjusted ROE

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

(b) Non-financial indicators

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

Evaluation item		Reasons for selection
Basic strategies	<ul style="list-style-type: none">• Value (value creation)• Transformation (business transformation)• Synergy (Group synergy)	The “Basic strategies” and “Foundations” supporting the basic strategies were selected as evaluation items for non-financial indicators to realize the vision of the Group’s Medium-Term Management Plan (2022-2025) to become a “corporate Group that supports a resilient and sustainable society.”
Foundations	<ul style="list-style-type: none">• Sustainability• Quality• Human Assets• ERM	

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

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

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

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

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

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

<Financial indicators>

	Actual	Target	Vs. target
Group Adjusted Profit	¥172.7 billion	¥167.4 billion	103.2%
Consolidated Net Income	¥161.5 billion	¥138.3 billion	116.8%
Group Adjusted ROE	4.8%	4.6%	+0.2 points

<Non-financial indicators>

Evaluation item	Results of evaluation
Basic strategies	As a result of evaluation based mainly on the following points, performance is evaluated to be at a standard level: <ul style="list-style-type: none"> • Developing and providing products and services that offer new value leading to solutions to social issues • Transforming the business, product, and risk portfolios • Implementation of the One Platform Strategy and Group synergies, etc.
Foundations	As a result of evaluation based mainly on the following points, performance is evaluated to be at a standard level: <ul style="list-style-type: none"> • Initiatives related to the key sustainability issues of coexistence with the global environment, a safe and secure society, and the well-being of diverse people • Quality improvement initiatives such as product and service improvements based on customer feedback • Initiatives related to human assets, such as building an optimal human asset portfolio and creating a workplace environment that maximizes employees' abilities, skills, and motivation, including implementation of DE&I • Initiatives related to ERM, such as improving profitability and capital efficiency and reducing strategic equity holdings, etc.

e. Resolutions related to officer remuneration at the Shareholders Meeting

<Remuneration of Directors>

Shareholders Meeting held on June 25, 2018 [10th Annual Shareholders Meeting] Resolved that the maximum amount of remuneration of Directors in total (excluding wages as an employee payable to a Director also serving as an employee) shall be 500 million yen per year (of which remuneration for Outside Directors shall be no more than 100 million yen per year). The number of Directors was twelve (12) (including five (5) Outside Directors) as at the close of the Annual Shareholders Meeting.
Shareholders Meeting held on June 24, 2019 [11th Annual Shareholders Meeting] Resolved to introduce a new restricted stock remuneration plan with delayed delivery and that the total amount of monetary remuneration receivables to be paid for the allotment of restricted stock to Directors other than Outside Directors shall be up to 200 million yen per year. The number of Directors other than Outside Directors was seven (7) as at the close of the Annual Shareholders Meeting.

<Remuneration of Audit & Supervisory Board Members>

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

Name	Summary of content in limited liability agreements and indemnity agreements
(Outside Director) Mariko Bando Akira Arima Junichi Tobimatsu Rochelle Kopp Akemi Ishiwata	[Outline of limited liability agreements] The Company has concluded agreements with each of the persons limiting his/her liability under Article 423, Paragraph 1 of the Companies Act. The amount of limited liability based on these agreements is the sum of the amounts stipulated in each items of Article 425, Paragraph 1 of the Companies Act.
(Outside Audit & Supervisory Board Member) Kunio Chiyoda Kyoko Uemura	[Outline of indemnity agreements] Not applicable.

(4) Directors and officers liability insurance policy

Scope of insureds	Outline of directors and officers liability insurance policy
Directors, Audit & Supervisory Board Members, and Executive Officers, etc. of the Company and other major subsidiaries, etc.	The Company has entered into a directors and officers liability insurance policy with an insurance company as provided in Article 430-3, Paragraph 1 of the Companies Act. The insured do not bear any insurance premiums. Under this insurance policy, the insurer will cover any damages that may arise as a result of the insured assuming liability or receiving a claim for the pursuit of liability in relation to the execution of his or her duties. This policy is renewed annually.

3. Matters Concerning Outside Officers

(1) Concurrent and other status of Outside Officers

Please refer to “2. Matters Concerning Officers, (1) Status of officers” above for information on the concurrent positions of Outside Officers. There is no special relationship between any of the above entities and the Company.

(2) Primary activities of Outside Officers

Name	Length of time in office	Attendance at Board of Directors meetings etc.	Major activities including the remarks made at Board of Directors meetings etc.
<p>Mariko Bando (Outside Director)</p>	<p>5 years and 9 months</p>	<p>Attended all 12 meetings of the Board of Directors held during the current fiscal year.</p>	<p>She has fulfilled the roles and responsibilities required as an Outside Director, including supervising management and providing advice on all aspects of management at the Board of Directors meetings, based on her extensive insight and experience in areas such as administration, human resources development, and the promotion of diversity.</p> <p>As the chairperson of the Remuneration Committee, an internal committee of the Board of Directors, she participated in deliberations concerning the remuneration of officers, and as a member of the Nomination Committee, she participated in deliberations concerning the nomination of officers, and contributed to enhancing the corporate value and corporate governance of the Company.</p>
<p>Akira Arima (Outside Director)</p>	<p>4 years and 9 months</p>	<p>Attended all 12 meetings of the Board of Directors held during the current fiscal year.</p>	<p>He has fulfilled the roles and responsibilities required as an Outside Director, including supervising management and providing advice on all aspects of management at the Board of Directors meetings, based on his extensive insight and experience mainly as a management executive of major companies.</p> <p>As the chairperson of the Nomination Committee, an internal committee of the Board of Directors, he participated in deliberations concerning the nomination of officers, and as a member of the Remuneration Committee, he participated in deliberations concerning the remuneration of officers, and contributed to enhancing the corporate value and corporate governance of the Company.</p>

Name	Length of time in office	Attendance at Board of Directors meetings etc.	Major activities including the remarks made at Board of Directors meetings etc.
<p>Junichi Tobimatsu (Outside Director)</p>	<p>4 years and 9 months</p>	<p>Attended all 12 meetings of the Board of Directors held during the current fiscal year.</p>	<p>He has fulfilled the roles and responsibilities required as an Outside Director, including supervising management and providing advice on all aspects of management at the Board of Directors meetings, based on his extensive insight and experience as an attorney-at-law mainly in the area of corporate legal affairs in general both in Japan and overseas.</p> <p>As a chairperson of the Governance Committee, which makes recommendations to the Board of Directors, he contributed to enhancing the corporate value of the Company by providing necessary advice based on his knowledge of corporate governance.</p> <p>Also, as a member of the Nomination Committee and the Remuneration Committee, which are internal committees of the Board of Directors, he participated in deliberations concerning the nomination and the remuneration of officers and contributed to enhancing the corporate value and corporate governance of the Company.</p>
<p>Rochelle Kopp (Outside Director)</p>	<p>2 years and 9 months</p>	<p>Attended all 12 meetings of the Board of Directors held during the current fiscal year.</p>	<p>She has fulfilled the roles and responsibilities required as an Outside Director, including supervising management and providing advice on all aspects of management at the Board of Directors meetings, based on her extensive insight concerning cross-cultural communication and experience as a management consultant in Japan and overseas.</p> <p>As a member of the Nomination Committee and the Remuneration Committee, which are internal committees of the Board of Directors, she participated in deliberations concerning the nomination and the remuneration of officers, and contributed to enhancing the corporate value and corporate governance of the Company.</p>

Name	Length of time in office	Attendance at Board of Directors meetings etc.	Major activities including the remarks made at Board of Directors meetings etc.
Akemi Ishiwata (Outside Director)	9 months	Attended all 10 meetings of the Board of Directors held after the date of appointment.	She has fulfilled the roles and responsibilities required as an Outside Director, including providing advice from a consumer perspective, supervising management, and providing advice on all aspects of management at the Board of Directors meetings, based on her extensive insight and experience in sustainability. As a member of the Nomination Committee and the Remuneration Committee, which are internal committees of the Board of Directors, she participated in deliberations concerning the nomination and the remuneration of officers, and contributed to enhancing the corporate value and corporate governance of the Company.
Kunio Chiyoda (Outside Audit & Supervisory Board Member)	6 years and 9 months	Attended 11 of the 12 meetings of the Board of Directors and all 11 meetings of the Audit & Supervisory Board held during the current fiscal year.	He has fulfilled his monitoring and supervision functions on management by appropriate statements and recommendations, based on his extensive insight and experience of accounting and audit as a certified public accountant at the meetings of the Board of Directors and the Audit & Supervisory Board.
Kyoko Uemura (Outside Audit & Supervisory Board Member)	5 years and 9 months	Attended 11 of the 12 meetings of the Board of Directors and 10 of the 11 meetings of the Audit & Supervisory Board held during the current fiscal year.	She has fulfilled her monitoring and supervision functions on management by appropriate statements and recommendations, based on her extensive insight and experience as an attorney-at-law at the meetings of the Board of Directors and the Audit & Supervisory Board.

(Note) The period of office of each individual is from the date of their assumption of office to March 31, 2023.

(3) Remuneration for Outside Officers

(Yen in millions)

	Number of recipients	Remuneration from the insurance holding company	Remuneration from the parent company, etc. of the insurance holding company
Total Remuneration	7	92	-

(Note) The breakdown of remuneration from insurance holding companies is 68 million yen for Outside Directors and 24 million yen for Outside Audit & Supervisory Board Members.

(4) Opinion of Outside Officers

There is no opinion from Outside Officers concerning matters (1) to (3) of “3. Matters Concerning Outside Officers”.

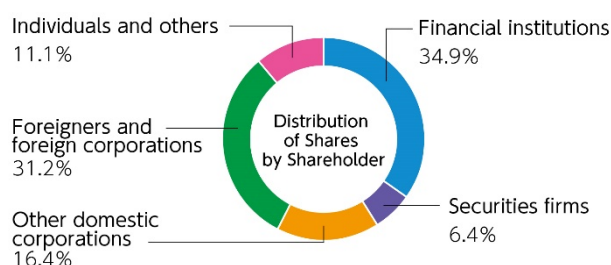
4. Matters Concerning Stock

(1) Number of shares

Total number of issuable shares: 900,000 thousand shares

Total number of shares issued: 535,967 thousand shares

(Note) The total number of shares decreased by 57,665 thousand shares from the end of the previous fiscal year due to the issuance of 134 thousand shares of common stock as restricted stock remuneration on July 26, 2022 and the cancellation of 57,800 thousand shares of treasury stock on November 30, 2022.



(2) Number of shareholders at the end of the current fiscal year: 82,003

(3) Major shareholders

Names of shareholders	Investment in the Company	
	Number of shares held (in thousands of shares)	Ratio of shares held %
The Master Trust Bank of Japan, Ltd. (Trust account)	78,193	14.6
Toyota Motor Corporation	52,610	9.8
Nippon Life Insurance Company	36,325	6.8
Custody Bank of Japan, Ltd. (Trust account)	28,800	5.4
JP MORGAN CHASE BANK 380055	16,494	3.1
JPMorgan Securities Japan Co., Ltd.	11,635	2.2
STATE STREET BANK WEST CLIENT - TREATY 505234	9,864	1.8
Barclays Securities Japan Limited	6,455	1.2
Sumitomo Life Insurance Company	6,077	1.1
JP MORGAN CHASE BANK 385781	6,018	1.1

(Note) The ratio of shares held is calculated after deducting treasury shares.

(4) Shares of the insurance holding company delivered to officers during the current fiscal year

	Number of shares	Number of persons to whom shares were delivered
Directors (excluding Outside Officers)	17,124	5
Outside Directors (Outside Officers)	–	–
Officers other than Directors	–	–

(Notes)

1. An outline of the stock-based remuneration plan of the Company is provided in “2. Matters Concerning Officers (2) Remuneration to officers.”
2. Shares shown in the table above were delivered to the Directors of the Company (excluding Outside Directors) as consideration for the execution of their duties as Directors and Executive Officers of the Company. In addition, 13,395 shares were delivered to them as consideration for the execution of their duties as Directors and Executive Officers of main subsidiaries of the Company.

