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MS&amp;AD Insurance Group Holdings, Inc.

Shinichiro Funabiki, President &amp; CEO

Contact: Human Resources &amp; General Administration Dept.

e-mail: ms\_ad\_ir@ms-ad-hd.com

Securities Code: 8725

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

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*In the event of any discrepancy between this translated document and Japanese original, the original shall prevail. MS&AD Insurance Group Holdings, Inc. assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from this translation*

*(Note)*

*"Audit & Supervisory Board Member" in this report is used in the same sense of "Kansayaku" in the reference format provided by Tokyo Stock Exchange.*

The corporate governance of MS&AD Insurance Group Holdings, Inc. (the "Company") is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

- (1) In line with its Corporate Philosophy (Mission), MS&AD, as a holding company overseeing all group businesses, has established a management framework that ensures transparent, fair, swift and decisive decision-making that takes into account the standpoint of all stakeholders. The Company's objectives are to sustain stability and consistent growth over the long term by using corporate resources efficiently and managing risks properly and ultimately, to further increase enterprise value.
- (2) The "MS&AD Insurance Group Corporate Philosophy (Mission), Corporate Vision and Values" were formulated as something all officers and employees of the Group should adhere to in all situations. In addition to working to disseminate these principles among all officers and employees of the Company and its Group companies, corporate governance, compliance and risk management are positioned as important management issues in the Medium-Term Management Plan, and efforts shall be made to actively promote that Plan.

#### ■ Aspirations of MS&AD Insurance Group

##### <Our Mission>

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

##### <Our Vision>

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

##### <Our Values>

- CUSTOMER FOCUS  
Striving to provide security and satisfaction to our customers
- INTEGRITY  
Being sincere, kind, and fair in our dealings with people
- TEAMWORK  
Growing together as a team by respecting one another's individuality and opinions and sharing knowledge and ideas
- INNOVATION  
Always improving the way we work while responding to stakeholders' interests
- PROFESSIONALISM  
Providing high-quality services by constantly enhancing our skills and proficiency

Please see attached "the MS&AD Insurance Group Basic Policies on Corporate Governance (hereinafter referred to as "Basic Policies on Corporate Governance")" at the end of this report for more-detailed information.

There is a movement to set "Purpose" as an expression of the raison d'etre of a company separate from the management philosophy. However, because our group's Management Philosophy (Mission), which expresses the raison d'etre of a company in a simple and easy to understand manner, has already permeated throughout the Group, our group has determined that "Purpose" is the same as the Management Philosophy.

The Group insurance companies in which the Company has a direct investment are notated as follows:

Mitsui Sumitomo Insurance Co., Ltd.	Mitsui Sumitomo Insurance, MSI
Aioi Nissay Dowa Insurance Co., Ltd.	Aioi Nissay Dowa Insurance, ADI
Mitsui Direct General Insurance Co., Ltd.	Mitsui Direct General Insurance, MD
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Mitsui Sumitomo Aioi Life Insurance, MSI Aioi Life
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	Mitsui Sumitomo Primary Life Insurance, MSI Primary Life

**[Reasons for Not Implementing the Principles of the Corporate Governance Code]**

The Company has implemented all principles (including those for Prime Markets) of the Corporate Governance Code.

**[Disclosure Based on the Principles of the Corporate Governance Code]****(1)[Principle 1.4] Policy for Strategic Equity Holdings****a. MS&AD Insurance Group Basic Policy for Strategic Equity Holdings, Verification of the rationale for the holdings by board of directors meetings**

We have adopted a policy to significantly reduce the amount of strategic equity holdings, aiming to build a solid financial base less affected by fluctuations in stock prices.

In addition, we have been verifying each individual stock to see if the benefits and risks associated with holding them are commensurate with the capital cost. The results of these verifications have been confirmed at our board of directors meetings. If the results of the verification are not favorable and significant improvement is necessary for certain stocks, we conduct constructive dialogues and if there is no prospect for improvement, we proceed with sales negotiations.

However, in December 2023, we received an administrative actions (business improvement order) related to price-fixing in insurance premiums.

As a result of this, we came to recognize that our strategic equity holdings was one of the factors that led to the price fixing issue. Therefore, in order to ensure an environment for fair competition in the non-life insurance industry, we have established a policy of not holding strategic equities, and have decided to reduce our current holdings of listed strategic equities to zero by the end of March 2030.

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

The basic policy on the exercise of voting rights for strategic equity holdings is as follows.

**(a) Basic approach to the exercise of voting rights**

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.

**(b) The process for exercising voting rights**

When exercising voting rights, items such as those listed below are verified for each proposal, with a focus on such aspects as whether the company in question is managed with an emphasis on growth of the company 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.

<Main evaluation criteria for each type of proposal>

Type of proposal	Matters for verification
Appropriation of Retained Earnings	<ul style="list-style-type: none"> <li>State of shareholder returns</li> </ul>
Appointment of Directors	<ul style="list-style-type: none"> <li>State of the enhancement of enterprise value</li> </ul>
	<ul style="list-style-type: none"> <li>Situation regarding scandals, etc.</li> </ul>
	<ul style="list-style-type: none"> <li>Appointment of Independent Outside Directors</li> </ul>
	<ul style="list-style-type: none"> <li>Attendance at Board of Directors meetings, etc.</li> </ul>
Appointment of Audit & Supervisory Board Member	<ul style="list-style-type: none"> <li>Handling of issues related to sustainability (medium- to long term sustainability involving ESG factors)</li> </ul>
	<ul style="list-style-type: none"> <li>Situation regarding scandals, etc.</li> </ul>
	<ul style="list-style-type: none"> <li>Appointment of independent outside Audit &amp; Supervisory Board Members</li> </ul>
Appointment of Accounting Auditor	<ul style="list-style-type: none"> <li>Attendance at the Board of Directors meetings and the Audit &amp; Supervisory Board meetings</li> </ul>
	<ul style="list-style-type: none"> <li>Accounting Auditors have not caused any accounting fraud</li> </ul>
Remuneration and Bonuses for Directors	<ul style="list-style-type: none"> <li>Status of the enhancement of enterprise value</li> </ul>
	<ul style="list-style-type: none"> <li>Attendance at Board of Directors meetings, etc.</li> </ul>
Retirement benefits and condolence money for officers	<ul style="list-style-type: none"> <li>Situation regarding scandals, etc.</li> </ul>
Issuance of Share acquisition rights and Stock Compensation	<ul style="list-style-type: none"> <li>Presence or absence of performance-linked remuneration, eligible people</li> </ul>
	<ul style="list-style-type: none"> <li>Whether the proportion of shares held by existing shareholders has declined or not</li> </ul>
Changes in the Articles of Incorporation	<ul style="list-style-type: none"> <li>Careful examination of individual cases</li> </ul>
Takeover defense measures	<ul style="list-style-type: none"> <li>Careful examination of individual cases</li> </ul>
Matters Proposed by the Shareholder	<ul style="list-style-type: none"> <li>Careful examination of individual cases</li> </ul>

**(c) Criteria for judging proposals relating to the exercise of voting rights**

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance have established specific evaluation criteria and guidelines for the exercise of voting rights of shares held. In the event that the criteria and guidelines are met, dialogue will take place as necessary with the investee companies, and proposals shall be judged based on the dialogue.

\* Both companies will periodically report on its details on their websites.

Mitsui Sumitomo Insurance

<https://www.ms-ins.com/english/company/aboutus/stewardship/>

Aioi Nissay Dowa Insurance

<https://dps.aioinissaydowa.co.jp/portal/cv.do?c=3371730000&pg=1&v=AIO18001&d=AIOD03>

**(2)[Principle 1.7] Procedures for related Party Transactions**

- a. With respect to transactions between the Company and a related party, to ensure that they do not harm the common interests of the Company and the Company's shareholders, such transactions as competition transaction by a director, transactions between a corporate officer and the Company, and other transactions with conflict-of-interest characteristics, such transactions will require prior deliberation and approval of a Board of Directors' meeting with the attendance of multiple outside directors, and in the case of similar transactions by executive officers will require a report to the Board of Directors.
- b. Transactions that fall under the category of related party transactions stipulated in the Companies Act and the Ordinance on Financial Statements, etc. are stated in the Annual Securities Report. The Annual Securities Report is a matter to be reported to the Board of Directors.

**(3)[Supplementary Principle 2.4.1] Ensuring the diversity of core human resources of the Company**

Please see III 3. "Measures to Ensure Due Respect for Stakeholders".

**(4)[Principle 2.6] Exercise of functions as an asset owner of a corporate pension plan**

- The Mitsui Sumitomo Insurance Corporate Pension Fund and the Aioi Nissay Dowa Insurance Corporate Pension Fund have been established in order for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, which are the main operating companies of the Group, to implement defined-benefit corporate pension plans and manage the pension assets separately from the companies.
- Decisions regarding asset management of each Corporate Pension Fund are made by the Board of Representatives based on deliberations by the Asset Management Committee. Personnel in the asset management, accounting, and human resources departments in each company who possess appropriate qualities shall be appointed to the Asset Management Committee and the Board of Representatives, and labor union executives are appointed as representatives of the beneficiaries.
- Personnel who have extensive experience in asset management shall undertake asset management operations of each corporate pension fund. In addition, both funds accepted the Stewardship Code.
- For each corporate pension fund, the incorporation of shares and the exercise of voting rights by investees are in accordance with the evaluation criteria of the party to whom asset management has been delegated, and there are no matters that constitute a conflict of interest.