5. Matters Concerning Stock Acquisition Rights, etc.

- (1) Stock acquisition rights, etc. held by the officers of the insurance holding company as of the last day of the fiscal year

	Outline of the stock acquisition rights, etc.	Number of persons who hold stock acquisition rights, etc.
Directors (excluding Outside Officers)	2016 First Stock Options as Equity Compensation	
	Stock acquisition right allotment date: Jul. 29, 2016	2
	Total number of stock acquisition rights: 1,534 (Number of shares underlying each stock acquisition right is one share per unit)	
	Type and number of shares underlying stock acquisition rights: Common stock of the Company: 1,534 shares	
	Exercise period for stock acquisition rights: From Jul. 30, 2016 to Jul. 29, 2046	
	Exercise value (per share): ¥1	
	Conditions on exercise of stock acquisition rights: (Note 2.)	
	2017 First Stock Options as Equity Compensation	
	Stock acquisition right allotment date: Aug. 1, 2017	3
	Total number of stock acquisition rights: 1,357 (Number of shares underlying each stock acquisition right is one share per unit)	
Type and number of shares underlying stock acquisition rights: Common stock of the Company: 1,357 shares		
Exercise period for stock acquisition rights: From Aug. 2, 2017 to Aug. 1, 2047		
Exercise value (per share): ¥1		
Conditions on exercise of stock acquisition rights: (Note 2.)		
2018 First Stock Options as Equity Compensation		
Stock acquisition right allotment date: Aug. 1, 2018	4	
Total number of stock acquisition rights: 1,489 (Number of shares underlying each stock acquisition right is one share per unit)		
Type and number of shares underlying stock acquisition rights: Common stock of the Company: 1,489 shares		
Exercise period for stock acquisition rights: From Aug. 2, 2018 to Aug. 1, 2048		
Exercise value (per share): ¥1		
Conditions on exercise of stock acquisition rights: (Note 2.)		
2019 First Stock Options as Equity Compensation		
Stock acquisition right allotment date: Aug. 1, 2019	4	
Total number of stock acquisition rights:		

	<p>3,761 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company: 3,761 shares</p> <p>Exercise period for stock acquisition rights: From Aug. 2, 2019 to Aug. 1, 2049</p> <p>Exercise value (per share): ¥1</p> <p>Conditions on exercise of stock acquisition rights: (Note 2.)</p>	
Outside Directors (Outside Officers)	—	—
Officers other than Directors	2016 First Stock Options as Equity Compensation	
	<p>Stock acquisition right allotment date: Jul. 29, 2016</p> <p>Total number of stock acquisition rights: 1,206 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company: 1,206 shares</p> <p>Exercise period for stock acquisition rights: From Jul. 30, 2016 to Jul. 29, 2046</p> <p>Exercise value (per share): ¥1</p> <p>Conditions on exercise of stock acquisition rights: (Note 2.)</p>	1
	2017 First Stock Options as Equity Compensation	
	<p>Stock acquisition right allotment date: Aug. 1, 2017</p> <p>Total number of stock acquisition rights: 844 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company: 844 shares</p> <p>Exercise period for stock acquisition rights: From Aug. 2, 2017 to Aug. 1, 2047</p> <p>Exercise value (per share): ¥1</p> <p>Conditions on exercise of stock acquisition rights: (Note 2.)</p>	1
	2018 First Stock Options as Equity Compensation	
	<p>Stock acquisition right allotment date: Aug. 1, 2018</p> <p>Total number of stock acquisition rights: 767 (Number of shares underlying each stock acquisition right is one share per unit)</p> <p>Type and number of shares underlying stock acquisition rights: Common stock of the Company: 767 shares</p> <p>Exercise period for stock acquisition rights: From Aug. 2, 2018 to Aug. 1, 2048</p> <p>Exercise value (per share): ¥1</p>	1

	Conditions on exercise of stock acquisition rights: (Note 2.)	
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(Notes)

1. The table shows stock acquisition rights which have been granted by offsetting the right to claim remuneration to the Company, with the payment obligations for the stock acquisition rights that have been allotted to each person.
2. A rights holder may exercise his/her stock acquisition rights only after he/she relinquishes his/her position as a Director, Executive Officer, and full-time Audit & Supervisory Board Member of the Company or its subsidiaries which consist of five domestic insurance companies (Note 3). In such a case, a rights holder may exercise his/her stock acquisition rights all at once, during the period beginning on the day following the day he/she relinquishes his/her position as a Director, Executive Officer, and full-time Audit & Supervisory Board Member of the Company or its subsidiaries which consist of five domestic insurance companies, until the elapse of 10 days.
3. Mitsui Sumitomo Insurance Co., Ltd., Aioi Nissay Dowa Insurance Co., Ltd., Mitsui Direct General Insurance Co., Ltd., Mitsui Sumitomo Aioi Life Insurance Co., Ltd. and Mitsui Sumitomo Primary Life Insurance Co., Ltd.
4. As of the last day of the fiscal year the Officers of the Company hold stock acquisition rights granted in consideration for the execution of their duties as the Company's Directors or Executive Officers, the number of which is shown in the table above. In addition to this, the Officers of the Company hold stock acquisition rights granted in consideration for the execution of their duties as the Directors or Executive Officers of the Company's major subsidiaries at the time of issuance of the stock acquisition rights, the number of which is shown below.
 - Number of stock acquisition rights issued as of July 2016: 8,451
 - Number of stock acquisition rights issued as of July 2017: 6,621
 - Number of stock acquisition rights issued as of July 2018: 7,014
 - Number of stock acquisition rights issued as of August 2019: 23,209

(2) Stock acquisition rights, etc. of the insurance holding company issued to employees, etc. during the fiscal year

Not applicable.

6. Matters Concerning Accounting Auditor

(1) Accounting Auditor

(Yen in millions)

Name or title	Remuneration for the current fiscal year	Other
KPMG AZSA LLC Designated and engagement partner: Hiroyuki Yamada Designated and engagement partner: Fumito Hirose Designated and engagement partner: Kenichi Ishii	78	1. Apart from work under Article 2, Paragraph 1 of the Certified Public Accountants Act, the Company has paid the Accounting Auditor consideration for compliance support work. 2. Relating to the remuneration of the Accounting Auditor, the Audit & Supervisory Board has given its consent in accordance with Article 399, Paragraph 1 of the Companies Act upon confirming and verifying the appropriateness of the Accounting Auditor's Audit Plan, the performance status of the Accounting Auditor's duties and the calculation basis for the remuneration quotation.

(Notes)

1. The sum of the amounts payable in cash and in kind from the Company and its subsidiaries is 844 million yen.
2. The amount shown in the table above includes remuneration for audits under the Financial Instruments and Exchange Law because the audit contract between the Company and the Accounting Auditor does not provide for separate amounts of remuneration for audits under the Companies Act and audits, etc. under the Financial Instruments and Exchange Law, nor can these amounts practically be separated.

(2) Limited liability agreements and indemnity agreements

Not applicable.

(3) Other matters concerning Accounting Auditor

(a) Policy on dismissal or decision not to reappoint the Accounting Auditor

Should the Audit & Supervisory Board decide to dismiss the Accounting Auditor based on Article 340 of the Companies Act, or in the event it is recognized that it will be difficult for the Accounting Auditor to perform its duties or other such circumstances, and the Audit & Supervisory Board has determined it is appropriate to dismiss or not to reappoint the Accounting Auditor, the Audit & Supervisory Board will decide the detail of the proposal on the dismissal or non-reappointment of the Accounting Auditor, which shall be presented at a Shareholders Meeting based on Article 344 of the Companies Act.

(b) Auditing of the financial statements of the Company's principal subsidiaries done by certified public accountants other than the Company's Accounting Auditor

Overseas subsidiaries among the Company's principal subsidiaries are audited by certified public accountants other than KPMG AZSA LLC.

7. Basic Policy Concerning Persons in Control of Decisions on Finance and Business Policy

Not applicable.

8. System for Ensuring Appropriateness of Operations

(1) Basic Policy Pertaining to System for Internal Controls

A summary of the establishment of the above system is as set out below.

**MS&AD Insurance Group Holdings, Inc.
Basic Policy Pertaining to System for Internal Controls**

As the holding company conducting overall management of the Group, MS&AD Insurance Group Holdings, Inc. (the “Holding Company”) shall, under the “Corporate Philosophy (Mission),” strive to create a system of management that is transparent with the control functions to facilitate the stable and sustained growth of the Group over the long term through the effective deployment of management resources and appropriate risk management and thereby raise the corporate value.

- 1. Group Management Structure (System for Assuring the Proper Conduct of Business at the Corporate Group Consisting of the Holding Company and Its Subsidiaries)**
 - (1) The Holding Company shall formulate the Corporate Philosophy (Mission), Corporate Vision, and Code of Conduct (Values) that all officers and employees in the Group are expected to focus on in all aspects of business, and shall strive to have them instilled in and implemented by all officers and employees of the Holding Company and its subsidiaries (subsidiaries under the Companies Act and Insurance Business Act; in this basic policy, the “Group companies”). The Holding Company shall report to the Board of Directors on the status of implementation whether the company’s corporate culture truly embraces the intent and spirit of the Corporate Philosophy (Mission), Corporate Vision and Code of Conduct (Values).
 - (2) The Holding Company shall appropriately exercise shareholder voting rights, such as appropriately voting on resolutions at Shareholders Meetings over domestic Group insurance companies and affiliates in which the Holding Company conducts direct investment (the “Directly Invested Companies”) from the standpoint of conducting management of the Group as a whole and maximizing the corporate value of the entire Group.
 - (3) The Holding Company shall execute business management agreements with the Directly Invested Companies and institute the Group Basic Policies (Corporate Governance, Risk Management, Compliance and Internal Auditing).
 - (4) Pursuant to business management agreements, the Holding Company shall require the Directly Invested Companies to comply with the Group Basic Policies as well as develop a system to ensure appropriate business conduct as stated in items (i) through (iv) below.
 - (i) System for Reporting to the Holding Company Regarding the Execution of Duties by Directors of the Directly Invested Companies**
The Directly Invested Companies shall either get approval from the Holding Company with respect to important matters affecting the Directly Invested Companies or report to the Holding Company regarding such matters. In addition, the Holding Company shall be able to require the Directly Invested Companies to report the status of business management, etc. of subsidiaries of Directly Invested Companies to the Holding Company.
 - (ii) System to Assure the Efficient Execution of Duties by Directors of Directly Invested Companies (mentioned in 2. below)**
 - (iii) System to Assure that the Execution of Duties by Directors and Employees of the Directly Invested Companies Complies with Applicable Laws and the Articles of Incorporation (mentioned in 3. below)**
 - (iv) Rules and Other Systems for Managing Risk of Loss of the Directly Invested Companies (mentioned in 4. below)**

- (5) In principle, the Directly Invested Companies shall appropriately supervise the management of their subsidiaries (subsidiaries under the Companies Act and Insurance Business Act) under business management agreements. For overseas bases and subsidiaries, the Directly Invested Companies shall consider local laws and characteristics when promoting the development of business systems.

2. System to Assure the Efficient Execution of Duties (System to Assure the Efficient Execution of Duties by Directors of the Holding Company and Its Subsidiaries)

- (1) To achieve a balance between quick decision making and proper monitoring, the Holding Company shall adopt an Executive Officer System, appoint Outside Directors, and separate the “Management Decision Making and Oversight Functions” by the Board of Directors and the “Business Execution Functions” by Executive Officers, and strengthen these Functions. In addition, in order to enable practical deliberations by the Board of Directors, the number of Directors shall not exceed fifteen (15) members, and the delegation of authority over business execution to Executive Officers shall be promoted.
- (2) To facilitate the proper and efficient execution of duties by Directors and Executive Officers, the Holding Company shall institute rules pertaining to the organization and exercise of authority, etc. to clarify the duties that must be performed and the administrative authority.
- (3) The Holding Company shall institute the Group’s Medium-Term Management Plan and annual plans, strive to have them instilled among all officers and employees of the Holding Company and its Group companies, and set numerical targets for each business area and properly allocate management resources to accomplish the goals of the plans. In addition, Corporate Governance, Compliance, Risk Management, etc. are positioned as important issues of management in the Group’s Medium-Term Management Plan.
- (4) The Holding Company shall institute the IT Governance Basic Policy of the Group in consideration of the importance of information technology (IT) as a managerial foundation, and establish an IT governance structure.
- (5) The Holding Company shall institute the Basic Policy on Taxes of the Group in consideration of the importance of tax matters in its business activities and establish a tax governance structure.
- (6) Executive Officers of the Holding Company shall provide the Board of Directors with reports of the status of business execution for the Company and the Directly Invested Companies (including summaries of business results). The Holding Company’s Board of Directors shall take measures as necessary based on the content of these reports, such as modifying the targets or assigning additional management resources.
- (7) The Holding Company shall convene regular meetings of the Group Management Committee. The Group Management Committee shall have officers from the domestic Group insurance companies attend its meetings as necessary to discuss important matters affecting the Group’s business strategy and management of the domestic Group insurance companies and shall determine the direction of decision making.

3. Group Legal Compliance System (System to Assure That Execution of Duties by Directors and Employees of the Holding Company and Its Subsidiaries Complies with Applicable Laws and the Articles of Incorporation)

- (1) In line with the Group’s Compliance Basic Policy formulated by the Holding Company, the Holding Company and Group companies shall make efforts to instill compliance awareness among all officers and employees, and shall comply with applicable laws and internal rules, etc. and shall carry out business activities based on high ethical standards.
- (2) The Holding Company shall institute the Legal Compliance Rules as well as a Compliance Program as its implementation plan and monitor the status of the implementation to ensure compliance and develop corporate ethics. It shall also institute a Compliance Manual and revise it when necessary based on the business activities of the entire Group, management environment and other factors.
- (3) The Holding Company shall create business units and systems such as a Compliance Department to be responsible for overall management of matters pertaining to compliance for the entire Group. It shall also establish a Quality Improvement and Compliance Committee to conduct monitoring of the status of the promotion of compliance, and necessary measures shall be implemented with respect to matters confirmed by this committee. The Holding Company shall regularly report to the Board of Directors on the status of the promotion of compliance.
- (4) Holding Company shall also establish rules for reporting compliance issues discovered by officers and employees of the Holding Company and the Group companies in the Legal

Compliance Rules. Upon receipt of a report, the Holding Company's Compliance Department shall work with the relevant departments and the Group companies to investigate the content of such reports and formulate measures to prevent recurrences.

- (5) The Holding Company and the Group companies shall establish a system to eliminate any antisocial forces, in line with the Group's Basic Policy Concerning Antisocial Forces instituted by the Holding Company (e.g., establishing a business unit to respond to problems, introducing guidelines, developing a system for managing databases concerning antisocial forces, strengthening collaboration with outside organizations such as the police, etc.) and ensure that all officers and employees take a firm stand against antisocial forces and will not accept any unjustified or improper demands.
- (6) When the Holding Company engages in transactions with related parties such as officers of the Group, the Holding Company shall conduct appropriate monitoring to ensure that such transactions do not harm the interests of the Group and the common interests of its shareholders, such as by requiring approval of the Board of Directors of competitive transactions and transactions with a conflict of interest.
- (7) The Holding Company and Group insurance companies shall establish a system that ensures the compliance with the arm's length rule and the propriety of other transactions within the Group, etc. in line with the Basic Policy on Internal Group Transactions and Business Alliances instituted by the Holding Company.
- (8) The Holding Company and domestic Group insurance companies shall establish a system to manage conflicts of interest based on the Group's Basic Policy for Management of Conflicts of Interest instituted by the Holding Company.
- (9) The Holding Company and Group companies shall establish a system to manage outsourcing based on the Group's Basic Policy for Management of Outsourcing instituted by the Holding Company.
- (10) The Holding Company and Group companies shall establish the Speak Up System (whistleblowing system), which shall enable all officers, employees, and others to report directly to internal and external contact points regarding violations of laws and regulations, violations of internal company rules, inappropriate actions, or actions that could lead to such violations by the organization or individuals, and shall strive to make all officers and employees informed of the system. In addition, the Holding Company shall institute rules for the operation of the Group's Speak Up System and thereby establish that there shall be no unfavorable treatment of whistleblowers as a result of their reporting, while it shall report to the Board of Directors on the status of the operation of the System.
- (11) The Holding Company shall not encourage, approve nor instruct the Group companies or their officers and employees to engage in conduct that violates the law.

4. Integrated Risk Management System (Provisions for Managing Risk of Loss of the Holding Company and Its Subsidiaries, and Other Systems)

- (1) The Holding Company and the Group companies shall conduct appropriate risk management by sharing a basic approach and also instituting risk management policies for each company according to the conditions of each company, in line with the Group's Risk Management Basic Policy instituted by the Holding Company.
- (2) The Holding Company shall create business units and systems such as a Risk Management Department to have an understanding of various risks present within the Group and to conduct appropriate integrated risk management. An ERM Committee shall also be established, and necessary measures shall be taken to avoid and reduce risk based on the findings of this committee (including the confirmation results from integrated risk management (quantitative)).
- (3) The Holding Company shall monitor risk and the status of risk management for the entire Group, shall integrate and quantify risks for the entire Group and confirm that the capital required for the entire Group is assured. The Holding Company shall report to the Board of Directors on the status of these initiatives, in consideration of the results of consultation and coordination by the ERM Committee.
- (4) The Holding Company shall establish the Crisis Management System and the Business Continuity Management System for the entire Group in accordance with the Crisis Management Manual and restructuring plan instituted by the Holding Company to fulfill corporate social responsibility and our responsibilities to stakeholders, and also establish the necessary systems to minimize damages caused by risks.

5. System for Assuring the Reliability of Financial Reporting

- (1) When selecting candidates to serve as Audit & Supervisory Board Members, the Holding Company shall appoint at least one person as Audit & Supervisory Board Member who possesses the necessary knowledge regarding accounting and financial matters.
- (2) The Holding Company and the Group companies shall establish a system for the timely and proper reporting of financial information and other disclosures of information, pertaining to the Group, based on the Group's Basic Policy for Controlling Disclosure of Information instituted by the Holding Company.
- (3) In order to provide accurate and clear reporting of the business results and financial condition of the Holding Company and its consolidated subsidiaries, the Holding Company shall institute accounting rules and prescribe the important matters pertaining to accounting administration in line with corporate accounting standards generally accepted as fair and appropriate.
- (4) In order to ensure the fair disclosure of information, the Holding Company shall institute controls pertaining to the disclosure of information and procedural rules and take measures to evaluate the effectiveness and improve the workability of these controls, and the ERM Committee shall check the propriety of information disclosure.
- (5) In accordance with the Financial Instruments and Exchange Act, the Holding Company, through the ERM Committee, shall check the results from evaluations of the establishment and the function of "Internal Controls over Financial Reporting" implemented by the Holding Company and its consolidated subsidiaries.
- (6) The Holding Company shall report to the Board of Directors on the findings from investigations by the ERM Committee pertaining to the effectiveness of controls on the disclosure of information and the propriety of information disclosure of the Holding Company and its consolidated subsidiaries.

6. System for Assuring the Effectiveness of Internal Audit

- (1) The Holding Company and domestic Group insurance companies shall maintain a system for internal auditing covering the business activities of the entire Group based on the Group's Internal Audit Basic Policy instituted by the Holding Company to conduct internal auditing effectively and efficiently.
- (2) The Holding Company and domestic Group insurance companies shall establish an independent organization dedicated to internal auditing and shall formulate internal audit rules that prescribe the basic matters pertaining to internal audit and an internal audit plan based on the types and degrees of risk.
- (3) The Holding Company's internal auditing department shall make reports to the Board of Directors of important matters from the findings of internal auditing conducted by the Holding Company and the domestic Group insurance companies as well as the status of improvements at the business units subject to audits.

7. System for Information Management (System for Management and Retention of Information Pertaining to Execution of Duties by Directors)

- (1) The Holding Company shall institute Corporate Information Management Regulations and shall properly retain and manage the documentations pertaining to execution of duties by Directors and Executive Officers (which means important documentations such as the minutes of the Board of Directors and approval documentations, including electronic data) as well as other company information. In addition, the Directors and Audit & Supervisory Board Members shall be able to have access to such information at all times.
- (2) The Holding Company and the Group companies shall establish a system to ensure the proper handling and secure management of personal information (customer information) based on the Group's Basic Policy for Management of Customer Information instituted by the Holding Company.

8. System for Assuring the Effectiveness of Auditing by Audit & Supervisory Board Members

(1) System Pertaining to Employees Assisting with the Duties of Audit & Supervisory Board Member, as Well as Assuring Independence of Such Employees and the Effectiveness of Instructions to Such Employees

- (i) To support the duties of Audit & Supervisory Board Members, the Holding Company establishes an Office of Audit & Supervisory Board with dedicated employees.
- (ii) The Holding Company's Directors shall respect the independence of the Office of Audit & Supervisory Board while organizational changes in the Office of Audit & Supervisory Board as well as transfer or discharge of the employees described above shall obtain a

consent from the Audit & Supervisory Board. Employee evaluation shall also be conducted upon consultation with the Audit & Supervisory Board Member assigned by Audit & Supervisory Board.

(2) System for Reporting to Audit & Supervisory Board Members

- (i) When the Holding Company's Directors and Executive Officers are aware of any serious violations of applicable law or the Articles of Incorporation or inappropriate conduct regarding the execution of duties, or facts that may cause a serious harm to the Company, they shall promptly report such to the Audit & Supervisory Board.
- (ii) The Holding Company's Directors and Executive Officers shall make reports to the Audit & Supervisory Board Members promptly regarding any decisions that will significantly affect businesses or organizations, the findings of internal audits, the status of whistleblowing and other matters to be reported to the Audit & Supervisory Board Members, through the process instituted in consultation with the Audit & Supervisory Board Members.
- (iii) Officers, employees, and others of the Holding Company and the Group companies shall directly report to the Audit & Supervisory Board Members of the Holding Company regarding serious violations of laws and regulations, violations of internal company rules, inappropriate conduct, or those that could lead to such violations.
- (iv) The Holding Company and the Group companies shall not subject persons making reports as described in items (i) to (iii) above to any unfavorable treatment for the reason that they have made such reports.

(3) Other Matters

- (i) The Holding Company shall clearly state in the relevant rules, etc. that, in addition to the Board of Directors, Audit & Supervisory Board Members may also attend meetings of the Group Management Committee and other important meetings.
- (ii) The Holding Company's Chairman & Director, Vice Chairman & Director, President & Director, and Representative Directors shall regularly exchange opinions with the Audit & Supervisory Board pertaining to issues that must be addressed by the Holding Company, the development status of auditing environment for Audit & Supervisory Board Members, important auditing issues, and other matters.
- (iii) When requested by the Audit & Supervisory Board Members, the Holding Company's internal auditing department shall cooperate with the audit by the Audit & Supervisory Board Members.
- (iv) When requested by Audit & Supervisory Board Members for advance payment or reimbursement, etc. of expenses under the Article 388 of the Companies Act with respect to the execution of their duties, the Holding Company shall conduct procedures in accordance with the Article 388 of the same Act.

(2) Overview of the Operational Status of the Internal Control System

The Company strives to maintain a system to ensure the propriety of business and to appropriately operate its system, and reports to the Board of the Directors regarding the results of an annual self-inspection of the operational status of this system.

An overview of the operational status in the current fiscal year is as follows.

1. Group Management Structure (System for Assuring the Proper Conduct of Business at the Corporate Group Consisting of the Holding Company and Its Subsidiaries)

The Company works to ensure the further penetration of its Corporate Philosophy (Mission), Corporate Vision, and Code of Conduct (Values) (“MVV”) through creating a deeper understanding of and putting into practice the MS&AD “Story of Value Creation,” under which we support the creation of an environment where customers can lead their lives and engage in their business activities safely by facing social issues, anticipating risks, working to prevent them, minimizing the impact when risks do occur, and also providing products and services to minimize the economic burden. The Company and Group companies both in Japan and overseas conducted employee awareness surveys related to the MVV, etc., and reported to the Board of Directors regarding the status of the creation of corporate culture and its implementation at each Group company.

The Company has established the Group Basic Policies, requires that each company comply with the Group Basic policies, obtain the approval of the Company and report to the Company regarding decisions on important matters, and appropriately manage the subsidiaries of each company, and monitors the status of such actions in accordance with the business management agreements, etc., that it has executed with these companies.

2. System to Assure the Efficient Execution of Duties (System to Assure the Efficient Execution of Duties by Directors of the Holding Company and Its Subsidiaries)

To incorporate outside perspectives independent from management, strengthen monitoring and supervisory functions, and conduct highly transparent management, five (5) of the eleven (11) Directors, over one-third, are Outside Directors (including three (3) women) (as of March 31, 2023). Outside Directors receive advance briefings concerning agenda documents for meetings of the Board of Directors.

The Company sets management numerical target for each business domain in the Medium-Term Management Plan, allocates capital based on the Risk Appetite Statements to the operating companies, and reports monthly performance at the Group Management Committee to verify the status of progress with respect to the income and expenditure plans.

The Company will continue to aim to ensure soundness, enhance its ratio of risk to returns, and improve capital efficiency, positioning the ERM cycle as the base of Group management.

3. Group Legal Compliance System (System to Assure That Execution of Duties by Directors and Employees of the Holding Company and Its Subsidiaries Complies with Applicable Laws and the Articles of Incorporation)

In order to conduct business activities based on thorough awareness of compliance and high ethical standards, we implement various measures including conducting compliance training, conducting inspections to detect inappropriate acts at an early stage and to prevent their recurrence, and operation of systems to receive reports and complaints from internal and external stakeholders, such as the Speak Up System.

The Company has established a Quality Improvement and Compliance Committee to promote business operations that put the Group’s customer first, ensure compliance, and establish corporate ethics. The committee meets quarterly in principle to monitor and discuss issues related to quality improvement and compliance systems, etc. for the entire Group and each company, and reports the results of its discussions, including measures to address recognized issues, to the Board of Directors.

4. Integrated Risk Management System (Provisions for Managing Risk of Loss of the Holding Company and Its Subsidiaries, and Other Systems)

To enable the Company to manage risk in a way that integrates various types of risk, the Group has established organizations and systems such as the ERM Committee, integrated risk management departments such as the Investment Risk Management Section, and formulated “Regulations for Capital and Integrated Risk Management.” The Board of Directors of the Company receives regular reports on the results of quantitative checks of integrated risk management by the officer responsible for risk management, and the results of deliberations by the ERM Committee concerning factors such as the status of progress toward targets for important risk management initiatives of the Group and the status of monitoring indicators for important risks faced by the Group. In this way, the Board of Directors of the Company confirms the status of risks and the risk management initiatives of the Group, and takes measures to avoid and eliminate risks as necessary.

In accordance with the “Standards Related to the Management of Important Group Risks, Material Group Risks, and Emerging Group Risks,” the status of progress toward targets for important risk management initiatives of the Group, the effectiveness of these initiatives, and the status of

monitoring indicators are confirmed every six months, and based on the results of deliberation and coordination among the ERM Committee, etc., the officer responsible for risk management provides reports to the Board of Directors every six months.

5. System for Assuring the Reliability of Financial Reporting

The ERM Committee reports, and exchanges opinions on confirmation of the validity of disclosure information on regular disclosure and timely disclosure. When the Annual Securities Reports and Quarterly Earnings Reports are being prepared, the ERM Committee verifies the status of controls over information disclosure for each department and company based on the internal control confirmation documents received from departments providing basic information, departments preparing disclosure documents, and directly invested consolidated subsidiaries, and submits a report to the Board of Directors each quarter confirming no serious deficiencies exist in the information disclosure control system.

6. System for Assuring the Effectiveness of Internal Audit

The Company and the domestic insurance companies of the Group formulate internal audit plans that cover all aspects of the Group's business activities and are tailored to the amount and types of risks faced, while important operational processes are also verified in a cross-departmental manner. Through such measures, the Group conducts efficient and effective internal audits. The Company has developed systems that use monitoring and other means to verify and promote the improvement of internal audit systems and internal management systems at the domestic insurance companies of the Group. In addition, the Board of Directors receives annual reports on circumstances at each company.

7. System for Information Management (System for Management and Retention of Information Pertaining to Execution of Duties by Directors)

The Company confirms that information such as the minutes of Annual Shareholders Meetings, meetings of the Board of Directors, the Group Management Committee, etc. and documentation relating to the Board of Directors is appropriately managed.

8. System for Assuring the Effectiveness of Auditing by Audit & Supervisory Board Members

(1) Matters Pertaining to Employees Assisting with the Duties by Audit & Supervisory Board Members

The Holding Company has assigned three (3) dedicated employees to the Office of Audit & Supervisory Board and conducts personnel changes with the approval of the Audit & Supervisory Board.

(2) System for Reporting to Audit & Supervisory Board Members

Directors and Executive Officers execute their duties in recognition of the materiality of reporting to Audit & Supervisory Board Members. In addition, the Speak Up system is operated so that officers and employees of the Company and the Group companies can directly report to the Audit & Supervisory Board Members of the Company, and it is confirmed that the status of reporting under the Group's Speak Up system is regularly reported to the Audit & Supervisory Board.

(3) Other Systems for Assuring the Effectiveness of Auditing by Audit & Supervisory Board Members

In addition to meetings of the Board of Directors, the Audit & Supervisory Board Members also attend other important meetings such as those of the Group Management Committee and Task Specific Committee Meetings. In addition, the Chairman & Director, Vice Chairman & Director, President & Director, and Representative Directors hold regular meetings to exchange opinions with Audit & Supervisory Board Members.