**(5)[Principle 3.1] Full Disclosure**

- a. Aspiration of the Group (Mission etc.) and business strategies and business plans; ([Principle 3.1(i)])
  - (a) Business Objectives, etc. ;  
Please see the above I.1 "Aspiration of the MS&AD Insurance Group".
  - (b) Business strategies and business plans  
Please see our Group's Medium-Term Management Plan (FY2022-2025) Stage 2 on our company web site as below.  
[https://www.ms-ad-hd.com/en/group/what/strategy/management\\_plan.html](https://www.ms-ad-hd.com/en/group/what/strategy/management_plan.html)
- b. Basic policy and guidelines on corporate governance; [Principle 3.1(ii)]  
Please see the above I.1 "Basic Views" and the attached "the Basic Policies on Corporate Governance".
- c. Board policies and procedures in determining the remuneration of the senior management and directors; [Principle 3.1(iii)]  
Please see the below II.1 "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods <Remuneration Determination Processes>".
- d. Board policies and procedures in the appointment and dismissal of the senior management and the nomination of directors and Audit & Supervisory Board Members candidates; [Principle 3.1(iv)]
  - For policies regarding the nomination of directors and Audit & Supervisory Board Members candidates, please see the below "Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates", in the Appendix of the attached "Basic Policies on Corporate Governance".
  - For policies regarding the nomination of director candidates who engage in managing affairs continuously (including Chairman & Director, Vice Chairman & Director and President), please see the above-mentioned criteria as well as "(8) Succession plan for the Chief Executive Officer (CEO), etc. a. Criteria for CEO Selection".
  - For procedures regarding the appointment of the senior management and the nomination of directors and Audit & Supervisory Board Members candidates, please see the below II.1 "Committee's Name, Composition, and Attributes of Chairperson" Supplementary Explanation "1. Nomination Committee (Nomination Process)".
  - For policies regarding the dismissal of directors who engage in daily business (including Chairman & Director, Vice Chairman & Director and President), please see "(10) Objective, timely and transparent procedures for the dismissal of a CEO".
  - The dismissal of executive officers and the dismissal of directors and Audit & Supervisory Board Members of domestic insurance companies in which the Company has direct investments shall be deliberated by the Nomination Committee and determined by the Board of Directors upon receipt of the results of deliberations by the Nomination Committee.
- e. Explanations with respect to the individual appointments, dismissals and nominations based on d.[Principle 3.1(v)].  
Please see [Reasons for selection as a candidate] in the "Notice of Convocation of Annual Shareholders Meeting".  
[https://www.ms-ad-hd.com/en/ir/ir\\_event/meeting.html](https://www.ms-ad-hd.com/en/ir/ir_event/meeting.html)

**(6)[Supplementary Principle 3.1.3] Initiatives for sustainability, etc.;**

- a. Initiatives for sustainability

The Group, in collaboration with its stakeholders, is making steady progress toward realization of a "resilient and sustainable society" through its contributions to resolution of social issues and the Creating Shared Value (CSV)

initiative.

With regard to “Sustainability,” we have positioned this as the fundamentals that support basic strategies. The Group is focusing on realization of three materialities “Planetary Health (Symbiosis with global environment),” “Resilience (Safe and secure society),” and “Well-being (Happiness of diverse people),” which are highly important for both the Group and our stakeholders.

In “Planetary Health (Symbiosis with the global environment),” we promote CSV initiatives to create common value with society by positioning responses to climate change and the improvement of the sustainability of natural capital as issues to be addressed in an integrated manner.

Regarding “Resilience (Safe and secure society),” in addition to accident prevention and mitigation, we carry out research and study on new risks, and provide products and services that respond to them. By doing so, we contribute to the realization of a safe and secure society.

In order to address the issue “Well-being (Happiness of diverse people),” we have been promoting initiatives, centering on “Adaptation to a society of healthy longevity,” “Respect for human rights” and “Improvement of employee engagement.”

Please see our “Sustainability Report”.

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

- b. For information on the impact of climate change risks and opportunities on our business activities and earnings, please see our “TCFD/TNFD Report”.

[https://www.ms-ad-hd.com/en/csr/community/climate\\_change/tcfd.html](https://www.ms-ad-hd.com/en/csr/community/climate_change/tcfd.html)

- c. Impact of natural capital risks and opportunities on business activities, earnings, etc.

By providing solutions and products that help improve the sustainability of natural capital, our group will build a sustainable relationship between natural capital and business activities and contribute to coexistence with the global environment.

For more information, please visit our company website or the “TCFD/TNFD Report”.

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

[https://www.ms-ad-hd.com/en/csr/community/climate\\_change/tcfd.html](https://www.ms-ad-hd.com/en/csr/community/climate_change/tcfd.html)

- d. Investment in human capital and intellectual property

- (a) Human capital

Please refer to pages 79-84 of the Integrated Report (Annual Report).

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

Additionally, please refer to pages 34-37 of “The 16th Financial Report”.

- (b) Intellectual property

Regarding investment in intellectual property in our group, based on CSV×DX, we are developing new services that come before and after coverage and protection using digital data. In addition, Digitalization Committee has been set up as a task group to regularly discuss the promotion of digitalization.

In addition, through investment in startup companies, we are collaborating with these companies to make use of cutting-edge technology to provide new services and enhance business operations. The main activities are as follows.

- Providing new services for individuals and companies that contribute to risk measurement (quantification) and security and safety measures for customers
  - \* Jointly developed solutions for enterprises with Coalition, which has cyber risk diagnosis technology. Provide services
- Enhancing and streamlining operations such as product development, insurance underwriting, and claims services.

#### **(7)[Supplementary Principle 4.1.1] Scope and content of the matters delegated to the management**

Please see Chapter 3. 2. “Role of the Board of Directors” in the attached “Basic Policies on Corporate Governance”.

#### **(8) [Supplementary Principle 4.1.3] Succession plan for the Chief Executive Officer (CEO), etc.**

The Company has formulated the succession plan that stipulates the selection of the Group CEO (hereinafter referred to as “CEO”) and the fostering of successors. The outline of the plan is as follows.

- a. Criteria for CEO selection

- Ability to embody the Group’s Mission, Vision and Values, and having the concept of CSV (Creating Shared Value with society) in his/her own system of values
- 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

- b. CEO Selection Process

- (a) 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 appointed from among Outside Directors).
- Candidates may be from within the Group as well as outside the Group.

- (b) Deliberation by the Nomination Committee

- The Nomination Committee deliberates on candidates recommended by the CEO.
- Outside Directors can recommend other candidates.

- (c) Resolution by the Board of Directors

After (a) and (b) above, the Nomination Committee advises the Board of Directors which makes the final decision.

- c. 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

**(9) [Supplementary Principle 4.2.1] Management remuneration**

In order to realize a Director remuneration system functioning as an appropriate incentive for improving linkage between Director remuneration and business performance and achieving sustainable growth for the purpose of strengthening governance and increasing medium term corporate value, the Company is introducing a restricted stock remuneration plan to be allotted to the Directors excluding Outside Directors, from fiscal 2019.

For details, please see II 1. [Incentives].

**(10) [Supplementary Principle 4.3.3] Objective, timely and transparent procedures for the dismissal of a CEO**

a. 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 reasons 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.

b. 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 General Shareholders' Meeting.

**(11)[Principle 4.9] Independence Standards and Qualification for Independent (Outside) Directors**

Please see the below II.1 [Independent Directors/Audit & Supervisory Board Members] "Matters relating to Independent Directors/Audit & Supervisory Board Members" in this report, as well as 1.(1)"Eligibility" and 1.(3) "Independence" of "Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates", in the Appendix of the attached" Basic Policies on Corporate Governance".

**(12)[Supplementary Principle 4.10.1] Policy, authority and role, etc. regarding the independence of the Committee structure**

Please see the following:

- II 1. [Directors] "Committee's Name, Composition and Attributes of Chairperson" and its Supplementary Explanation
- Chapter 3. 10. Nomination Process and 11. Process of Determining Remuneration in the attached "Basic Policies on Corporate Governance"

**(13)[Supplementary Principle 4.11.1] A view on the balance, diversity and Board size, and policies and procedures for nominating directors.**

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

- 5 of the 11 Directors (8 men and 3 women) and 2 of the 4 Audit & Supervisory Board Members (2 men and 2 women) have been appointed from outside the Company to incorporate perspectives independent from business execution, strengthen monitoring and oversight functions, and conduct highly transparent management. Our company selects the skills necessary to ensure the effectiveness of the Board of Directors, creates a skills matrix, and confirms that the Board as a whole has the necessary skills. The Board of Directors as a whole strives to ensure diversity, including gender, race and nationality, while considering the balance of knowledge, experience and abilities of the Board of Directors as a whole.
- In addition to meeting the eligibility requirements under the Companies Act and the Insurance Business Act, outside directors are selected based on their skills in areas such as corporate management, human resources, human resource development and legal affairs, which are generally required. In addition, outside directors are selected based on their skills based on the characteristics of our group's business, such as insurance business and internationality, as well as their knowledge and experience in areas such as IT and digital sustainability.
- Director candidates other than Outside Director candidates must meet legal eligibility requirements. In addition, with the goal of selecting candidates able to accurately and fairly supervise the overall management of insurance companies, candidates are selected based on consideration of specialized expertise, such as that stemming from extensive experience working as a manager in an insurance company as well as on consideration of varied experience, highly specialized experience, and the ability to exercise leadership in accordance with the Company's corporate philosophy.
- At least one candidate for Audit & Supervisory Board Member shall have sufficient knowledge of accounting or finance. One of the two Outside Audit & Supervisory Board Members is qualified as a certified public accountant and has specialized knowledge of finance and accounting.
- Skills Matrix of the Board
  - \* Please see the attached "Skills Matrix of Director, Audit & Supervisory Board Member and Executive Officer".
  - \* The Company deliberated regarding skills necessary to assure the effectiveness of the Board of Directors (knowledge, experience, and capability), and from the standpoint of supervising the decisions made and execution of duties on matters required for management strategy, we set forth the following.
    1. Base skills that are generally required  
"Corporate management", "human resources and human asset development", "legal affairs and compliance and internal audit", "risk management" and "finance and accounting"
    2. Skills complementing the fact that the core business of the MS&AD Group is insurance, and that we engage in business globally  
"Insurance business" and "internationality"
    3. Skills that take into account our current business environment and that are necessary to address business reform and issues considered important by the market  
"IT and digital" and "sustainability"
      - Furthermore, regarding Audit & Supervisory Board Members, we also consider "finance and accounting" to be important skills.
      - As demonstrated in the "Skills Matrix of Director, Audit & Supervisory Board Member and Executive Officer" we believe that the Board of Directors as a whole has the necessary skills.