9. Matters Concerning Specified Wholly Owned Subsidiaries

(Yen in millions)

Corporate name	Location	Carrying amount of the stock of the specified wholly owned subsidiary at the end of current fiscal year
Mitsui Sumitomo Insurance Co., Ltd.	9, Kanda Surugadai 3-chome, Chiyoda-ku, Tokyo	648,506
Aioi Nissay Dowa Insurance Co., Ltd.	28-1, Ebisu 1-chome, Shibuya-ku, Tokyo	512,283

(Note) Total assets of the Company at the end of the current fiscal year amounted to 1,687,398 million yen.

10. Matters Concerning Transactions with the Parent Company, etc.

Not applicable.

11. Matters Concerning Accounting Advisors

Not applicable.

12. Other Matters

Not applicable.

FY2022 CONSOLIDATED BALANCE SHEET (As of March 31, 2023)

(Yen in millions)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Cash, deposits and savings	2,771,981	Policy liabilities:	18,869,599
Monetary claims bought	142,976	Outstanding claims	2,682,482
Money trusts	2,082,012	Underwriting reserves	16,187,116
Securities	16,149,338	Bonds issued	714,743
Loans	959,497	Other liabilities	1,852,392
Tangible fixed assets:	476,711	Liabilities for pension and retirement benefits	141,137
Land	220,903	Reserve for retirement benefits for officers	133
Buildings	192,968	Accrued bonuses for employees	28,444
Lease assets	28,961	Provision for share awards	1,009
Construction in progress	1,707	Reserves under the special laws:	277,998
Other tangible fixed assets	32,169	Reserve for price fluctuation	277,998
Intangible fixed assets:	496,124	Deferred tax liabilities	31,177
Software	134,958	Acceptances and guarantees	27,524
Goodwill	143,247		
Lease assets	213	Total liabilities	21,944,159
Other intangible fixed assets	217,704	(Net Assets)	
Other assets	1,743,777	Common stock	100,808
Assets for retirement benefits	36,372	Capital surplus	345,144
Deferred tax assets	122,822	Retained earnings	1,305,928
Customers' liabilities under acceptances and guarantees	27,524	Treasury stock	(6,662)
Bad debt reserve	(8,706)	Total shareholders' equity	1,745,220
		Net unrealized gains/(losses) on securities	1,216,563
		Net deferred gains/(losses) on hedges	(21,996)
		Foreign currency translation adjustments	79,704
		Accumulated actuarial gains/(losses) on retirement benefits	(9,448)
		Total accumulated other comprehensive income/(loss)	1,264,822
		Stock acquisition rights	558
		Non-controlling interests	45,671
		Total net assets	3,056,273
Total assets	25,000,433	Total liabilities and net assets	25,000,433

FY2022 CONSOLIDATED STATEMENT OF INCOME

(from: April 1, 2022 to: March 31, 2023)

(Yen in millions)

Item	Amount	Item	Amount
Ordinary income	5,251,271	Extraordinary income:	34,615
Underwriting income:	4,482,431	Gains on sales of fixed assets	34,615
Net premiums written	3,934,473		
Deposit premiums from policyholders	41,359	Extraordinary losses:	30,271
Investment income on deposit premiums from policyholders	35,591	Losses on sales of fixed assets	10,216
Life insurance premiums	453,578	Impairment losses on fixed assets	1,801
Other underwriting income	17,428	Provision for reserves under special laws:	11,616
Investment income:	745,712	Reserve for price fluctuation	11,616
Interest and dividends income	345,468	Other extraordinary losses	6,637
Investment gains on money trusts	191,350		
Gains on sales of securities	195,948	Income before income taxes	235,456
Gains on redemption of securities	2,355	Income taxes – current	35,737
Income on financial derivatives	44,502	Income taxes – deferred	34,704
Other investment income	1,678	Total income taxes	70,441
Transfer of investment income on deposit premiums from policyholders	(35,591)	Net income	165,014
Other ordinary income:	23,127	Net income attributable to non-controlling interests	3,484
Gains on equity method investments	2,373	Net income attributable to owners of the parent	161,530
Other ordinary income	20,754		
Ordinary expenses	5,020,158		
Underwriting expenses:	4,064,285		
Net claims paid	2,241,198		
Loss adjustment expenses	207,021		
Commissions and collection expenses	781,162		
Maturity refunds to policyholders	165,278		
Dividends to policyholders	51		
Life insurance claims	531,253		
Provision for outstanding claims	125,486		
Provision for underwriting reserves	1,262		
Other underwriting expenses	11,571		
Investment expenses:	195,669		
Investment losses on money trusts	28,438		
Investment losses on trading securities	19,631		
Losses on sales of securities	65,613		
Impairment losses on securities	23,208		
Losses on redemption of securities	360		
Investment losses on separate accounts	32,700		
Other investment expenses	25,716		
Operating expenses and general and administrative expenses	739,317		

Other ordinary expenses:	20,886		
Interest expense	10,383		
Provision for doubtful accounts	1,315		
Losses on bad debts	408		
Other ordinary expenses	8,778		
Ordinary profit	231,113		

FY2022 CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from: April 1, 2022 to: March 31, 2023)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	100,534	553,680	1,251,280	(159,850)	1,745,644
Changes for the year:					
Issuance of new shares	274	274			548
Dividends paid			(106,881)		(106,881)
Net income attributable to owners of the parent			161,530		161,530
Repurchase of treasury stock				(54,946)	(54,946)
Disposal of treasury stock		(7)		213	205
Cancellation of treasury stock		(207,920)		207,920	-
Capital increase of consolidated subsidiaries		(30)			(30)
Change in ownership interest of parent due to transactions with non-controlling interests		(850)			(850)
Net changes of items other than shareholders' equity					
Total changes for the year	274	(208,535)	54,648	153,187	(424)
Ending balance	100,808	345,144	1,305,928	(6,662)	1,745,220

	Accumulated other comprehensive income/ (loss)					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/ (losses) on retirement benefits	Total accumulated other comprehensive income/ (loss)			
Beginning balance	1,565,167	(998)	(52,492)	1,566	1,513,242	762	43,099	3,302,749
Changes for the year:								
Issuance of new shares								548
Dividends paid								(106,881)
Net income attributable to owners of the parent								161,530
Repurchase of treasury stock								(54,946)
Disposal of treasury stock								205
Cancellation of treasury stock								-
Capital increase of consolidated subsidiaries								(30)
Change in ownership interest of parent due to transactions with non-controlling interests								(850)
Net changes of items other than shareholders' equity	(348,603)	(20,997)	132,196	(11,015)	(248,419)	(203)	2,572	(246,051)
Total changes for the year	(348,603)	(20,997)	132,196	(11,015)	(248,419)	(203)	2,572	(246,476)
Ending balance	1,216,563	(21,996)	79,704	(9,448)	1,264,822	558	45,671	3,056,273

CONSOLIDATED EXPLANATORY NOTES

(Significant Accounting Policies)

The Company's consolidated financial statements are prepared in conformity with the Corporate Accounting Regulations and the Ordinance for Enforcement of Insurance Business Act pursuant to the provisions of the Article 118 of the said Regulations. The definitions of subsidiaries and associates are based on Article 2 of the Corporate Accounting Regulations.

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 101 companies

Major consolidated subsidiaries are as follows:

Mitsui Sumitomo Insurance Co., Ltd. ("MSI")
Aioi Nissay Dowa Insurance Co., Ltd. ("ADI")
Mitsui Sumitomo Aioi Life Insurance Co., Ltd. ("MSAL")
Mitsui Sumitomo Primary Life Insurance Co., Ltd. ("MSPL")
MSIG Holdings (U.S.A.), Inc.
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MS First Capital Insurance Limited
MSIG Mingtai Insurance Co., Ltd.
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

Tansverse Insurance Group, LLC and 12 other companies have been included in the scope of consolidation since the fiscal year ended March 31, 2023 as they have become the Company's subsidiaries due to the acquisition of equity interests and other reasons.

As Phoenix Underwriters Limited is no longer a subsidiary due to completion of liquidation, this subsidiary has been excluded from the scope of consolidation since the fiscal year ended March 31, 2023.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

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

The subsidiaries that have been excluded from consolidation are companies that are considered immaterial for the purpose of giving a true and fair view of the financial position and results of operations of the Group in view of the size of their total assets, ordinary income, net income or loss, and retained earnings attributable to the Company.

2. Application of the equity method

- (1) Number of associates accounted for under the equity method:
12 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Challenger Limited

- (2) Unconsolidated subsidiaries and associates to which the equity method is not applied (e.g. MS&AD GRAND ASSISTANCE Co., Ltd. and Zenkankyo Reiwa Insurance Company, Limited) have been excluded from the scope of application of the equity method as their effects on consolidated net income and retained earnings are not considered material, individually and in aggregate.
- (3) The Company holds 29.9% of the voting rights of Japan Earthquake Reinsurance Co., Ltd. (“Japan Earthquake Re”) through MSI and ADI. However, Japan Earthquake Re is not included as an associate since the Company does not make a significant impact on policy making of Japan Earthquake Re in view of its public nature.

3. Fiscal year of consolidated subsidiaries

The fiscal year end of 93 overseas consolidated subsidiaries is December 31, but since the difference with the end of the consolidated fiscal year does not exceed three months, the financial statements for the fiscal year of the relevant consolidated subsidiaries are used in preparing these consolidated financial statements.

Adjustments necessary for consolidation are made for significant transactions during the intervening period of the end of the consolidated fiscal year.

4. Accounting policies

- (1) Valuation policies and methods of securities (including those categorized into “cash, deposits and savings” and “monetary claims bought” as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)
 - (i) Trading securities are valued using the market value method. Cost of sales is calculated using the moving average method. For some overseas consolidated subsidiaries, cost of sales is calculated using the first-in first-out method.
 - (ii) Held-to-maturity securities are valued at amortized cost.
 - (iii) Valuation of stocks of unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.
 - (iv) Debt securities and money trusts earmarked for underwriting reserves are valued at amortized cost determined by the moving average method in accordance with Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Debt Securities Earmarked for Underwriting Reserve in the Insurance Industry” (issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

A summary of the risk management policy for debt securities and money trusts earmarked for underwriting reserves is as follows:

In order to manage risks of variability in interest rates related to assets and liabilities effectively, MSAL, our consolidated subsidiary establishes subgroups of “individual insurance” that meet certain criteria for each type of insurance and investment policy and applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSAL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

In order to manage risks of variability in interest rates related to assets and liabilities effectively, MSPL, our consolidated subsidiary establishes subgroups of “individual insurance and individual annuities” that meet certain criteria for each currency and applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSPL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

Effective from the fiscal year ended March 31, 2023, MSPL discontinued the subgroups of individual insurance and individual annuities (denominated in Australian dollars and New Zealand dollars), and debt securities earmarked for underwriting reserves held in these sub-categories were reclassified as available-for-sale securities. This was mainly due to the improvement in ALM (Asset and Liability Management) efficiency in line with the decrease in the balance earmarked for underwriting reserves for these subgroups. As a result of this change, marketable securities decreased by 19,686 million yen, net unrealized gains on available-for-sale securities decreased by 14,173 million yen, and deferred tax assets increased by 5,512 million yen as of the September 30, 2022 transfer.

- (v) Available-for-sale securities (except for stocks and other securities without market prices) are valued using the market value method.

Net unrealized gains and losses are reported as a separate line item of net assets. For foreign currency bonds held by certain consolidated subsidiaries, changes in fair values due to fluctuations in foreign exchange rates are reported as net unrealized gains and losses in net assets, while remaining changes are reported as foreign exchange gains and losses.

Cost of sales is calculated by the moving average method.

- (vi) Of available-for-sale securities, stocks and other securities without market prices are valued at cost using the moving average method.
- (vii) Securities managed as trust assets held in independently-managed money trusts whose primary purpose is to manage securities are valued using the market value method.

Securities that are managed as trust assets held in independently-managed money trusts that are not classified as held for trading purposes, held-to-maturity, or earmarked for underwriting reserves are valued on the same basis as available-for-sale securities.

- (2) Valuation policies and methods of derivative transactions

Derivative transactions are valued using the market value method.

- (3) Depreciation methods of significant depreciable assets

- (i) Tangible fixed assets

Depreciation of tangible fixed assets is computed using the straight-line method.

- (ii) Intangible fixed assets

Amortization of intangible fixed assets is computed using the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

- (4) Accounting policies for significant reserves

- (i) Bad debt reserve

For domestic consolidated insurance subsidiaries, bad debt reserve is recognized as follows under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally or formally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under

suspension at clearing houses, and for loans to debtors who are deemed to be substantially insolvent, is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding loan balances by the historical bad debt ratio, which is calculated based on actual write-offs during a certain period in the past.

All loans and receivables are assessed by departments which are responsible for the respective assets and the results are audited by the independent internal audit departments under the internal standards for self-assessment of assets, and are provided based on the audit result.

For other domestic consolidated subsidiaries, necessary amount is established under their internal standards for self-assessment of assets similar to those of the domestic consolidated insurance subsidiaries and based on their audit result.

For overseas consolidated subsidiaries, bad debt reserve is recognized based on the assessment of collectability of individual receivables and payables.

(ii) Reserve for retirement benefits for officers

MSI and MSAL, our consolidated subsidiaries, provide a reserve for the payment of retirement benefits (including pensions) to its officers and executive officers in an amount equal to the compensation for the performance of their duties during their tenure of office up to the year ended March 31, 2005, when the said retirement benefits plan for officers was terminated.

(iii) Accrued bonuses for employees

Accrued bonuses for employees are recognized based on the estimated amounts to be paid at the end of the fiscal year ended March 31, 2023 to provide for bonuses for employees and executive officers.

(iv) Provision for share awards

To provide for the delivery of the Company's shares in accordance with the share delivery standards under the stock-based remuneration system for employees, the Company records a reserve based on the estimated amount of share award obligations as of the end of the fiscal year ended March 31, 2023.