- b. Criteria for the Selection of Director Candidates  
Please see “Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates” in the Appendix of the attached “Basic Policies on Corporate Governance”.
- c. Overview of the Director Appointment Process  
Regarding the appointment of Directors, upon deliberation by the Nomination Committee, the Board of Directors determines its candidate(s), whose appointment is then decided by the Shareholders’ Meeting.  
Please see the below II.1 “Committee’s Name, Composition, and Attributes of Chairperson” Supplementary Explanation “1. Nomination Committee (Nomination Process)”.

**(14)[Supplementary Principle 4.11.2] A status for concurrent positions of Outside Directors and Outside Audit & Supervisory Board Members**

- a. Outside Directors  
Please see the below II.1 [Directors]“Outside Directors’ Relationship with the Company(2)Supplementary Explanation of the Relationship”.
- b. Outside Audit & Supervisory Board Members  
Please see the below II.1 [Audit & Supervisory Board Members] “Outside Audit & Supervisory Board Members’ Relationship with the Company (2)Supplementary Explanation of the Relationship”

**(15)[Supplementary Principle 4.11.3] Disclosure of summary results of analysis and evaluation of overall effectiveness of the Board of Directors**

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1. Analysis and Evaluation Process

- As noted in Chapter 3.5 of the attached “Basic Policies on Corporate Governance,” an analysis and evaluation of the overall effectiveness of the Board of Directors is conducted annually.

An outline of the analysis and evaluation of the effectiveness of the Board of Directors for FY 2023 is as follows.

- (1) Questionnaires conducted for all Directors’ self-evaluation and board evaluation
  - 12-item questionnaire (composition of questions based on the role, responsibilities, and management of the Board of Directors) and a gap analysis on the importance and appropriateness of the board proposal were distributed, incorporating external knowledge. The questionnaire was conducted in the form of an interview by the secretariat. In addition, the status of responses to inappropriate behavior that occurred at insurance companies was confirmed.
  - We also checked whether measures to improve the functions of the Board of Directors in fiscal 2022 (measures to improve the functions of the Board of Directors in fiscal 2023) have been implemented.
- (2) Exchange of opinions at the Outside Director Council
  - At a meeting of the Outside Director Council (consisting of all the Outside Directors), Outside Directors exchanged opinions about analysis and evaluation based on the results of the questionnaire.
- (3) Summary of analysis and evaluation by the Governance Committee
  - The Governance Committee (The Company consists of all outside directors, the Chairperson of the Board, the Vice Chairperson of the Board and the President.) conducted analysis and evaluation based on the results of the exchange of opinions at the meeting of the Outside Board of Directors. In addition, we drew up measures to improve the functions of the Board of Directors in fiscal 2024, utilizing expert knowledge from consulting firms.
- (4) Initiatives in Fiscal 2024
  - We will promptly commence and strengthen measures for improving capabilities in fiscal 2024, and link them to a PDCA cycle aimed at enhancing effectiveness.

2. Summary of the Results of Analysis and Evaluation

Based on the content of discussions at the Board of Directors meeting in fiscal 2023, the performance of functions, operational aspects, and the status of training and information provision to outside officers, the following results were obtained.

- (1) Fiscal 2023 Initiatives and Board of Directors Evaluation Results
  - All Directors strongly recognize that the Medium-Term Management Plan is a commitment to internal and external stakeholders, and full information is shared and discussed about progress management and countermeasures, and the best efforts are made to realize the plan.
  - Executive study sessions on highly specialized areas were held, and the knowledge of individual directors was enhanced. This contributed to the improvement of the quality of discussions on the board as a whole. It is necessary to continue the study sessions on the areas closely related to the insurance business.
  - Business investment is being fully discussed at an early stage. However, it is desirable to enhance the explanation of the direction of new business investment and the reversal of past business investment.
  - Insufficient penetration of the Management Philosophy, etc. into the front line is considered to be one of the causes of the insurance premium adjustment problem, etc., and it is
- (2) Measures to improve functions in fiscal 2024
  - With regard to business investment projects, opportunities will be provided to deepen discussions on the positioning of overseas businesses in the overall strategy and the explanation of the past history at the time of the capital increase.
  - Opportunities will be expanded to provide explanations on the long-term direction and outlook for growth strategies and capital policies (including shareholder returns) by utilizing opportunities at board meetings and executive study sessions.
  - Efforts will be made to improve the analysis method of employee awareness surveys, as well as to confirm the status of the penetration and implementation of management principles among employees by holding tours of the front lines of insurance business companies and continuing to exchange opinions with overseas management.

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**(16)[Principle 4.14] [Supplementary Principle 4.14.1] [Supplementary Principle 4.14.2] Criteria for Directors and Audit & Supervisory Board Members Training**

Please see Chapter 3.8 "Support Systems for Directors and Audit & Supervisory Board Members" in the attached "Basic Policies on Corporate Governance".

**(17)[Principle 5.1] [Supplementary Principle 5.1.2]Policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders**

**<Policy for Constructive Dialogue with Shareholders>**

**(17)-1. Basic Approach**

The Company will actively engage in constructive dialogue with shareholders for the Company's sustained growth and enhancement of its medium- to long-term enterprise value, and will endeavor to generate further enterprise value by utilizing such dialogue in managing the Company.

In addition, the Company is engaged in establishing internal structure for disclosure of reliable information that can form a foundation for this dialogue, and in creating mechanisms to more effectively provide management and the Board of Directors with feedback regarding the content of such dialogue.

**(17)-2. Control Manager for Constructive Dialogue**

This shall be Executive Officer (responsible for the Corporate Communications and Investor Relations Department).\*

\* Tetsuji Higuchi, Representative Director, Executive Vice President, Chief Financial Officer (responsible for the Corporate Planning Dept. and the Corporate Communications and Investor Relations Dept.), is currently in charge of this assignment.

**(17)-3. Specific efforts regarding constructive dialogue with shareholder**

a. The Corporate Communications and Investor Relations Department, which assists with shareholder dialogue, and various other departments within the Company, and efforts to expand means of dialogue. [Supplementary Principle 5.1.2(ii)(iii)]

- Holding regular meetings for the Corporate Communications and Investor Relations Department to provide feedback to other relevant departments
- Holding investor briefings led by the heads of each business unit
- Holding exchanges of opinion with investors for the purpose of dialogue between senior management and investors
- Enhancement of the Integrated Report (Annual Report), a tool for constructive dialogue.

b. Measures for providing senior management and the Board of Directors with feedback regarding shareholder dialogue [Supplementary Principle 5.1.2(iv)]

- Semiannual IR activity reports and feedback on the equity market's perspective of the Company to the Group Management Committee and the Board of Directors.
- Quarterly reports to senior management on the status of the Company's share price.
- Reports to senior management on areas of interest and evaluation of investors regarding overseas IR trips and financial results announcements.

c. Measures concerning control of insider information in the course of shareholder dialogue [Supplementary Principle 5.1.2(v)]

- Timely and fair disclosure of information fully utilizing the Company's website
- Compliance with rules on the prevention of insider trading, etc., and refraining from dialogue related to earnings in the quiet period established in the IR policy.

d. Implementation status of dialogue with shareholders, etc

- Please refer to pages 85-86 of the Integrated Report (Annual Report).

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

**(18)Status of enactment of principles other than the above**

a. [Principle 1.3] Basic Capital Management Policy; [Principle 5.2] Formulation and Announcement of Management Strategy and Management Plans

In the Group's Medium-term Management Plan, we have established the Shareholder returns policy and an the Investment policy, and have set targets for financial soundness, profitability, and capital efficiency.

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

[Shareholder returns policy]

- We aim to ensure shareholder return based on shareholder dividends and repurchase of own shares by adopting a benchmark of 50% of Group Adjusted Profit (Note 1).
- Under the medium-term management plan (FY2022-FY2025) Stage 2, for the basic return, we increase dividends per share in line with the growth of profit. In principle, the Company does not reduce ordinary dividends. It will distribute a portion of the profits gained from the acceleration of sales of strategic equity holdings to shareholders as special dividends.\*
  - \* Extra dividends paid to shareholders when exceptional profits are posted in addition to the ordinary dividends paid each accounting period.
- Provide additional returns in an agile and flexible manner, in light of market trends, the business environment, capital position and other factors.

[Investment Policy]

Strengthen: Investment to strengthen the competitiveness of existing businesses

- We will carry out investments that demonstrate a strong awareness of ROI, including investments aimed at promoting digitalization, such as investments in information systems.

Expand: Investment to diversify and expand the business portfolio

- We will consider the investments from the perspectives of shared values, sustainable growth models and risk diversification in terms of geography and business category.
- The targets include the United States, the world's largest nonlife insurance market, and Asia, where growth is expected.

Innovate: Investment to create new business territories

- Investment to search for technologies and business models that will be game changers over the next 3 to 5 years

[Financial soundness]

- The ESR target range is between 180% ~ 250% in order to accumulate capital to support business investments and to make investments flexibly.

[Measures to realize management that is conscious of capital costs and stock prices]

- We will achieve a Group Adjusted Profit of JPY 760.0 billion (JPY 450.0 billion if the effect of the sale of strategic equity holdings is excluded) and a Group Adjusted ROE of 16% (10% if the effect of the sale of strategic equity holdings is excluded). (Note 2) in fiscal 2025.
- For details of our specific initiatives to increase corporate value and the current status of these initiatives, please refer to “Capital Policy and Shareholder Return Policy” and Integrated Report (Annual Report) on our company website.