(v) Reserve for price fluctuation

For the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under the provision of Article 115 of the Insurance Business Act to provide for possible losses arising from price fluctuation of stocks and other securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the end of the fiscal year ended March 31, 2023 using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following fiscal year, using the straight-line method over a certain number of years (primarily 10 to 11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company are translated into Japanese yen using the spot exchange rate prevailing at the fiscal year end. The foreign exchange gains and losses resulting from the translation are recognized as losses. Assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year, and differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Hedge accounting

Certain domestic consolidated insurance subsidiaries apply the fair value hedge method to equity forward contracts entered into for the purpose of hedging stock price fluctuation risk. Among transactions entered into for the purpose of hedging foreign exchange fluctuation risks associated with assets denominated in foreign currencies, the deferred hedge method is applied to currency swap contracts, the fair value hedge method is applied to certain currency option contracts, and the deferred hedge method, fair value hedge method, or allocation method is applied to certain foreign exchange forward contracts. Currency swap contracts used for hedging currency fluctuation risks on foreign currency bonds issued by MSI are accounted for under the allocation method.

Interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method of interest rate swap contracts.

Interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method (exceptional method and allocation method).

Hedge effectiveness is assured quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates, and judged based on their fluctuations and other factors. When the hedged items and hedging instruments are highly and clearly interrelated, when the interest rate swap contracts meet the criteria for application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for application of the integrated method, hedge effectiveness is not assessed.

(Hedging relationships to which “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” is applied)

Among the above hedging relationships, the exceptional treatment prescribed in the PITF is applied to all hedge relationships included in the scope of application of “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (PITF No. 40, March 17, 2022). The details of the hedging relationships to which the PITF is applied are as follows.

Hedge accounting method:	Deferred hedge accounting
Hedging instruments:	Interest rate swaps
Hedged items:	Floating rate bonds
Type of hedging transaction:	Fixed cash flows

(8) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts

At our domestic consolidated insurance subsidiaries, insurance contracts including premiums, outstanding claims, and underwriting reserves are accounted for in compliance with the provisions of the Insurance Business Act and other applicable laws and regulations. At our overseas consolidated insurance subsidiaries, they are accounted for in compliance with either International Financial Reporting Standards (IFRS) or US

generally accepted principles based on PITF No. 18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements” (Accounting Standards Board of Japan, June 28, 2019).

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its major domestic consolidated subsidiaries are not included in income or expenses, except for those relating to loss adjustment expenses, operating expenses and general and administrative expenses, and other expenses incurred by the domestic consolidated non-life insurance subsidiaries, which are recorded at amounts inclusive of consumption taxes.

Non-deductible consumption taxes on assets are recorded in other assets and amortized over a period of five (5) years on a straight-line basis.

(iii) Application of the group totalization system

The Company and some of its domestic consolidated subsidiaries apply the group totalization system.

5. Amortization of goodwill

Goodwill is amortized over an effective period from 7 to 20 years on a straight-line basis. Insignificant amounts of goodwill are expensed as incurred.

6. Accounting estimates

(1) Impairment losses on goodwill

(i) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2023

Goodwill of 143,247 million yen was recognized in the consolidated balance sheet for the fiscal year ended March 31, 2023. In addition, goodwill related to equity method investments of 35,384 million yen was included in investments in securities in the consolidated balance sheet for the fiscal year ended March 31, 2023.

(ii) Information to facilitate the understanding of accounting estimates

a. Measurement approach

For asset groups including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. More specifically, in accordance with the “Accounting Standard for Impairment of Fixed Assets” (ASBJ Statement, August 9, 2002), the Company monitors any indication of impairment, such as consecutive net losses in the business in which asset groups including goodwill are used and/or a significant deterioration of the business environment, and if there is an indication of impairment, the Company determines whether an impairment loss should be recognized by comparing the total amount of undiscounted future cash flows obtained from the asset groups concerned with the carrying amount. For asset groups on which an impairment loss needs to be recognized, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized for the amount of reduction.

We have estimated the total undiscounted future cash flows based on the business plans of the relevant businesses. The recoverable amount represents present value of future cash flows expected to be derived from continuing use of the asset groups and from their disposal thereafter and the amount of an impairment loss relies on estimated future cash flows based on reasonable assumptions and projections. For the fiscal year ended March 31, 2023, as net income before tax was negative for two consecutive years in MS Amlin AG, an overseas consolidated subsidiary running the reinsurance business, which was an indication of impairment, the Company assessed whether an impairment loss should be recognized for the asset group including goodwill of MS Amlin AG (including tangible fixed assets of 985 million yen, goodwill of 3,607 million yen, and intangible fixed assets excluding

goodwill of 38,144 million yen). As a result, the total amount of undiscounted future cash flows was higher than the carrying amount of the asset group concerned and therefore, an impairment loss was not recognized.

b. Effects on the consolidated financial statements for the fiscal year ending March 31, 2024

An impairment loss may be incurred if the profitability of a business declines as a result of changes in business environment, and estimated future cash flows are significantly decreased.

(2) Outstanding claims

(i) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2023

Outstanding claims of 2,682,482 million yen were recognized in the consolidated balance sheet for the fiscal year ended March 31, 2023. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Information to facilitate the understanding of accounting estimates

In accordance with the provisions set forth in Article 117 of the Japanese Insurance Business Act as well as Articles 72 and 73 of the said Act, domestic consolidated insurance subsidiaries recognize outstanding claims which represent the estimated amount of unpaid claims for the losses that have incurred or deemed to have incurred under insurance contracts. Overseas consolidated insurance subsidiaries apply similar methods for estimating the amount and recording outstanding claims.

a. Measurement approach

For insurance policies for which loss events have been reported, the Group individually recognized expected claims payments for reported claims based on the details of reported loss events, insurance contract terms, and claim investigations. For claims for which a loss event stipulated in the insurance contract has already occurred but the occurrence of a loss event has not yet been reported, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

b. Effects on the consolidated financial statements for the fiscal year ending March 31, 2024

The amounts of insurance claim payments and outstanding claims may differ from their initial estimates due to the factors such as development of claim investigations, outcome of litigations and changes in foreign exchange rates.

In particular, the estimation of outstanding claims is subject to increasing uncertainties in recent years due to, for example, an increase in the magnitude and frequency of natural disasters in Japan and overseas, Russia's invasion of Ukraine, and rising prices.

7. Additional information

(Stock-based remuneration system for employees)

Effective from the fiscal year ended March 31, 2023, the Company has entered into a stock-based remuneration system for employees (the "system") of its consolidated subsidiaries Mitsui Sumitomo Insurance Co., Ltd., Aioi Nissay Dowa Insurance Co., Ltd., Mitsui Direct General Insurance Co., Ltd., Mitsui Sumitomo Aioi Life Insurance Co., Ltd., and Mitsui Sumitomo Primary Life Insurance Co., Ltd. (the "Participating Companies").

(1) Overview of the transaction

This system is one under which shares of the Company are delivered to employees of the Participating Companies ("employees") who satisfy certain requirements through a share delivery trust established by the Company. The number of Company shares to be granted to employees is determined by the number of points awarded

based on employee classification, the Group's performance, and other factors. The trust acquires a substantial number of Company shares expected to be delivered from the stock market in a lump sum, based on funds contributed by the Participating Companies through the Company.

(2) Company shares outstanding in the trusts

The Company's shares outstanding in the trusts are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury stock in the net assets.

The carrying amount of this treasury stock at the end of the fiscal year ended March 31, 2023 is 4,034 million yen, and the number of shares is 990 thousand.

(Performance-linked and stock-based remuneration system for overseas consolidated subsidiaries)

Some of the overseas consolidated subsidiaries introduced a performance-linked and stock-based remuneration system (the "system") for employees and officers who satisfy certain requirements.

(1) Overview of the transaction

Under this system, the number of shares to be granted is determined based on the average performance during a certain period of time, and eligible staff receive the Company's shares or the cash equivalent to the Company's shares converted at fair value.

In preparing for future benefits, the Company acquires its own shares from the stock market by the trusts that have been set up using the cash contributed by subsidiaries that implemented the system.

(2) Company shares outstanding in the trusts

The Company's shares outstanding in the trusts are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury stock in the net assets.

The carrying amount of this treasury stock at the end of the fiscal year ended March 31, 2023 is 1,660 million yen, and the number of shares is 440 thousand.

(Application of the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System")

Effective from the fiscal year ended March 31, 2023, the Company and some of its domestic consolidated subsidiaries have shifted from a consolidated tax return filing system to a group totalization system. In accordance with this change, the accounting treatment and disclosure of corporate and local income taxes and tax-effect accounting are subject to "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Accounting Standards Board of Japan, Practical Issues Task Force (PITF) No. 42, August 12, 2021; "PITF No. 42"). In accordance with Paragraph 32 (1) of PITF No. 42, the Company has assumed that there is no impact from the change in accounting policy resulting from the application of PITF No. 42.

(Notes to Consolidated Balance Sheet)

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

	(Yen in millions)
	Mar. 31, 2023
Accumulated depreciation	430,206
Accelerated depreciation	11,629

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

	(Yen in millions)
	Mar. 31, 2023
Investments in securities (Domestic stocks)	30,255
Investments in securities (Foreign securities)	287,723
Investments in securities (Other securities)	28,113

3. Among the loans in accordance with Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans, and sum of those amounts are as follows:

	(Yen in millions)
	Mar. 31, 2023
Bankrupt and quasi-bankrupt loans	5
Doubtful loans	722
Loans overdue for three months or more	99
Restructured loans	301
Total	1,128

(Notes)

- (1) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons including the initiation of bankruptcy proceedings, the start of reorganization proceedings, and the submission of an application to start rehabilitation proceedings.
- (2) Doubtful loans are claims with a strong possibility that the loan principal cannot be recovered and/or the interest cannot be received according to the contract due to difficulties in the financial condition and business performance of the debtor, even though the debtor is not yet bankrupt. These loans are excluded from bankrupt and quasi-bankrupt loans.
- (3) Loans overdue for three months or more represent those of which the principal or interest has been past due for three months or more after the contractual due date for repayments of the principal or interest. Bankrupt and quasi-bankrupt loans and doubtful loans are excluded from this category.
- (4) Restructured loans represent those which have been granted favorable terms for the benefit of the debtors, such as interest exemption or reduction, a grace period for interest payments, a grace period for principal repayments or forgiveness of debts for the purpose of the restructuring of, or support to the debtors in financial difficulty. Bankrupt and quasi-bankrupt loans, doubtful loans, and loans overdue for three months or more are excluded from this category.

4. The amounts of pledged assets and corresponding debt obligations are as follows:
(Yen in millions)
- | | Mar. 31, 2023 |
|-------------------------------|---------------|
| Pledged assets as collateral: | |
| Securities | 775,768 |
| Cash, deposits and savings | 30,360 |
| Money trusts | 2,750 |
- (Note) The amounts shown above primarily consist of collateral assets required for payables under repurchase agreements of 204,822 million yen included in Other liabilities, for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.
5. The amount of investments in securities loaned under securities lending agreements is as follows:
(Yen in millions)
- | | Mar. 31, 2023 |
|--|---------------|
| | 699,408 |
6. The amount of assets and liabilities in separate accounts under Article 118 of the Insurance Business Act is as follows:
(Yen in millions)
- | | Mar. 31, 2023 |
|--|---------------|
| | 1,569,434 |
7. Guarantees on transactions conducted by a limited partnership entity are as follows: MSI provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was 29,682 million yen in a negative liability position as of March 31, 2023. This amount was not included in Customers' liabilities under acceptances and guarantees since there was no substantial exposure.
8. The unutilized balance of commitment lines to third parties is as follows:
(Yen in millions)
- | | Mar. 31, 2023 |
|--|---------------|
| | 12,100 |
9. The information on financial instruments is as follows:
- (1) Qualitative information on financial instruments
- (i) Policy on financial instruments
- The Group applies Asset and Liability Management (ALM) policies to maintain stability of investment income, safety of assets and sufficient liquidity under an appropriate risk management framework to attain the sustainable growth of the net asset value. In addition, the Group acquires investment risks such as market risk and credit risk based on the management decision, and manages those risks in accordance with the risk management policies of the Group and each group company.
- The Group's cash inflows, which mainly arise from earnings from insurance operations and investment activities, are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. In order to enhance capital efficiency and strengthen our financial base for better dealing with various environments, the Group will raise

funds by issuing corporate bonds or short-term corporate bonds or by using other financing methods as the need arises.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, as well as loans and other financial instruments. These include market risk from fluctuations in interest rates, stock prices, and foreign exchange rates, credit risk of issuers of securities and counterparties to loans, and market liquidity risk of incurring losses when forced to trade at significantly low prices due to market turmoil or other adverse conditions. The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index future contracts, equity forward contracts, foreign exchange forward contracts, currency swaps, currency options, and interest rate and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition to the above derivative transactions, the Group utilizes credit derivatives, weather derivatives, and natural catastrophe derivatives in order to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 4. Accounting policies, (7) Hedge accounting."

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments (market risk), risks of nonperformance resulting from insolvency of counterparties (credit risk), and market liquidity risk. Derivative transactions utilized by the Group are also exposed to these risks. However, the market risk is mitigated for hedging purposes because the price fluctuations are opposite to those of the cash assets. In order to mitigate the credit risk associated with nonperformance of contracts, the majority of derivative transaction counterparties are limited to financial institutions with high credit ratings and transactions are diversified among them, and collateral is obtained based on Credit Support Annex (CSA).

(iii) Risk management structure relating to financial instruments

The Group has established the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and management method at the Board of Directors' meeting and other meetings, and the Group manages risks in accordance with this basic policy and internal policies. At major domestic consolidated insurance subsidiaries, the risk management department is independent from the trading execution departments and the back-office departments and maintains a structure which enables it to exercise organizational checks and balances of management on a daily basis. The risk management department maintains a system to assess, analyze and manage risks by quantifying market and credit risks using the VaR (Value-at-Risk) and managing risk limit based on asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, major domestic consolidated insurance subsidiaries assess potential risks that cannot be identified using the VaR method, analyze sensitivity of changes in interest rates, stock prices and foreign exchange rates and assess concentration and weakness of portfolios.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. Major domestic consolidated insurance subsidiaries manage credit risk of issuers of securities and derivative counterparties at the trading and risk management departments by regularly monitoring the credit information and fair values. For loans at MSI, ADI and MSPL, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with internal policies for liquidity risk management. The Group classifies its funding management situation into normal times and crisis times according to the tightness of funding availability, and manages and operates its funds with the utmost consideration given to liquidity according to the situation. The Group is also working to diversify its funding sources in order to secure and maintain sufficient liquidity in a variety of environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters relating to the fair value of financial instruments and other information

In determining fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets and the fair values, and each level of fair values of financial instruments as of March 31, 2023 are as follows.

Stocks and other securities without market prices and investments in partnerships, etc. are not included in the following table (see Note 3).

The fair value of financial instruments is categorized into the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value measured using significant unobservable inputs

When multiple inputs have significant effects on the fair value measurement, that fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

(i) Financial assets and financial liabilities measured at fair value on the consolidated balance sheet

(Yen in millions)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	-	116,562	3,091	119,654
Money trusts	-	1,495,842	586,170	2,082,012
Investments in securities				
Trading securities				
Domestic bonds	42,755	2,522	-	45,278
Domestic stocks	5,802	-	-	5,802
Foreign securities	446,094	380,295	122,621	949,012
Others	10,855	1,547,458	-	1,558,314
Available-for-sale securities				
Domestic bonds	1,388,026	1,270,494	-	2,658,520
Domestic stocks	2,577,273	-	-	2,577,273
Foreign securities	848,651	3,020,259	279,567	4,148,478
Others	26,277	150,435	27,014	203,727
Derivative transactions (*1)				
Currency	-	26,395	-	26,395
Interest rate	519	27,423	-	27,942
Stock	3,457	124	-	3,581
Bond	6,471	-	-	6,471
Credit	-	866	-	866
Others	-	-	803	803
Total assets	5,356,185	8,038,682	1,019,269	14,414,137
Derivative transactions (*1)				
Currency	-	30,107	-	30,107
Interest rate	507	23,037	-	23,544
Stock	1,198	463	-	1,661
Bond	8,690	-	-	8,690
Credit	-	756	-	756
Others	-	-	691	691
Total liabilities	10,395	54,364	691	65,451

(*1) The carrying amounts of derivative transactions applying hedge accounting are 3,886 million yen as an asset and 9,716 million yen as a liability.

- (ii) Financial assets and financial liabilities that are not measured at fair value on the consolidated balance sheet
Cash, deposits and savings are not included in the notes as they are mostly short-term (within one year), and their fair value approximate their carrying amounts.

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought	-	23,321	-	23,321	23,321	-
Investments in securities						
Held-to-maturity securities						
Domestic bonds	1,170,767	122,804	-	1,293,571	1,221,808	71,763
Foreign securities	-	4,375	-	4,375	4,262	113
Debt securities earmarked for underwriting reserves						
Domestic bonds	1,535,481	120,688	-	1,656,169	1,947,747	(291,577)
Foreign securities	15,174	286,071	-	301,246	313,075	(11,828)
Shares of associates	136,984	4,128	-	141,113	86,630	54,482
Loans					959,497	
Bad debt reserve (*1)					(769)	
	-	258,587	696,555	955,142	958,728	(3,585)
Total assets	2,858,408	819,977	696,555	4,374,941	4,555,574	(180,633)
Bonds issued	-	605,478	96,280	701,759	714,743	(12,983)
Total liabilities	-	605,478	96,280	701,759	714,743	(12,983)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

Monetary claims bought

With regard to commercial papers (CP), the price quoted by financial institutions is deemed the fair value. In part, the fair value approximates the carrying amount and is therefore stated at that carrying amount. With regard to Monetary claims bought other than CP, the price quoted by financial institutions is deemed the fair value.

These are mainly categorized within Level 2.

Money trusts

With regard to Money trusts, the price quoted by trustees is deemed the fair value.

These are categorized within Level 2 or Level 3 based on the level of components of trust assets.

Investments in securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts are categorized within Level 1.

Those with published quoted prices but are in inactive markets, mainly including municipal bonds and corporate bonds, are categorized within Level 2.

Unlisted investment trusts are based on the net asset value or similar value provided by the trust management company, and are classified as Level 2 or Level 3 mainly based on the level of components in the trust assets.

Loans

For floating rate loans, the carrying amount is used as fair value since the carrying amounts approximate the fair value contingent on no significant changes in the credit conditions of the debtor and because the floating rates on the loans reflect market

interest rates over short periods of time. For fixed rate loans, the present value is calculated by discounting the future cash flows by the interest rate obtained by adding a credit spread to an appropriate index, such as yields on government bonds, for each loan type, term, and credit rating. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans. For some loans, the price provided by counterparty financial institutions is deemed the fair value.

The carrying amount is used as the fair value of policy loans, which do not have contractual maturities, as the loan amount is limited to the surrender value, and the carrying amount approximates the fair value, considering their estimated repayment periods and interest rates.

For loans to bankrupt debtors, substantially bankrupt debtors, and potentially bankrupt debtors, the estimated bad debts are calculated based on the present value of estimated future cash flows or the amount expected to be collected through collateral and guarantees. Consequently, the fair value approximates the consolidated balance sheet amount on the consolidated settlement date less the current estimated bad debts, and this amount is used as the fair value.

These are mainly categorized within Level 3. Some loans on which the effect of unobservable inputs is insignificant are categorized within Level 2.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on “Reference Statistical Prices for OTC Bond Transactions” published by the Japan Securities Dealers Association (JSDA) or prices quoted by counterparty financial institutions. Those based on “Reference Statistical Prices for OTC Bond Transactions” published by JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to transactions other than market transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest, exchange rates, volatility, etc.

The market transactions are mainly categorized within Level 1. The transactions other than market transactions using significant unobservable inputs are categorized within Level 3, and the other transactions are categorized within Level 2.

(Note 2) Financial assets and financial liabilities measured at fair value on the consolidated balance sheet and categorized within Level 3

The Level 3 fair value mostly comprises instruments with prices obtained from third parties and used unadjusted. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net evaluation gains/losses recognized in profit or loss for the current fiscal year

(Yen in millions)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income	Changes due to purchases, issues and sales, and settlements	Others (*2)	Ending balance	Net evaluation gains/losses recorded in profit or loss on financial assets and financial liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	4,368	0	(72)	(1,204)	-	3,091	-
Money trusts	386,862	38,063	4,887	156,356	-	586,170	16,566
Investments in securities							
Trading securities	100,330	16,568	10,194	(4,471)	-	122,621	13,195
Available-for-sale securities	249,966	9,900	22,258	23,736	720	306,582	-
Total assets	741,527	64,532	37,268	174,416	720	1,018,465	29,761
Derivative transactions (*3)	(316)	1,009	-	(580)	-	112	752

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.

(*2) Includes increase due to business combination.

(*3) Derivative transactions included in Other assets and Other liabilities are presented together. Receivables and payables as well as gains and losses arising from derivative transactions are presented on a net basis, and items that result in a net payable or a net loss are shown in parentheses.

(2) Descriptions of the valuation process of fair value

The Group stipulates policies and procedures on the fair value measurement and measures fair value, at departments that are independent from those who carry out transactions of financial instruments. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as checking the inputs and valuation techniques used and comparison with the fair value of similar financial instruments.

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships, etc. are as follows, and are not included in “Investments in securities” in “Fair value of financial instruments and breakdown by level of fair value” above.

(Yen in millions)	
Mar. 31, 2023	
Stocks and other securities without market prices (*1)	358,089
Investments in partnerships, etc. (*2)	71,315
Total	429,405

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with the Paragraph 5 of ASBJ Guidance No. 19 “Guidance on Disclosures about Fair Value of Financial Instruments.”

(*2) Investments in partnerships, etc. are not subject to fair value disclosure, in accordance with the Paragraph 24-16 of ASBJ Guidance No. 31 “Revised Implementation Guidance on Accounting Standard for Fair Value Measurement.”

10. Certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amount and fair value of the investment properties are as follows:

(Yen in millions)	
Mar. 31, 2023	
Carrying amount	76,893
Fair value	132,640

(Notes)

- (1) The carrying amount represents the acquisition cost less accumulated depreciation.
- (2) Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

11. The information on business combination is as follows:

(Business combination through acquisition)

Our consolidated subsidiary, Mitsui Sumitomo Insurance Co., Ltd. (“MSI”), through its foreign consolidated subsidiary, MSIG Holdings (U.S.A.), Inc. (“US Holdings”), acquired an equity interest in Transverse Insurance Group, LLC (“Transverse”) on January 3, 2023, making Transverse a consolidated subsidiary.

Transverse is a non-life insurance group in the U.S., and is engaged in the business of brokering most of the risks associated with insurance policies underwritten via Managing General Agents (“MGA”) (see note below) to reinsurers, while retaining some risks as a primary insurer.

(Note) MGA

An agent authorized by an insurance company to underwrite insurance and to certify and assess damage amount, in addition to insurance solicitation.

(1) Overview of business combination

i) Name and business of acquired company

Name of acquired company: Transverse Insurance Group, LLC

Description of business: Holding company with non-life insurance companies and other businesses under its umbrella

ii) Main reasons for business combination

The acquisition of Transverse is expected to increase earnings by capturing growth in the U.S. MGA market and expand business opportunities by enhancing

- Transverse's creditworthiness against the backdrop of MSI's strong financial base, and other group synergies.
- iii) Date of business combination
January 3, 2023 (deemed acquisition date: January 1, 2023)
 - iv) Legal form of business combination
Acquisition of equity interest
 - v) Name of company after combination
Transverse Insurance Group, LLC
 - vi) Percentage of voting rights acquired
100%
 - vii) Main basis for determining the acquired company
Our consolidated subsidiary, MSI, acquired all of the voting rights of Transverse through US Holdings.
- (2) Period of the acquired company's results included in the consolidated financial statements
The fiscal year end of the acquired company is December 31, but since the difference with the end of the consolidated fiscal year does not exceed three months, the financial statements of the acquired company as of December 31 are used in preparing the consolidated financial statements. The deemed acquisition date of this business combination is January 1, 2023, and since the balance sheet only is consolidated, the consolidated statement of income does not include the results of the acquired company.
- (3) Acquisition cost of the acquired company and breakdown by type of consideration
- | | |
|--------------------------------------|------------------------|
| <u>Consideration for acquisition</u> | (Cash) US\$399 million |
| Acquisition cost | US\$399 million |
- (4) Description and amount of major acquisition-related expenses
- | | |
|---------------------|-----------------|
| Advisory fees, etc. | 683 million yen |
|---------------------|-----------------|
- (5) Amount of goodwill incurred, reason for incurrence, amortization method, and amortization period
- i) Amount of goodwill incurred
US\$138 million
 - ii) Reason for incurrence
The amount invested exceeded the net amount of assets received and liabilities assumed.
 - iii) Amortization method and period
Amortized on a straight-line basis over a period of ten (10) years
- (6) Amounts of assets received and liabilities assumed on the date of business combination and their breakdown

(Units: US\$ in millions)	
Mar. 31, 2023	
Total assets	974
(of which, policy liabilities)	473)
(of which, intangible fixed assets)	240)
Total liabilities	710
(of which, policy liabilities)	490)

- (7) Amount of acquisition cost allocated to intangible fixed assets other than goodwill and its breakdown by type and weighted average amortization period for the total and by type
Customer relationships: US\$240 million, Amortization period: 10 years
- (8) Details of the conditional acquisition consideration stipulated in the business combination agreement and the accounting policy after the consolidated accounting period in which the business combination is completed
- i) Details of conditional acquisition consideration
The Company has adopted a performance-based additional payment clause that pays a certain additional amount based on the level of performance of the acquired company after the acquisition.
 - ii) Accounting policies after the consolidated accounting period in which the business combination is completed
In the event of additional payment of the acquisition consideration, the acquisition price is deemed to have been paid at the time of acquisition, and the amount of goodwill and amortization of goodwill are adjusted accordingly.

12. The amount of net assets per share is as follows:

	Mar. 31, 2023
Net assets per share (in Yen)	5,633.94
Stock acquisition rights deducted from net assets (Yen in millions)	558
Non-controlling interests deducted from net assets (Yen in millions)	45,671
Outstanding common shares (in thousands)	534,268

13. Any amounts less than the stated unit are rounded down.

(Notes to Consolidated Statement of Income)

1. Life insurance premiums are presented at an amount of insurance premiums revenue less cash surrender value or withdrawals (“surrender benefits”) and reinsurance premiums paid. Major components of life insurance are as follows:

(Yen in millions)	
For the year ended March 31, 2023	
Insurance premiums revenue	1,743,707
Surrender benefits and reinsurance premiums paid	(1,290,128)
Life insurance premiums	453,578

2. The amount of income on derivatives other than for trading or hedging to reduce the currency risks of foreign currency reinsurance transactions, included in other underwriting income, is as follows:

(Yen in millions)	
For the year ended March 31, 2023	
6,210	

3. The amount of foreign exchange losses included in other investment expenses is as follows:

(Yen in millions)	
For the year ended March 31, 2023	
13,676	

4. Major components of business expenses are as follows:

(Yen in millions)	
For the year ended March 31, 2023	
Commission expenses	772,616
Salaries	306,745

(Note) Business expenses are the sum of loss adjustment expenses, operating, general and administrative expenses, and commissions and collection expenses in the consolidated statements of income.