< our website >

Capital Policy and Shareholder Return Policy

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

< Financial and Capital Strategies >

Please refer to pages 35-38 of the Integrated Report (Annual Report).

[https://www.ms-ad-hd.com/en/ir/library/disclosure/main/015/teaserItems2/0/link/MSAD2023\\_E.pdf](https://www.ms-ad-hd.com/en/ir/library/disclosure/main/015/teaserItems2/0/link/MSAD2023_E.pdf)

< our website >

Please refer to pages 19-21 of Handouts (FY2024 First Information Meeting).

[https://www.ms-ad-hd.com/en/ir/event/presentation/main/0111111/teaserItems1/04/linkList/00/link/20240527\\_E\\_2.pdf](https://www.ms-ad-hd.com/en/ir/event/presentation/main/0111111/teaserItems1/04/linkList/00/link/20240527_E_2.pdf)

Note1: Group Adjusted Profit is the MS&AD Insurance Group’s own profitability indices. They are calculated by the following formula.

Group Adjusted Profit = consolidated net income + provision\*<sup>2</sup> for catastrophe loss reserve and others\*<sup>1</sup> – other incidental factors (amortization of goodwill and other intangible fixed assets and others) + equity in earnings of the non-consolidated Group companies

\*<sup>1</sup> Catastrophe reserves, contingency reserves and reserve for price fluctuation of domestic non-life insurance business and MSI Aioi Life

\*<sup>2</sup> Subtraction in case of reversal

Note 2: Group Adjusted ROE = Group Adjusted Profit ÷ Adjusted net assets\*<sup>3</sup> (average of beginning and ending amounts of B/S)

\*<sup>3</sup> Adjusted Net Assets = Consolidated net assets + Catastrophe reserve and others - Goodwill and other intangible fixed assets

b. [Supplementary Principle 3.1.2] Disclosure in English

The Company has disclosed and provided the following required documents in English.

Notice of Convocation of Shareholders Meeting, Notice of Resolutions of Shareholders Meeting, Summary of Financial Statements, Timely Disclosure, Corporate Governance Report, Integrated Report (Annual Report)

c. [Principle 4.8] [Supplementary Principle 4.8.1] [Supplementary Principle 4.8.2] Independent (Outside) Directors

The Board of Directors consists of 11 members (8 men and 3 women), and more than 1/3 of the directors (5 members) are independent outside directors.

Aiming to enable Outside Directors to engage freely in constructive discussions and opinion exchanges, we have formed the following committee and meetings.

- Governance Committee
- Outside Directors Council
- Outside Directors and Outside Auditors Joint Council

(a) Governance Committee

The Governance Committee whose chairperson is elected by mutual vote of the Outside Directors has been established for the purpose of discussion by all Outside Directors, Chairman & Director, Vice Chairman & Director and President regarding matters related to the status of policies regarding and stance on corporate governance. The Governance Committee met twice in fiscal 2023.

(b) Outside Director Council

We have established an Outside Director Council, whose members are only Outside Directors.

The Governance Committee uses discussions within the Outside Director Council as a basis to discuss matters with Chairman & Director, Vice Chairman & Director and President and also make recommendations to the Board of Directors as required. The Outside Director Council met once in fiscal 2023.

(c) Outside Directors-Audit & Supervisory Board Members Joint Council

The Joint Meeting of Outside Directors and Audit & Supervisory Board Members has been established to deepen cooperation between Outside Directors and Audit & Supervisory Board Members. The meeting was held twice in fiscal 2023.

d. [Principle 4.12] [Supplementary Principle 4.12.1] Efforts to encourage active discussion at meetings of the Board of Directors

For the overview, please refer to the attached MS&AD Insurance Group Basic Policies on Corporate Governance, Chapter 3, 4. Operation of the Board of Directors.

The following efforts have been implemented to encourage active discussion at meetings of the Board of Directors.

- Materials for the proceedings are distributed in advance, with supplementary explanations provided during meetings of the Board of Directors. The Corporate Planning Department, which serves as secretariat for the Board of Directors, also provides explanations in advance to Outside Directors and Outside Audit & Supervisory Board Members.
- To encourage attendance, members of the Board are notified of the annual schedule of meetings, which is determined in advance, basically ensuring an attendance rate of 75% or greater.
- Agenda items are set appropriately based on a once-monthly meeting schedule, with additional meetings held as required. Care is taken to ensure sufficient time for discussion based on the number of agenda items.
- For efforts in fiscal 2023 refer to (15) [Supplementary Principle 4.11.3] Disclosure of summary results of analysis



and evaluation of overall effectiveness of the Board of Directors.

## 2. Capital Structure

Foreign Shareholding Ratio	more than 30%
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### 【Status of Major Shareholders】

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	75,762,300	14.29
Toyota Motor Corporation	52,610,933	9.92
Nippon Life Insurance Company	36,325,258	6.85
Custody Bank of Japan, Ltd. (Trust account)	26,808,460	5.06
JP MORGAN CHASE BANK 380055	13,037,914	2.46
STATE STREET BANK WEST CLIENT - TREATY 505234	9,163,679	1.73
JPMorgan Securities Japan Co., Ltd.	7,631,932	1.44
SSBTC CLIENT OMNIBUS ACCOUNT	7,036,305	1.33
STATE STREET BANK AND TRUST COMPANY 505103	6,555,279	1.24
JP MORGAN CHASE BANK 385781	6,501,510	1.23

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

### Supplementary Explanation

- “Status of Major Shareholders” above is based on the register of shareholders as of March 31, 2024.
- “Percentage” in “Status of Major Shareholders” above shows the ratio of the number of shares held by such shareholder to the total number of the outstanding shares (excluding treasury shares).
- Regarding shares of the Company, BlackRock Japan Co., Ltd. submitted a change report as of December 5, 2022 pertaining to a report of possession of large volume, Sumitomo Mitsui Trust Asset Management Co., Ltd. submitted a change report as of August 4, 2023 pertaining to a report of possession of large volume and Nippon Life Insurance Company submitted a change report as of February 22, 2024 pertaining to a report of possession of large volume respectively. However, since the Company cannot confirm the number of shares substantially held by them as of March 31, 2024, such information is not disclosed in “Status of Major Shareholders” above.

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange(Prime Section) and Nagoya Stock Exchange (Premier Section)
Fiscal Year-End	March
Type of Business	Insurance
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or more, less than 300

## 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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## 5. Other Special Circumstances which may have Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Board of Corporate Auditors
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### 【Directors】

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (except holding concurrent post of President)
Number of Directors	11
Number of Outside Directors	5
Number of Independent Directors	5

### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*
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		a	b	c	d	e	f	g	h	i	j	k
Mariko Bando	From another company											
Junichi Tobimatsu	Lawyer											
Rochelle Kopp	From another company											
Akemi Ishiwata	From another company											
Jun Suzuki	From another company											

\* Categories for “Relationship with the Company”

\* “○” when the director presently falls or has recently fallen under the category;

“△” when the director fell under the category in the past

\* “●” when a close relative of the director presently falls or has recently fallen under the category;

“▲” when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/Audit & Supervisory Board Members

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company Outside Directors/Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

#### Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Mariko Bando	○	Chairperson of the board, Showa Women's University Outside Director, Mitsubishi Research Institute, Inc. Outside Director, Itoki Corporation	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. We expect to continue to draw that insight and experience and have her supervise the management and provide advice on management overall from her expert perspective, particularly in regard to promoting diversity.
Junichi Tobimatsu	○	Attorney-at-law, GAIEN PARTNERS Outside Director (Auditor), CANDEAL Co., Ltd	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. We expect to continue to draw that insight and have him supervise the management and provide advice on management overall from his expert perspective, particularly in regard to securing soundness of the management of the Group.
Rochelle Kopp	○	Managing Principal, Japan Intercultural Consulting Outside Director, Lightworks Corporation	Ms. Rochelle Kopp has a wealth of insight into cross-cultural communication and experience in both Japan and the U.S. as a management consultant. We expect to continue to draw that insight and experience and have her supervise the management and provide advice on management overall from her expert perspective, particularly in regard to the Group's global expansion.
Akemi Ishiwata	○	-	Ms. Akemi Ishiwata has a wealth of insight on sustainability gained from previously serving as Executive Officer of Kao Corporation, leading its ESG activities. She also has experience as a general manager in charge of public relations and corporate branding. We expect to draw that insight and experience and have her supervise management and provide advice on management overall from her broad perspective.
Jun Suzuki	○	Outside Director, Idemitsu Kosan Co., Ltd	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.
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Remuneration Committee
All Committee Members	8	8
Full-time Members	0	0
Inside Directors	3	3
Outside Directors	5	5
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

For the purpose of maintaining high transparency, the Company has formed the Nomination Committee and Remuneration Committee as internal committees of the Board of Directors. Please note that these 2 committees comprise 8 members each, and the chairpersons and other members are appointed from among members of the Board of Directors. With respect to each of the 2 committees, a majority of the members and the chairperson have been appointed from among the Outside Directors.

**1. Nomination Committee (Nomination Process) <At least once a year>**

- The Nomination Committee deliberates on major management personnel matters and provides advice on these matters to the Board of Directors. Such matters include the selection of candidates for the positions of Director, Audit & Supervisory Board Member, and Executive Officer of the Company as well as the selection of Directors and Audit & Supervisory Board Members for domestic insurance companies in which the Company has direct investments.
- Outside directors shall comprise a majority of Committee members and the Committee chairman, who shall be selected by the Board of Directors. In fiscal 2024, after the Regular General Shareholders' Meeting, the Committee has 8 members made up of all 5 outside directors, Chairman & Director, Vice Chairman & Director and President.
- With respect to the evaluation of candidates for Director and candidates for Executive Officer, evaluation items include performance evaluations (corporate performance) and other items.
- The Board of Directors appoints candidates for Director as well as candidates for Audit & Supervisory Board Member and Executive Officers based on advice from the Nomination Committee. The utmost respect is given to that advice in making selections. The consent of the Audit & Supervisory Board must be obtained for candidates for Audit & Supervisory Board Member.
- From the perspective of making effective discussions to strengthen corporate governance at the Nomination Committee, policy for selecting candidates for Directors and Audit & Supervisory Board Members is added to the deliberation items. It has been clarified that the Nomination Committee shall meet at least once a year.
- In fiscal 2023, the Nomination Committee met 5 times, and held discussions on issues, including the selection of candidates for Outside Auditor.
  - Please see “Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates” in the Appendix of the attached “Basic Policies on Corporate Governance”.

**2. Remuneration Committee<At least once a year>**

- This committee advises the Board of Directors regarding the remuneration of Directors and Executive Officers of the Company as well as the remuneration systems for management of domestic insurance companies in which the Company has direct investments.
- Outside directors shall comprise a majority of Committee members and the Committee chairman, who shall be selected by the Board of Directors. In fiscal 2024, after the Regular General Shareholders' Meeting, the Committee has 8 members made up of all 5 outside directors, Chairman & Director, Vice Chairman & Director and President.
- From the perspective of making effective discussions to strengthen corporate governance at the Remuneration Committee, policy for remuneration of Directors and Executive Officers is added to the deliberation items. It has been clarified that the Remuneration Committee shall meet at least once a year.
- In fiscal 2023, the Remuneration Committee met 1 time.
  - For an overview of the process of determining remuneration, see the “Disclosure Regarding Policies for Determining Amount of Remuneration and Method of Calculation” below.

**[Audit & Supervisory Board Member]**

Establishment of Board of Auditors	Established
Maximum Number of Audit & Supervisory Board Member Stipulated in Articles of Incorporation	6

Number of Audit & Supervisory Board Member	4
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Cooperation among Audit & Supervisory Board Member, Accounting Auditors and Internal Audit Departments

**1. Cooperation between Audit & Supervisory Board Member and Accounting Auditor**

Audit & Supervisory Board Members shall receive reports and explanations on plans, operations and outcomes of auditing from the Accounting Auditor in regular liaison meetings with the Accounting Auditor, also attended by the Internal Audit Department, and various issues on accounting audit shall be discussed when necessary. Furthermore, Audit & Supervisory Board Members shall make an effort to share information with the Accounting Auditor, such as providing information obtained in audit activities that is useful for audits by the Accounting Auditor.

**2. Cooperation between Internal Audit Department and Audit & Supervisory Board Members (and Directors)**

The Company has established an internal audit department, the head of which reports directly to the Board of Directors on the outcome of its activities, thus sharing information with all Directors and Audit & Supervisory Board Members. Audit & Supervisory Board Members also share opinions with the department on such matters as planned internal audits and/or their progress, in addition to collecting every audit report issued by the department.

**3. Cooperation between Accounting Auditors and the Internal Auditing Department**

When so required, the Accounting Auditors and the Internal Auditing Department share information, and are working to strengthen cooperation between them in order to conduct proper audits.

Appointment of Outside Audit & Supervisory Board Member	Appointed
Number of Outside Audit & Supervisory Board Member	2
Number of Independent Audit & Supervisory Board Member	2

Outside Audit & Supervisory Board Member's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Kyoko Uemura	Lawyer														
Taisei Kunii	Certified public accountant														

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Audit & Supervisory Board Member of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Audit & Supervisory Board Member

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)

k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)

m. Others

Outside Audit & Supervisory Board Member's Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Kyoko Uemura	○	Attorney-at-Law, Miyama, Koganemaru & Associates	As a legal professional, Ms. Kyoko Uemura has held a number of posts, including a judge and attorney-at-law. She has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on her knowledge and experience. We propose to reappoint her as Outside Audit & Supervisory Board Member in order to draw on her knowledge and experience in the management of the Company.
Taisei Kunii	○	Outside Corporate Auditor, SUMITOMO CORPORATION LTD.	As an expert in accounting and auditing, he has been engaged in practice as a certified public accountant for many years, and would like his knowledge and experience to be reflected in the management of the Company at the Board of Directors of the Company, etc.

**[Independent Directors/Audit & Supervisory Board Members]**

Number of Independent Director/Audit &amp; Supervisory Board Member

7

Matters relating to Independent Directors/Audit &amp; Supervisory Board Members

**1. Outline**

5 Directors and 2 Audit & Supervisory Board Members have been appointed from outside the Company to incorporate perspectives independent from management, strengthen monitoring and oversight functions, and conduct highly transparent management.

Please note that there are no concerns that the interests of these Outside Directors and Outside Audit & Supervisory Board Members of the various companies will be in conflict, in terms of human, capital, transactions, or other relationships, with the interests of shareholders in general. These Directors and Audit & Supervisory Board Members are independent, and their names as independent outside officers have been filed with the Tokyo Stock Exchange Co., Ltd., and Nagoya Stock Exchange Co., Ltd.

**2. [Principle 4.9] Independence standards and qualification for independent directors**

Outside Directors adopt a perspective independent of management, strengthen monitoring and supervisory functions, and contribute to ensuring highly transparent management. In addition, by receiving advice on overall management based on the work histories, backgrounds, and knowledge of Outside Directors, we can ensure a system that enables them to make important business execution decisions appropriately.

The Company has formulated "Criteria for the Appointment of Director Candidates and Audit & Supervisory Board Member Candidates" as described in the attached "Attachment to the Basic Policy on Corporate Governance," and the qualifications and qualifications are specified in 1. (1) of the criteria. In addition, 1. (3) sets forth the independence from the Company when appointing Outside Officers.

**3. In the section on "Applicable Supplemental Information," the minimum criteria set by the company for transactions to be noted as attributes for Outside Directors are summarized as follows:**

- (1) If the amount of transactions with the Company is less than 2% of the annual net sales of the Company or the other party;
- (2) A consultant, accounting professional, or legal professional who has received, other than officer compensation, average cash or other financial benefits of less than 10 million yen per year for the past 3 years from the Company or subsidiaries of the Company;

**[Incentives]**

Incentive Policies for Directors

Performance-linked Remuneration / other

Supplementary Explanation

The Company has introduced performance-based remuneration (linked to corporate and personal performance) into its corporate officer remuneration system. Please refer to [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods below.

In order to realize a director remuneration system functioning as an appropriate incentive for improving linkage between director remuneration and business performance and achieving sustainable growth for the purpose of strengthening governance and increasing medium term corporate value of the Group, the Company has introduced a restricted stock remuneration plan for Directors (excluding Outside Directors). The plan involves granting treasury stock or new stock (allotment of restricted stock) by replacing a portion of the Company's performance-based monetary remuneration with monetary remuneration receivables provided by means of contribution in kind.

The Company introduced the same system as mentioned above and granted treasury stock or new stock (allotment of restricted stock) to the Company's executive officers and the Directors (excluding Outside Directors) and Executive Officers of Group domestic insurance companies in which the Company has direct investments, by replacing a portion of the Company's performance-based monetary remuneration with monetary remuneration receivables provided by means of contribution in kind.

Recipients of Stock Options

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Supplementary Explanation

**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration

Selected Directors

Supplementary Explanation

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

&lt;Total amounts of remuneration to Directors and Audit &amp; Supervisory Board Members for fiscal 2023&gt;

(Millions of yen)

	Total amount of remuneration	Total amount of each type of remuneration		
		Fixed remuneration	Performance-linked remuneration	
			Monetary remuneration	Stock-based remuneration
Directors (7 persons*)	352	181	133	38

Audit & Supervisory Board Members (3 persons*)	56	56	-	-
Outside Officers (8 persons)	92	92	-	-

\* Excluding Outside Directors and Outside Audit & Supervisory Board Members

<Total amounts of consolidated remuneration amounting to 100 million yen or more>  
(including remuneration for corporate officer posts at main consolidated subsidiaries)

(Millions of yen)

	Total amount of consolidated remuneration	Total amount of each type of remuneration		
		Fixed remuneration	Performance-linked remuneration	
			Monetary remuneration	Stock-based remuneration
Director Yasuyoshi Karasawa	127	55	71	0
Director Yasuzo Kanasugi	101	56	21	23
Director Noriyuki Hara	139	65	42	30

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods
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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.

### 1. 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.

### 2. Decision process

#### (1) Remuneration for Directors

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

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

#### (2) 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.

### 3. Overview of remuneration

#### (1) Composition of remuneration

	Fixed remuneration	Performance-linked remuneration	
		Monetary remuneration	Stock-based remuneration
Directors (excluding Outside Directors)	✓	✓	✓
Outside Directors	✓	-	-
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 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 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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## (2) 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.

## 4. Key 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.

### (1) 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
<ul style="list-style-type: none"> <li>• Group Adjusted Profit (*1)</li> <li>• Consolidated Net Income</li> <li>• Group Adjusted ROE (*2)</li> </ul>	<p>We have selected Group Adjusted Profit, which is an indicator of shareholder returns, Group Adjusted ROE, which is an indicator of capital efficiency, and Consolidated Net Income, which is a key indicator of business performance for the Group.</p> <p>* Following the introduction of IFRS, we plan to change the above indicators to "Net Income under IFRS" and "Adjusted ROE" on an IFRS basis.</p>

\*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)

### (2) 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"> <li>○ Value (creating value)</li> <li>○ Transformation (business transformation)</li> <li>○ Synergy (demonstrating Group synergy)</li> </ul>	<p>"Basic strategies" and "Platforms" that support the basic strategies have been selected as non-financial indicators in order to realize "A corporate group that supports a resilient and sustainable society," which is an aspiration of the Group's Medium-Term Management Plan (2022-2025).</p>
Platforms	<ul style="list-style-type: none"> <li>○ Sustainability</li> <li>○ Quality</li> <li>○ Human resources</li> <li>○ ERM</li> </ul>	

### (3) 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 the medium- to long-term, by having a higher ratio for non-financial indicators than financial indicators.