5. In the fiscal year ended March 31, 2023, impairment losses recognized on fixed assets are as follows:

(Yen in millions)					
Use	Category	Description	Impairment losses on fixed assets		
			Breakdown		
Investment properties	Buildings	Building for rent in Tokyo	0	Buildings	0
Idle real estate and real estate for sale	Land and buildings	15 properties, including a training center in Kanagawa	1,800	Land	1,132
				Buildings	668
				Others	0

Fixed assets used for the insurance business operations are grouped by each company. Other assets such as investment properties, idle assets and assets for sale are grouped on an individual basis.

The carrying amount of the above assets was reduced to the recoverable amount due to a decline in real estate prices and the fact that the assets were scheduled to be sold, and the amount of the reduction was recorded as an impairment loss on fixed assets under extraordinary losses. The recoverable amount of the assets concerned is measured at their net sales value. The net sales value is calculated based on the appraisal value provided by qualified appraisers.

6. Other extraordinary losses include special funding in relation to the outside career change support program in MSI.
7. The amounts of net income attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2023
Basic net income attributable to owners of the parent per share (in Yen)	299.80
Diluted net income attributable to owners of the parent per share (in Yen)	299.70

(Notes) The basis of calculation is as follows:

	For the year ended March 31, 2023
Net income attributable to owners of the parent (Yen in millions)	161,530
Average outstanding common stock during the year (in thousands of shares)	538,791
Increase in number of common stock used for calculation of diluted net income attributable to owners of the parent per share (in thousands of shares)	173

8. Any amounts less than the stated unit are rounded down.

(Notes to Consolidated Statement of Changes in Net Assets)

1. Type and number of issued stock and treasury stock

(In thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Shares issued				
Common stock	593,632	134	57,800	535,967
Total	593,632	134	57,800	535,967
Treasury stock				
Common stock	46,400	13,159	57,862	1,698
Total	46,400	13,159	57,862	1,698

(Notes)

- The increase of 134 thousand shares in the total number of common stock shares issued is attributable to the issuance of restricted stock.
- The decrease of 57,800 thousand shares in the total number of common stock shares issued is attributable to the cancellation of treasury stock.
- The number of treasury stock at the beginning and the end of the fiscal year ended March 31, 2023 includes 213 thousand and 1,430 thousand shares, respectively, of the Company shares held in the trust established under the stock-based remuneration system.
- The increase in the number of treasury stock during the year was 13,159 thousand shares, as a result of an increase of 11,930 thousand shares from market purchases, an increase of 1,216 thousand shares from purchases by the trust established under the stock-based remuneration system, and an increase of 12 thousand shares from repurchases of fractional stock.
- The decrease in the number of treasury stock was 57,862 thousand shares, as a result of a decrease of 57,800 thousand shares due to cancellation of treasury stock, a decrease of 61 thousand shares due to exercise of stock acquisition rights, and a decrease of 0 thousand shares due to sales of fractional stock.

2. Stock acquisition rights

(Yen in millions)

Category	Breakdown	Ending balance
The Company	Stock acquisition rights as stock options	558
Total		558

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
June 27, 2022 Annual Shareholders Meeting	Common stock	53,375	97.5	March 31, 2022	June 28, 2022
November 18, 2022 Board of Directors meeting	Common stock	53,570	100	September 30, 2022	December 5, 2022

(Notes)

- The total amount of dividends in accordance with a resolution passed at the June 27, 2022 Annual Shareholders Meeting includes dividends of 20 million yen for the Company shares held by the trust established under the stock-based remuneration system.

2. The total amount of dividends in accordance with a resolution passed at the November 18, 2022 Board of Directors meeting includes dividends of 143 million yen for the Company shares held by the trust established under the stock-based remuneration system.

(2) Dividends declared effective after March 31, 2023 for which the date of record is in the fiscal year ended March 31, 2023

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
June 26, 2023 Annual Shareholders Meeting	Common stock	53,569	Retained earnings	100	March 31, 2023	June 27, 2023

(Note) The total amount of dividends in accordance with a resolution passed at the June 26, 2023 Annual Shareholders Meeting includes dividends of 143 million yen for the Company shares held by the trust established under the stock-based remuneration system.

4. Any amounts less than the stated unit are rounded down.

FY2022 NON-CONSOLIDATED BALANCE SHEET (As of March 31, 2023)

(Yen in millions)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	61,411	Current liabilities	3,375
Cash and deposits	11,973	Accounts payable	1,416
Deposits paid to subsidiaries and associates	11,727	Accrued expenses	705
Prepaid expenses	58	Accrued income taxes	706
Income taxes receivable	36,526	Deposits received	15
Other	1,125	Unearned revenue	19
		Accrued bonuses for employees	512
Fixed assets	1,625,986		
Tangible fixed assets	220	Non-current liabilities	304,275
Buildings	205	Bonds issued	299,900
Tools, furniture and fixtures	14	Asset retirement obligations	241
		Other	4,134
Intangible fixed assets	525		
Software	525		
Investments and other assets	1,625,241	Total liabilities	307,651
Investment securities	132,788		
Shares of subsidiaries and associates	1,413,355	(Net Assets)	
Investments in capital of subsidiaries and associates	65,864	Shareholders' equity	1,383,332
Deferred tax assets	13,232	Common stock	100,808
Other	0	Capital surplus	871,870
		Additional paid-in capital	730,064
		Other capital surplus	141,805
		Retained earnings	415,655
		Other retained earnings	415,655
		Retained earnings carried forward	415,655
		Treasury stock	(5,001)
		Valuation and translation adjustments	(4,144)
		Net unrealized gains/(losses) on securities	(4,144)
		Stock acquisition rights	558
		Total net assets	1,379,746
Total assets	1,687,398	Total liabilities and net assets	1,687,398

FY2022 NON-CONSOLIDATED STATEMENT OF INCOME

(from: April 1, 2022 to: March 31, 2023)

(Yen in millions)

Item	Amount	
Operating income		
Dividends from subsidiaries and associates	179,589	
Commissions from subsidiaries and associates	166	179,756
Operating expenses		
Sales and general administrative expenses	11,610	11,610
Operating profit		168,145
Non-operating income		
Dividends income	11,757	
Gains on forfeiture of unclaimed dividends	84	
Other	231	12,073
Non-operating expenses		
Interest on bonds	3,603	
Other	177	3,780
Ordinary profit		176,437
Income before income taxes		176,437
Income taxes – current	2,082	
Income taxes – deferred	40	2,122
Net income		174,315

FY2022 NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from: April 1, 2022 to: March 31, 2023)

(Yen in millions)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
Beginning balance	100,534	729,790	349,734	1,079,524	348,286	348,286	(159,051)	1,369,294
Changes for the year								
Issuance of new shares	274	274		274				548
Dividends paid					(106,946)	(106,946)		(106,946)
Net income					174,315	174,315		174,315
Repurchase of treasury stock							(54,085)	(54,085)
Disposal of treasury stock			(7)	(7)			213	205
Cancellation of treasury stock			(207,920)	(207,920)			207,920	-
Net changes of items other than shareholders' equity								
Total changes for the year	274	274	(207,928)	(207,654)	67,368	67,368	154,049	14,037
Ending balance	100,808	730,064	141,805	871,870	415,655	415,655	(5,001)	1,383,332

	Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Net unrealized gains/(losses) on securities	Total valuation and translation adjustments		
Beginning balance	4,461	4,461	762	1,374,518
Changes for the year				
Issuance of new shares				548
Dividends paid				(106,946)
Net income				174,315
Repurchase of treasury stock				(54,085)
Disposal of treasury stock				205
Cancellation of treasury stock				-
Net changes of items other than shareholders' equity	(8,606)	(8,606)	(203)	(8,810)
Total changes for the year	(8,606)	(8,606)	(203)	5,227
Ending balance	(4,144)	(4,144)	558	1,379,746

NON-CONSOLIDATED EXPLANATORY NOTES

(Notes on Significant Accounting Policies)

1. Valuation policies and methods of valuation of assets

- (i) Valuation of shares of subsidiaries and associates are valued at cost determined by the moving average method.
- (ii) Available-for-sale securities (except for stocks and other securities without market prices) are valued using the market value method. Net unrealized gains and losses are reported as a separate line item of net assets. Cost of sales is calculated by the moving average method.
- (iii) Of available-for-sale securities, stocks and other securities without market prices are valued at cost using the moving average method.
- (iv) Derivatives are valued using the market value method.

2. Depreciation methods of tangible fixed assets

Depreciation of tangible fixed assets is computed using the straight-line method. Useful lives for major tangible fixed assets are as follows:

Buildings:	7 to 38 years
Furniture and Fixtures:	2 to 15 years

3. Amortization methods of intangible fixed assets

Capitalized software for internal use is amortized by the straight-line method over its estimated useful life (5 years).

4. Accounting policies for reserves

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the end of the current fiscal year to provide for bonuses for employees and executive officers.

5. Hedge accounting

Foreign exchange forward contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method or the allocation method. Since it is clear that there is a high correlation between the hedged items and the hedging instruments, judgement regarding the hedge effectiveness is omitted.

6. Other important matters for the preparation of financial statements

The Company applies the group totalization system.

7. Additional information

(Stock-based remuneration system for employees)

Effective from the current fiscal year, the Company has entered into a stock-based remuneration system for employees (the “system”) of its subsidiaries Mitsui Sumitomo Insurance Co., Ltd., Aioi Nissay Dowa Insurance Co., Ltd., Mitsui Direct General Insurance Co., Ltd., Mitsui Sumitomo Aioi Life Insurance Co., Ltd., and Mitsui Sumitomo Primary Life Insurance Co., Ltd. (the “Participating Companies”).

(1) Overview of the transaction

This system is one under which shares of the Company are delivered to employees of the Participating Companies (“employees”) who satisfy certain requirements through a share delivery trust established by the Company. The number of Company shares to be granted to employees is determined by the number of points awarded based on employee classification, the Group’s performance, and other factors. The trust acquires a

substantial number of Company shares expected to be delivered from the stock market in a lump sum, based on funds contributed by the Participating Companies through the Company.

(2) Company shares outstanding in the trusts

The Company's shares outstanding in the trusts are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury stock in the net assets. The carrying amount of this treasury stock at the end of the current fiscal year is 4,034 million yen, and the number of shares is 990 thousand.

(Notes to Balance Sheet)

1. Amount of accumulated depreciation of tangible fixed assets: 598 million yen
2. Amounts receivable from and payable to subsidiaries and associates

Short-term loans receivables:	12,650 million yen
Short-term loans payable:	811 million yen
Long-term loans payable:	223,941 million yen

(Notes to Statement of Income)

Volume of transactions with subsidiaries and associates

Volume of operating transactions	
Operating income:	179,756 million yen
Operating expenses:	1,158 million yen
Volume in non-operating transactions:	2,648 million yen

(Notes to Statement of Changes in Net Assets)

Class and number of treasury stock as of March 31, 2023

Common stock:	1,257,916 shares
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(Notes on Tax Effect Accounting)

1. Breakdown of deferred tax assets by major category of cause

(Yen in millions)

	Mar. 31, 2023
Deferred tax assets	
Carryforward of unused tax losses	14,850
Shares of subsidiaries and associates	6,109
Net unrealized gains/(losses) on securities	1,704
Software	347
Deferred assets	299
Other	330
Subtotal: deferred tax assets	23,642
Valuation allowance for carryforward of unused tax losses	(3,845)
Valuation allowance for total deductible temporary differences	(6,563)
Subtotal: valuation allowance	(10,409)
Total deferred tax assets	13,232
Net amount of deferred tax assets	13,232

2. Accounting for corporate and local income taxes or tax-effect accounting related to these taxes

Effective from the current fiscal year, the Company has shifted from a consolidated tax return filing system to a group totalization system. In accordance with this change, the accounting treatment and disclosure of corporate and local income taxes and tax-effect accounting are subject to “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Accounting Standards Board of Japan, Practical Issues Task Force (PITF) No. 42, August 12, 2021; “PITF No. 42”). In accordance with Paragraph 32 (1) of PITF No. 42, the Company has assumed that there is no impact from the change in accounting policy resulting from the application of PITF No. 42.

(Notes on related-party transactions)

Category	Company name	Voting rights percentage (owned)	Relationship with related party	Nature of transaction	Amount of transaction (Yen in millions)	Item	Ending balance (Yen in millions)
Subsidiary	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Ownership Direct 100.0%	Business Management, etc.	Issuance of corporate bonds (Note)	-	Bonds issued	214,900

Terms and conditions for transactions and the policy for determination thereof
(Note) Interest rates of bonds issued are reasonably determined in consideration of market interest rates.

(Notes on Per Share Information)

Net assets per share: 2,579.32 yen
Net income per share: 323.26 yen

(Note) Any amounts less than the stated unit are rounded down.

Audit Report by Accounting Auditor concerning Consolidated Financial Statements

Audit Report by Independent Auditor

May 15, 2023

The Board of Directors
MS&AD Insurance Group Holdings, Inc.

KPMG AZSA LLC
Tokyo Office

Hiroyuki Yamada
Designated and Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated and Engagement Partner
Certified Public Accountant

Kenichi Ishii
Designated and Engagement Partner
Certified Public Accountant

Audit opinion

We, the auditors, under the provisions of Article 444, Paragraph 4, of the Companies Act, have audited the consolidated financial statements for MS&AD Insurance Group Holdings, Inc., namely, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and consolidated explanatory notes for the fiscal year from April 1, 2022 through March 31, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and operating results of the corporate group comprising MS&AD Insurance Group Holdings, Inc. and its consolidated subsidiary companies for the year ended in the consolidated financial statements, in conformity with corporate accounting standards that are generally accepted in Japan.

Grounds for the audit opinion

We, the auditors, have conducted the audit in accordance with auditing standards that are generally accepted in Japan. The responsibilities of the auditors under the auditing standards are provided in “Responsibilities of auditors in audit of consolidated financial statements.” In accordance with rules related to professional ethics in Japan, the auditors are independent of the Company and its consolidated subsidiary companies. Additionally, the auditors have also fulfilled other ethical responsibilities as auditors. We believe that we have received adequate and appropriate audit evidence to form the basis for our opinion.