## 5. Resolutions related to officer remuneration at the Shareholders Meeting

### <Remuneration of Directors>

Shareholders Meeting held on June 25, 2018 [10th Annual Shareholders Meeting]  
Resolved that the maximum amount of remuneration of Directors in total (exclusive of wages as an employee payable to a Director also serving as an employee) shall be 500 million yen per year (of which remuneration for Outside Directors shall be no more than 100 million yen per year). The number of Directors was 12 (including 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 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 4 as at the close of the Annual Shareholders Meeting.

### [Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

Outside Directors are supported by the General Planning Department, and Outside Audit & Supervisory Board Members are supported by the Office of Audit & Supervisory Board Members.

Regarding proposals to be submitted to the Board of Directors, the General Planning Department, which is the secretariat of the Board of Directors, is staffed by Outside Directors and Outside Audit & Supervisory Board Members to provide advance explanations and provide necessary information.

In addition, important risk information, etc. is reported to all Directors and Audit & Supervisory Board Members regardless of whether they are internal or external.

- For more-detailed information, please see Chapter 3.8 “Support Systems for Directors and Audit & Supervisory Board Members” in the attached “Basic Policies on Corporate Governance”.

### [Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Toshiaki Egashira	Honorary Advisor, Mitsui Sumitomo Insurance	External relations in the business community (not involved in management)	Part time Without compensation	2016/6/22	Yearly contract
Yasuyoshi Karasawa	Standing Advisor, Mitsui Sumitomo Insurance	Advice related to management etc.	Full time With compensation	2024/6/24	Yearly contract
Masao Okazaki	Advisor, Aioi Nissay Dowa Insurance	Important external relations with Group companies (not involved in management)	Part time Without compensation	2006/6/29	Yearly contract
Hisahito Suzuki	Advisor, Aioi Nissay Dowa Insurance	Matters regarding support for nurturing human resources	Part time Without compensation	2021/6/25	Yearly contract

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.) : 4

### Others

1. Those who have formerly served as Chairman or President of the Company or its core subsidiaries (Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance; including their predecessors prior to the mergers) may be nominated as Advisors, etc. of the core subsidiaries as follows. We do not have a counsel system.

#### (1) Mitsui Sumitomo Insurance

Mitsui Sumitomo Insurance nominates former Chairman or President as “Senior Advisors (Jonin-Komons)” (with a term of office of up to 4 years). Persons who have retired as Senior Advisors (Jonin-Komons) may then be nominated as “Senior Advisors (Tokubetsu-Komons).” In either case, the term of office is up to the end of the fiscal year in which he/she turns 75 years old. Compensation is paid to those who will be newly nominated as Senior Advisors



(Jonin-Komons) in and after fiscal 2018, only for the period they were Senior Advisors (Jonin-Komons). In addition, those who retired as Senior Advisors may be titled “Honorary Advisor” without compensation.

(2) Aioi Nissay Dowa Insurance

Aioi Nissay Dowa Insurance may nominate former Chairman, vice Chairman, or former President as KOMONS; “Advisor” without compensation or “Senior Advisor”. Their contract term is up to 3 years.

2. Advisors, etc. do not participate in management meetings, meetings of the Board of Directors and any other internal meetings, and do not engage in management decision making in any form.

\* The dates listed under “Date when former role as president/CEO ended” are the most recent dates they retired as Chairman or president/CEO.

## **2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

### **(1) Matters on Functions of Business Execution and Oversight**

- For the Outline, please see the Chapter 3 in the attached “Basic Policies on Corporate Governance”.

#### **(1)-1 Board of Directors**

##### **a. Role of the Board of Directors [Principle 4.1] [Supplementary Principle 4.1.1]**

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

##### **b. Composition of the Board of Directors**

- More than one-third of the Board of Directors which has 11 members (8 men and 3 women) are nominated as Outside Directors to incorporate perspectives independent from management, strengthen monitoring and oversight functions, and conduct highly transparent management.

##### **c. Important responsibilities of the Board of Directors (determining the Group’s strategic direction and the management plan)**

- Under the Group’s Medium-Term Management Plan, the Board of Directors has put forward the Group’s Corporate Philosophy (Mission), Corporate Vision and Values (see III 3. Efforts Involving Respect for the Position of Stakeholders), and supervises its efforts to realize and achieve them.
- The Company will also appropriately monitor the progress of the “Great Business Style Reform ” initiative, which was established in Stage 2 of the Group’s Medium-Term Management Plan (2022-2025) and which will fundamentally review the way business is conducted in light of issues such as insurance premium adjustment.
- In formulating the Group’s Medium-Term Management Plan, constructive discussions were held at the Group Management Committee , followed by discussions at the Board of Directors and a resolution was made.
- In Stage 2 of the Group’s Medium-Term Management Plan (2022-2025), which began in fiscal 2024, decisions were made at meetings, including a fundamental review of business practices (a major reform of business style) in light of issues such as insurance premium adjustment.
- Regarding execution of the Group’s Medium-Term Management Plan, timely summarization is provided, a PDCA cycle is being run to achieve that plan based on discussions among the Board of Directors, and constructive discussions will continue to be held in the future. The Board of Directors also checks the progress of Medium-Term Management Plans for each of the Group’s operating companies. Note that explanations are provided at the General Shareholders’ Meeting and at Group Information Meetings.

#### **(1)-2 Governance Committee (About twice a year)**

The Chairperson of the Committee is elected from among the Outside Directors, and the Governance Committee is established for the purpose of making recommendations to the Board of Directors as necessary on matters related to the status of corporate governance, policies and systems by all Outside Directors, the Chairperson of the Board, the Vice Chairperson of the Board and the President. The Governance Committee met 2 times in fiscal 2023.

#### **(1)-3 Group Management Committee**

The role of the Group Management Committee is to discuss management policies, management strategies, and other matters that are key issues to the Company and the other Group companies. Regarding items determined by executive officers, the committee also monitors specific business operations by receiving reports on approved matters under the rules for the Group Management Committee. The Group Management Committee met 12 times in fiscal 2023.

#### **(1)-4 Task-Specific Committees**

The task-specific committees have been established to deliberate on various key management issues regarding the execution of operations as well as to coordinate perspectives across various departments. When necessary, the Director(s) and/or Executive Officer(s) in charge summarize the results of discussions in these committees and report them to the Board of Directors and/or the Group Management Committee.

##### **a. Sustainability Committee (About 4 times a year)**

The committee discusses matters related to the Group’s initiatives and plans related to sustainability, promotion of diversity, equity & inclusion, improvement of capability of human assets (Work Style Reforms) and policies and plans

related to branding strategy and advertising strategy of the entire Group. The Sustainability Committee met 4 times in fiscal 2023.

**b. Quality Improvement and Compliance Committee (About 4 times a year)**

The committee monitors issues in improving quality such as promotion of business operation on a customer-first basis, and compliance matters in pursuit of establishment of corporate ethics at the Group and each company, and deliberates and coordinates important matters related thereto. Quality Improvement and Compliance Committee met 4 times in fiscal 2023.

**c. Digitalization Committee (About 4 times a year)**

The committee deliberates and coordinates such issues as promotion of digitalization of the Group companies, and manages the progress thereof. The Digitalization Committee met 4 times in fiscal 2023.

**d. Group Systems Committee (About once a month)**

The committee deliberates, coordinates, and manages such issues as IT strategy, system risk management, and the large-scale system development of the Group companies. The Group Systems Committee met 14 times (including 7 times in writing) in fiscal 2023.

**e. Group International Business Committee (About 4 times a year)**

The Committee confirms and discusses the vision for International Business strategy (International Business investment, etc.) that contributes to sustainable Group growth. It also shares common understanding of issues regarding the role of International Business in strengthening overall Group profitability and demonstrating synergies, and confirms and discusses the direction of measures for handling those issues and their progress. The Group International Business Committee met 3 times (including once in writing) in fiscal 2023.

**f. ERM Committee (About 8 times a year)**

In order to improve the corporate value, financial soundness, capital efficiency and profitability of the entire Group, we discuss and coordinate the key issues such as portfolio reforms.

We also manage and monitor the following items.

- Risk / Return / Capital status
- Evaluation and management of business and products of each group company
- Risk management status

The ERM Committee met 9 times (including 5 times in writing) in fiscal 2023.

**g. Group Standardization Committee (About 4 times a year)**

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance have two distinctive fronts. In order to make it easier to invest in growth areas while taking advantage of diversity, competition and coordination are being conducted to promote the sharing and collaboration of middle and back divisions, in addition to dealing with conventional systems areas. Group Standardization Committee met 4 times (including twice in writing) in fiscal 2023.

**(2)Matters on Functions of Nomination and Remuneration**

■ **Matters on Functions of Nomination**

Please see the above II.1 “Supplementary explanation” 1.Nomination Committee (Nomination Process)

■ **Matters on Functions of Remuneration**

Please see the above II.1 “Disclosure of Policy on Determining Remuneration Amounts and Calculation”.

**(3)Matters on Functions of Auditing and Oversight**

**(3)-1 Audit & Supervisory Board Members and Audit & Supervisory Board**

**a. Roles and Responsibilities of Audit & Supervisory Board Members**

- As an independent entity entrusted with authority by the shareholders, the Audit & Supervisory Board Members are responsible for ensuring the sound and sustainable growth of the Company and the Corporate Group, and establishing good corporate governance in response to the public trust by supervising the performance of duties of the Directors, and work to maintain an independent position and a fair and unbiased attitude, acting in accordance with their own beliefs.
- Each Audit & Supervisory Board Member shall appropriately exercise his/her legal investigating authority, including the authority to audit operations and assets, and supervises the performance of duties of the Directors by attending meetings of the Board of Directors and other important meetings, viewing important approval documents, investigating departments within the Company, and investigating subsidiaries in accordance with the auditing policies and plans stipulated by the Audit & Supervisory Board.
- Audit & Supervisory Board Members participate in joint meetings of Outside Directors and Auditors, etc. and work to share information with Outside Directors.

**b. Composition and Roles of the Audit & Supervisory Board**

- The Audit & Supervisory Board comprises a majority of Outside Audit & Supervisory Board Members. As independent officers, Outside Audit & Supervisory Board Members have independence, and a significant degree of expertise and knowledge. Full-time Audit & Supervisory Board Members also have sophisticated information gathering capabilities based on extensive operational experience, and the organic combination of the 2 serves to enhance audit effectiveness.
- The Audit & Supervisory Board receives reports from Audit & Supervisory Board Members on the status of the performance of their duties and reports from officers and employees, etc. on important matters related to auditing, and also makes decisions regarding auditing policies and auditing plans.

**(3)-2 Appointment of Accounting Auditors, etc.**

- The Audit & Supervisory Board makes decisions regarding proposals submitted to the General Shareholders’ Meeting on the appointment or dismissal of Accounting Auditors. It also has the right to consent to decisions regarding remuneration of the Accounting Auditors.
- The Audit & Supervisory Board prepares criteria for appropriately selecting and evaluating Accounting Auditor. To promote appropriate accounting by the Accounting Auditors, measures are taken to confirm the independence, specialist capabilities, and other requisite characteristics of the Accounting Auditors.
- The Company has appointed KPMG AZSA LLC as its independent audit corporation. Please note that there are no special conflicts of interest between KPMG AZSA LLC and the Company.

**(3)-3 Efforts to Enhance Outside Audits**

- a. Prior to the external audit, we work with the Accounting Auditors to confirm schedules and provide information that can contribute to audit efficiency and effectiveness, ensuring sufficient time to conduct the audit.
- b. The Accounting Auditors meet for discussions with the Representative Director & President biannually (at the mid-term and at fiscal year end), and with officers in charge of accounting, etc. at fiscal year end.
- c. The Accounting Auditors work to coordinate with both the Audit & Supervisory Board Members and the Internal Audit Department by attending regular liaison meetings, while also exchanging opinions with each individually as needed.
- d. In the event the Accounting Auditors have pointed out deficiencies in internal control audits relating to financial reports, the department in charge promptly formulates measures for improvement, the implementation of which is verified by the internal auditors and the Accounting Auditors. The results of internal control audits and the status of improvement measures are reported to the ERM Committee (task-specific committee), and those results are then reported to the Board of Directors. A system is also in place for timely reporting in the event an internal control audit uncovers a deficiency that might be considered an important deficiency that should be disclosed.

#### (4) Conclusion of Agreements Limiting Liability

To ensure that Outside Directors and Outside Audit & Supervisory Board Members can fully perform the roles expected of them, the Company has entered into agreements with its Outside Directors (5) and Outside Audit & Supervisory Board Members (2) limiting their liability in the event of damage caused to the Company by the failure to perform the duties of Director or Audit & Supervisory Board Member, and providing that if those duties have been conducted in good faith and without gross negligence, the amount of liability shall be limited to the sum of the amounts stipulated in the items of Article 425, Paragraph 1 of the Companies Act.

### 3. Reasons for Adoption of Current Corporate Governance System

- As a company with an Audit & Supervisory Board, the Company will endeavor to improve governance by ensuring that independently appointed Audit & Supervisory Board Members appropriately act in their auditing functions, in addition to ensuring that the Board of Directors appropriately acts in its oversight functions, while strengthening the functions of each and actively disclosing information.
- The Company has formed the Governance Committee (The committee chairperson is the lead outside director. made up of all outside directors, Chairman & Director, Vice Chairman & Director and President) in addition to the Nomination Committee and Remuneration Committee (Both committee members a majority of the members and a chairperson each have been appointed from among the Outside Directors) as internal committees of the Board of Directors, thus building a highly effective and transparent corporate governance system.
- In addition to appointing executive officers, the Board of Directors aims to separate management decision making and oversight by the Board of Directors from business execution by executive officers by clarifying their respective roles.

Under the above structure, the Company believes that the Board of Directors is fully capable of carrying out its roles and responsibilities as required under Basic Principle 4 of the Corporate Governance Code.

- For governance structure, please see “Management Structure Diagram” described at the end of this report.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholders’ Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholders’ Meeting	In order to ensure shareholders have adequate time to consider the agenda for the General Shareholders’ Meeting, the Company works to send out notification early. Notification of the 16th Regular General Shareholders’ Meeting was sent out on Monday, June 3, 2024. The content of the notices is also published on TDnet and the Company’s website prior to their being sent.
Scheduling AGMs Avoiding the Peak Day	In the interest of enhancing constructive dialog with shareholders, General Shareholders’ Meetings are scheduled to avoid peak dates. The 16th Regular General Shareholders’ Meeting was held on Monday, June 24, 2024.
Allowing Electronic Exercise of Voting Rights	Allowing electronic exercise of voting rights via the internet.
Participation in Electronic Voting Platform	Participating in electronic voting platform.
Providing Convocation Notice in English	Providing Convocation Notice in English on our web site.
Other	Because the General Shareholders’ Meeting is an opportunity for constructive dialog with shareholders, the Company has put in place a suitable environment, as noted above and below, for the exercise of rights at the General Shareholders’ Meeting from the viewpoint of the shareholders and with the goal of operating the Meeting in a way that is easy to understand. <ul style="list-style-type: none"> <li>• Prior to its dispatch on Monday, June 3, 2024, Notice of Convocation was published on the Company’s website on Thursday, May 23, 2024.</li> <li>• Prior to the General Shareholders’ Meeting, the Company accepted questions through the Company’s website</li> <li>• In the event institutional investors owning shares in the name of a trust bank, etc. wish to exercise their voting rights at the General Shareholders’ Meeting, the Company shall review whether or not to allow said voting rights to be exercised based on discussion with the trust bank, etc. in whose name they are held.</li> </ul>

## 2. IR Activities

	Supplementary Explanations	Briefings conducted by the representative him/herself
Preparation and Publication of Disclosure Policy	The Company has established "MS&AD Insurance Group Basic Policy for Disclosure of Information" which stipulated basic stance, standards and methods for disclosure of information, and has posted it on the website. <a href="https://www.ms-ad-hd.com/en/group/value/dialogue/disclosure.html">https://www.ms-ad-hd.com/en/group/value/dialogue/disclosure.html</a>	
Regular Investor Briefings for Individual Investors	In addition to holding briefings at securities firms and elsewhere for individual investors, led by the executive officer in charge of the Corporate Communications and Investor Relations Department, briefings are also held several times a year by the General Manager of the Corporate Communication and Investor Relations Department or the person in charge of IR.	No

Regular Investor Briefings for Analysts and Institutional Investors	Information Meetings to explain management strategy are held twice a year, led by the President. Financial briefings (conference calls) are held quarterly, 4 times per year, led by the general manager of the Corporate Communications and Investor Relations Department, and the general manager of the Accounting Department. As part of an effort to enhance dialog under a stated Policy for Constructive Dialog with Shareholders, the Company holds discussion forums by the top management of each operating companies regarding particular businesses and exchange of opinions between investors and management including the Chairman and the President, with the goal of engaging investors in a constructive dialog.	Yes
Regular Investor Briefings for Overseas Investors	The President and the Senior Executive Officer in charge of Corporate Communications and Investor Relations visit North America, Europe and Asia regularly to meet with overseas investors. The Senior Executive Officer in charge of Corporate Communications and Investor Relations also participates in conferences for overseas investors hosted by securities firms. Presentations and Q&A transcripts from the above briefings for analysts and institutional investors are translated into English and posted on the Company website.	Yes
Posting of IR Materials on Website	The following materials are posted on the Company website ( <a href="https://www.ms-ad-hd.com/en/">https://www.ms-ad-hd.com/en/</a> ). <ul style="list-style-type: none"> <li>• Timely disclosure information including financial results (News release and topics)</li> <li>• Financial report and quarterly report</li> <li>• Materials for Information Meeting, video and summary of Q&amp;A session</li> <li>• Status of Corporate Governance</li> <li>• Stock and Bonds information including the notice of General Shareholders' Meeting.</li> <li>• Integrated Report (Annual Report), Sustainability Report and Shareholders newsletter.</li> </ul> Mail notifications are also sent out when a news release or other information is posted.	
Establishment of Department and/or Manager in Charge of IR	Officer in charge of IR : Tetsuji Higuchi, Representative Director, Executive Vice President, CFO Department in charge of IR : Corporate Communications and Investor Relations Department	
Preparation and Publication of Disclosure Policy	Information for timely disclosure and other IR disclosures are primarily made in Japanese through the website, as well as in English at a level that ensures no significant disparities arise. The Company is also constantly working to improve disclosures in English to ensure no gaps arise with disclosures in Japanese in terms of volume or timing of information disclosed.	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	We state in the "Chapter 2: Relationship with Stakeholders in the "Basic Policies on Corporate Governance" that we will fulfill our responsibilities to stakeholders based on the position of our stakeholders through active dialogue with our stakeholders. With regard to sustainability issues, we have established and published the "Business Activities with Consideration for Sustainability". <a href="https://www.ms-ad-hd.com/en/csr/summary/materiality.html">https://www.ms-ad-hd.com/en/csr/summary/materiality.html</a>  "MS & AD Insurance Group Basic Policy on Human Rights" stipulates and publicly announces that we recognize our responsibility for the actual and potential negative impact of our business activities on human rights, including the value chain, and we promote actions and dialogue that will show respect towards human rights. (URL for Policy on Human Rights and Human Rights Due Diligence) <a href="https://www.ms-ad-hd.com/en/csr/community/human_rights.html">https://www.ms-ad-hd.com/en/csr/community/human_rights.html</a>
Implementation of Environmental Activities, CSR Activities etc.	To realize its Corporate Philosophy (Mission) of "Contributing to the development of a vibrant society and helping secure a sound future for the earth," the Company is putting into practice "Story of Value Creation" as its business model, whereby the Company identifies and informs of risks arising from social issues, prevents risks from occurring or minimizes their impact, and reduces the economic burden in the case of a risk occurring.  In September 2020, we announced a commitment to considering sustainability issues in all business activities as "Business Activities with Consideration for Sustainability", which has been updated four times in June 2021, June 2022, May, and November 2023, as we aim to enhance corporate value by contributing to solutions for sustainability issues (also known as environmental, social and governance (ESG) issues) with a profound understanding through stakeholder engagement. (URL for " Business Activities with Consideration for Sustainability ") <a href="https://www.ms-ad-hd.com/en/csr/summary/materiality.html">https://www.ms-ad-hd.com/en/csr/summary/materiality.html</a>