Other information

The term “other information” herein refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors’ performance of their duties including the design, implementation and maintenance of reporting process of the other information.

The scope of our audit opinion on the consolidated financial statements does not include the other information and we do not express an opinion on the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

Responsibilities of management, Audit & Supervisory Board Members, and the Audit & Supervisory Board regarding consolidated financial statements

The responsibility of the Company's management is to prepare and appropriately present consolidated financial statements in accordance with corporate accounting standards that are generally accepted in Japan. This includes the fact that internal controls believed to be necessary by management in order to prepare and fairly present consolidated financial statements that are free of material misrepresentation caused by fraud or error have been developed and are in operation.

When preparing consolidated financial statements, management has a responsibility to assess whether it is appropriate to prepare the consolidated financial statements based on the going concern assumption, and disclose any matters related to going concern if it is necessary to do so, in accordance with corporate accounting standards that are generally accepted in Japan.

The responsibilities of Audit & Supervisory Board Members and the Audit & Supervisory Board are to supervise the execution of duties by Directors in relation to the development and implementation of financial reporting processes.

Responsibilities of auditors in audit of consolidated financial statements

The responsibility of the auditors is to express an opinion on the consolidated financial statements from a stance of independence in an audit report based on the audit performed by the auditors, after obtaining reasonable assurance on whether the consolidated financial statements as a whole are free from material misrepresentation owing to reasons of fraud or error. Misrepresentations may be due to fraud or error, and misrepresentations are judged to be material if they may reasonably be expected to affect the decision-making of users of the consolidated financial statements, either individually or collectively.

The auditors exercise their judgment as professional experts and perform the following actions while maintaining a level of professional skepticism, through audit processes in accordance with auditing standards that are generally accepted in Japan.

- Where there is a risk of material misrepresentation owing to fraud or error, it is identified and evaluated. In addition, audit procedures suited to the risk of material misrepresentation are formulated and implemented. The auditors use their judgment when selecting and applying audit procedures. Furthermore, adequate and appropriate audit evidence to form the basis for our opinion is obtained.
- The objective of the audit of consolidated financial statements is not to express an opinion on the effectiveness of internal controls, but when carrying out risk evaluation, the auditors investigate internal controls relating to audits in order to draw up appropriate audit procedures corresponding to the situation.
- The appropriateness of the accounting principles and method of their application used by management, the reasonableness of accounting estimates made by management, and the

validity of related notes are evaluated.

- A conclusion is provided concerning whether it is appropriate for management to prepare consolidated financial statements based on the going concern assumption, and whether any material uncertainty may be recognized in regard to matters or conditions that raise material doubts concerning the going concern assumption, based on the audit evidence obtained. If it is recognized that there is material uncertainty related to the going concern assumption, the auditors are required to call attention to the notes to consolidated financial statements in the audit report. Alternatively, if the notes to consolidated financial statements are not appropriate in relation to the material uncertainty, the auditors are required to express a qualified opinion with exceptions. The conclusions of the auditors are based on the audit evidence available as of the date of the audit report, but a company may become unable to continue existing as a going concern owing to future events and circumstances.
- The auditors evaluate whether the presentation of the consolidated financial statements and the notes conform with the corporate accounting standards that are generally accepted in Japan, together with an evaluation of the presentation, structure, and content of the consolidated financial statements, including related notes, and an evaluation of whether the consolidated financial statements appropriately present the transactions and accounting events forming the basis thereof.
- In order to express an opinion regarding the consolidated financial statements, adequate and appropriate audit evidence relating to the financial information of the Company and its consolidated subsidiary companies is obtained. The auditors have a responsibility to provide guidance and supervision related to audits of consolidated financial statements, and to carry out audits of consolidated financial statements. The auditors are solely responsible for the audit opinion.

The auditors will report to Audit & Supervisory Board Members and the Audit & Supervisory Board the scope of planned audits, the timeline of the implementation of audits, any material findings in the audit, including material insufficiencies in internal controls identified through audit processes, and any other matters required under auditing standards.

The auditors will provide reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board on the fact that rules related to professional ethics in Japan have been complied with in regard to independence, together with any matters that may be reasonably considered to affect the independence of the auditors, and the details of any safeguards in place to eliminate or reduce obstacles.

Interested parties

There exists no interest between the Company and its consolidated subsidiary companies and the auditors or engagement partners that must be cited according to the regulations of the Certified Public Accountants Act.

- End -

Audit Report by Accounting Auditor

Audit Report by Independent Auditor

May 15, 2023

The Board of Directors
MS&AD Insurance Group Holdings, Inc.

KPMG AZSA LLC
Tokyo Office

Hiroyuki Yamada
Designated and Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated and Engagement Partner
Certified Public Accountant

Kenichi Ishii
Designated and Engagement Partner
Certified Public Accountant

Audit opinion

We, the auditors, under the provisions of Article 436, Paragraph 2 (1) of the Companies Act, have audited the financial statements for MS&AD Insurance Group Holdings, Inc., namely the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and non-consolidated explanatory notes, and the supplementary schedules for the 15th fiscal year of operations from April 1, 2022 until March 31, 2023 (the “financial statements, etc.”).

In our opinion, the financial statements, etc. referred to above present fairly, in all material respects, the financial position and operating results of MS&AD Insurance Group Holdings, Inc. for the year ended in the financial statements, etc. in conformity with corporate accounting standards that are generally accepted in Japan.

Grounds for the audit opinion

We, the auditors, have conducted the audit in accordance with auditing standards that are generally accepted in Japan. The responsibilities of the auditors under the auditing standards are provided in “Responsibilities of auditors in audit of financial statements, etc.” In accordance with rules related to professional ethics in Japan, the auditors are independent of the Company. Additionally, the auditors have also fulfilled other ethical responsibilities as auditors. We believe that we have received adequate and appropriate audit evidence to form the basis for our opinion.

Other information

The term “other information” herein refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors’ performance of their duties including the design, implementation and maintenance of reporting process of the other information.

The scope of our audit opinion on the financial statements, etc. does not include the other information and we do not express an opinion on the other information.

Our responsibility in auditing the financial statements, etc. is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the financial statements, etc. or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

Responsibilities of management, Audit & Supervisory Board Members, and the Audit & Supervisory Board regarding financial statements, etc.

The responsibility of the Company's management is to prepare and appropriately present financial statements, etc. in accordance with corporate accounting standards that are generally accepted in Japan. This includes the fact that internal controls believed to be necessary by management in order to prepare and fairly present financial statements, etc. that are free of material misrepresentation caused by fraud or error have been developed and are in operation.

When preparing financial statements, etc., management has a responsibility to assess whether it is appropriate to prepare the financial statements, etc. based on the going concern assumption, and disclose any matters related to going concern if it is necessary to do so, in accordance with corporate accounting standards that are generally accepted in Japan.

The responsibilities of Audit & Supervisory Board Members and the Audit & Supervisory Board are to supervise the execution of duties by Directors in relation to the development and implementation of financial reporting processes.

Responsibilities of auditors in audit of financial statements, etc.

The responsibility of the auditors is to express an opinion on the financial statements, etc. from a stance of independence in an audit report based on the audit performed by the auditors, after obtaining reasonable assurance on whether the financial statements, etc. as a whole are free from material misrepresentation owing to reasons of fraud or error. Misrepresentations may be due to fraud or error, and misrepresentations are judged to be material if they may reasonably be expected to affect the decision-making of users of the financial statements, etc. either individually or collectively.

The auditors exercise their judgment as professional experts and perform the following actions while maintaining a level of professional skepticism, through audit processes in accordance with auditing standards that are generally accepted in Japan.

- Where there is a risk of material misrepresentation owing to fraud or error, it is identified and evaluated. In addition, audit procedures suited to the risk of material misrepresentation are formulated and implemented. The auditors use their judgment when selecting and applying audit procedures. Furthermore, adequate and appropriate audit evidence to form the basis for our opinion is obtained.
- The objective of the audit of financial statements, etc. is not to express an opinion on the effectiveness of internal controls, but when carrying out risk evaluation, the auditors investigate internal controls relating to audits in order to draw up appropriate audit procedures corresponding to the situation.
- The appropriateness of the accounting principles and method of their application used by management, the reasonableness of accounting estimates made by management, and the validity of related notes are evaluated.
- A conclusion is provided concerning whether it is appropriate for management to prepare financial statements, etc. based on the going concern assumption, and whether any material

uncertainty may be recognized in regard to matters or conditions that raise material doubts concerning the going concern assumption, based on the audit evidence obtained. If it is recognized that there is material uncertainty related to the going concern assumption, the auditors are required to call attention to the notes to financial statements, etc. in the audit report. Alternatively, if the notes to financial statements, etc. are not appropriate in relation to the material uncertainty, the auditors are required to express a qualified opinion with exceptions. The conclusions of the auditors are based on the audit evidence available as of the date of the audit report, but a company may become unable to continue existing as a going concern owing to future events and circumstances.

- The auditors evaluate whether the presentation of the financial statements, etc. and the notes conform with the corporate accounting standards that are generally accepted in Japan, together with an evaluation of the presentation, structure, and content of the financial statements, etc., including related notes, and an evaluation of whether the financial statements, etc. appropriately present the transactions and accounting events forming the basis thereof.

The auditors will report to Audit & Supervisory Board Members and the Audit & Supervisory Board the scope of planned audits, the timeline of the implementation of audits, any material findings in the audit, including material insufficiencies in internal controls identified through audit processes, and any other matters required under auditing standards.

The auditors will provide reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board on the fact that rules related to professional ethics in Japan have been complied with in regard to independence, together with any matters that may be reasonably considered to affect the independence of the auditors, and the details of any safeguards in place to eliminate or reduce obstacles.

Interested parties

There exists no interest between the Company and the auditors or engagement partners that must be cited according to the regulations of the Certified Public Accountants Act.

- End -

Certified copy of Audit Report by Audit & Supervisory Board

Audit Report by Audit & Supervisory Board

The Audit & Supervisory Board hereby reports as set out below concerning the Directors' performance of their duties during the 15th fiscal year beginning April 1, 2022 and ending March 31, 2023, upon deliberations based on the audit reports prepared by each of the Audit & Supervisory Board Members.

1. Method and Content of Audit Conducted by Audit & Supervisory Board Members and Audit & Supervisory Board
 - (1) The Audit & Supervisory Board formulated Audit Policy, Audit Plan and other relevant matters regarding auditing, received reports from each of the Audit & Supervisory Board Members regarding the progress and the results of their audit, received reports from the Directors and the Accounting Auditor regarding the performance of their respective duties, and requested further explanation as necessary.
 - (2) In conformity with Standards of Audit by Audit & Supervisory Board Members adopted by the Audit & Supervisory Board and in accordance with the Audit Policy and Audit plan, each of the Audit & Supervisory Board Members communicated with Directors, Executive Officers, the internal audit division, and other employees, and collected information, maintained the audit environment and conducted the audit by the following methods.
 - (i) We attended Board of Directors meetings and other important meetings, received reports from Directors, Executive Officers and other employees concerning performance of their duties, obtained explanation as necessary, examined important approval documents and inspected the operations and financial affairs of the Company. With respect to subsidiaries, we communicated and exchanged information with Directors and Audit & Supervisory Board Members of subsidiaries, and obtained reports regarding their operations as necessary.
 - (ii) As concerns the resolutions of the Board of Directors to establish such systems that ensure Directors carry out their duties in accordance with laws and regulations and the Company's Articles of Incorporation and other systems to ensure appropriateness of the operations of the corporate group consisting of the Company and its subsidiaries as provided by Article 100, Sections 1 and 3 of the Ordinance for Enforcement of Companies Act and the systems established under such resolutions (internal control systems), stated in the Business Reports, Audit & Supervisory Board Members each periodically received reports from Directors, Executive Officers and employees, obtained explanation as necessary and expressed opinions concerning the status of the systems. We received reports from Directors and the Accounting Auditor, KPMG AZSA LLC, regarding assessment and audit of the internal control over financial reporting, and obtained explanation as necessary.
 - (iii) We further monitored and examined whether the Accounting Auditor maintained their independence and conducted the audit in an appropriate manner, as well as received reports concerning the performance of their duties and obtained explanation as necessary from the Accounting Auditor. We also received notice and explanation from the Accounting Auditor stating that they have in place "a system to ensure performance of duties in an appropriate manner" (matters provided for by each item of Article 131 of the Corporate Accounting Regulations) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and other applicable standards.

On the basis of the foregoing methods, we have reviewed the Business Reports and the supplementary schedules thereto, consolidated financial statements and financial statements and the supplementary schedules thereto for the fiscal year under review.

2. Audit Results

(1) Results of Audit of Business Reports

- (i) We conclude that Business Reports and the supplementary schedules thereto fairly represent the status of the Company in accordance with applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) We find no misconduct or material fact constituting a violation of any laws or regulations or the Articles of Incorporation of the Company in connection with the Directors' performance of their duties.
- (iii) We conclude that the resolutions adopted by the Board of Directors concerning the internal control systems (including internal control over financial reporting) are appropriate. We find nothing to be mentioned with respect to the description in the Business Reports and the Directors' performance of their duties concerning the internal control systems.

(2) Results of Audit of Consolidated Financial Statements

We conclude that the methods of the audit used and the results of the audit reached by the Accounting Auditor, KPMG AZSA LLC, are appropriate.

(3) Results of Audit of Financial Statements and Supplementary Schedules Thereto

We conclude that the methods of the audit used and the results of the audit reached by the Accounting Auditor, KPMG AZSA LLC, are appropriate.

May 18, 2023

Audit & Supervisory Board, MS&AD Insurance Group Holdings, Inc.

Hidema Jinno (Seal) Full-Time Audit & Supervisory Board Member

Atsuko Suto (Seal) Full-Time Audit & Supervisory Board Member

Kunio Chiyoda (Seal) Outside Audit & Supervisory Board Member

Kyoko Uemura (Seal) Outside Audit & Supervisory Board Member

- End -