	<p>In the Group’s Medium-Term Management Plan from April 2022, we defined “A corporate group that supports a resilient and sustainable society” as a qualitative target of our aspirations. For the Group to sustain growth in the future, with a presence widely supported by stakeholders in society, it is even more essential that it continues creating shared value (CSV) through corporate activities. Based on this recognition, we will implement the “Story of Value Creation” and realize a “resilient and sustainable society,” following SDGs (sustainable development goals) as our milestone.</p> <p>In September 2020, toward the realization of "resilient and sustainable society", we announced a commitment to considering sustainability issues in all business activities as “Business Activities with Consideration for Sustainability”. The commitment was updated four times in June 2021, June 2022, May and November 2023. (URL for "Business Activities with Consideration for Sustainability") <a href="https://www.ms-ad-hd.com/en/csr/summary/materiality.html">https://www.ms-ad-hd.com/en/csr/summary/materiality.html</a></p> <p>Furthermore, in May 2021, we reviewed our Green House Gas Emission reduction and have set and announced a goal of Net Zero Green House Gas emissions by FY 2050 “MS &amp; AD Insurance Group Initiatives To Achieve Net Zero By2050” to resolve the global risk of climate change. We also set 2030 interim targets for Green House Gas emission reduction and renewable energy use. In addition, we set interim targets for greenhouse gas emissions from insurance underwriting and investments in November 2023.</p> <p>We are committed to reducing our group’s Green House Gas emissions, and we will promote initiatives together with our customers, agents and other stakeholders. For details of the initiatives for net-zero transition, please see our website. <a href="https://www.ms-ad-hd.com/en/csr/community/main/0/teaserItems1/02/linkList/00/link/InterimTarget_en.pdf">https://www.ms-ad-hd.com/en/csr/community/main/0/teaserItems1/02/linkList/00/link/InterimTarget_en.pdf</a></p> <p>In addition, we have held our “Sustainability Contest” every year for all Group companies both inside and outside Japan in order to deepen Group employees’ understanding towards the importance of pursuing SDGs to incorporate these approaches into their day-to-day operations. Resolving social issues via the creation of new business models and sharing approaches among entire Group employees through the Sustainability Contest has led to a virtuous cycle that extends these approaches laterally across the Group. For details of the initiatives, please see our website. <a href="https://www.ms-ad-hd.com/en/csr/quality/contest.html">https://www.ms-ad-hd.com/en/csr/quality/contest.html</a></p>
Development of Policies on Information Provision to Stakeholders	<p>The Company adopted "MS&amp;AD Insurance Group Basic Policy for Disclosure of Information" for the purpose of communicating important information with our stakeholders in a manner that is accurate, timely and faire. <a href="https://www.ms-ad-hd.com/en/group/value/dialogue/disclosure.html">https://www.ms-ad-hd.com/en/group/value/dialogue/disclosure.html</a></p>
Other	<p>&lt; <b>Diversity, Equity &amp; Inclusion (DE&amp;I)</b> &gt;</p> <ul style="list-style-type: none"> <li>• Respecting each individual, accepting each other and making use of each other’s strengths, regardless of the external attributes of individuals such as race, gender or age or internal attributes such as religion, beliefs, background and values in order to demonstrate to the maximum extent diversity and diverse values, which are strengths of the Group.</li> <li>• We believe that it is important for core human assets, including those in management positions, to ensure diversity in knowledge and experience, such as experience, values, and expertise. We therefore actively appoint women, foreign nationals and mid-career hires to management positions.</li> <li>• In order to create an environment where each diverse employee can truly demonstrate their capabilities, and to realize the creation of new innovations and the enhancement of corporate value, we have incorporated the perspective of “Equity” and are promoting it as “DE&amp;I.”</li> </ul> <p><b>(1) Promoting Career Development for Women</b></p> <p>a. Women in management positions</p> <p>The Group believes that it is important for the “growth of employees” and the “growth of the company” that female employees take on the challenge of work and roles where they may be more active while leveraging their own strengths and characteristics. As a result of setting the target ratio of women in management positions*1 at 30% for fiscal 2030 (Group Domestic Total) and continually holding trainings, etc. to foster an awareness of increasing skill levels and advancing their careers in order to take on management positions, the number of women in management positions reached 1,278 and the ratio of women in management positions reached 21.6 % (as of April 2024) and is steadily increasing every year.</p> <p>In addition, the Group set a target for the ratio of female line managers*2 at 15% by fiscal 2030 and, as a result of working to achieve diversity at the decision-making level, has achieved this target, standing at 18.4% as of April 1, 2024.</p> <p>*1: Individuals serving in positions of manager and above *2: A management position involving the undertaking of line management</p> <p>And furthermore, the Group has the target ratio of hiring recruitment and permanent employees for women is 50 % or more, and had achieved them every year.</p> <p><b>[Share of management positions held by women]</b> Target for FY2030: 30% (Group Domestic Total)</p>

Following is the status of major group companies

	FY 2021		FY 2022		FY2023	
MSI	18.9%	(456)	21.4%	(514)	23.7%	(581)
ADI	16.2%	(403)	17.8%	(417)	20.0%	(471)
MD	17.3%	(22)	17.9%	(19)	19.3%	(21)
MSI Aioi Life	17.9%	(95)	21.4%	(108)	23.2%	(125)
MSI Primary Life	17.2%	(37)	17.7%	(39)	21.5%	(47)
The Company	15.7%	(41)	16.0%	(41)	13.4%	(33)
Total	17.5%	(1,054)	19.5%	(1,138)	21.6%	(1,278)

\* As of April 1 following the end of each fiscal year, figures in parentheses indicate number of persons

b. Female officers

The ratio of female members of the Board of Directors in the holding company (Directors + Audit & Supervisory Board Members) is currently 33.3% (5 out of 15). Moreover, while the ratio of female officers (Directors, Audit & Supervisory Board Members, and Executive Officers) serving at the Company is currently 25.9% (7 out of 27), in order to achieve the target of increasing the ratio to 30% or more by fiscal 2030, the Group has been implementing leadership training programs and mentor programs for women in management positions.

In order to build a “pipeline” for fostering candidates for female officer on a continuous basis, the Group has set up the Female Managers Committee, an organization made up of 100 or more female managers in total from each group company. The committee’s activities have included the exchange of opinions with Company officers. Some members of the committee have been appointed part-time director of affiliated companies. They are learning about management-level decision making.

c. Changing awareness of officers and management

Since fiscal 2021, Group officers have organized and presided over seminars for the employees of the Group companies as a venue for practicing and experiencing an inclusive leadership style that draws out and effectively utilizes a diversity of opinions. The initiative was designed to draw out a variety of opinions based on the diverse knowledge and experience of the participants in the seminar and to promote efforts to find new insights and create new value. This was done by having the officers demonstrate “inclusive leadership” while ensuring the emotional safety of employees.

We have also incorporated "inclusive leadership" into our training for managers, working to deepen their understanding of the importance of psychological safety and lead to improvements in management.

In addition, a DE&I evaluation factor was reflected in officers’ compensation and performance evaluations in order to enhance the effectiveness of diversity at the management level.

As initiatives to change awareness of management, the Company is undertaking management training and e-Learning to teach methods of understanding unconscious bias, “realizing” one’s own bias, and “controlling” this bias.

In addition we have positioned management that respects diversity regardless of nationality, gender, age or disability as an evaluation factor for those in management positions.

**(2) Appointment of Foreign Nationals**

The Group actively appoints overseas employees as officers of its overseas subsidiaries to promote global business expansion. In order to continue to promote the appointment of overseas employees, we have set the target for the “ratio of foreign managers among officers at overseas subsidiaries” to “above the current level” and are working to achieve this target.

[Ratio of appointment of foreign managers among officers at overseas subsidiaries]  
83.2% as December, 2023 (83.0% as December, 2022)

**(3) Appointment of Mid-career hires**

The Group actively appoints mid-career hires to management positions, and in order to continue to promote the appointment of mid-career hires, we have set the target for the “ratio of appointment of experienced-career hires among officers” to “above the current level” and are working to achieve this target.

[Ratio of appointment of experienced -career hires among officers]  
23.0% as of April 1, 2024 (22.6% as of April 1, 2023)  
(total for the Group’s 5 domestic insurance companies)

**(4) Employment of People with Disabilities**

- Group companies continue to engage in hiring activities to expand and anchor places of employment for the disabled. They are also adapting workplaces into friendly environments and developing duties performed by people with disabilities. As of April 1, 2024, the percentage of employees with disabilities stood at 2.60% (Group Domestic Total), which exceeds the minimum employment rate required by law.
- On June 1, 2018, the Company has established “MS&AD ABILITYWORKS Co., Ltd.” for the purpose of employing people with disabilities and enabling them to play active roles. MS&AD ABILITYWORKS Co., Ltd. establishes an environment where people with disabilities can maximize their abilities and aptitudes, and creates a workplace where people with disabilities can work actively. In addition, as a specialty institution within the Group for the employment of people with disabilities, the Company is working in collaboration with all Group companies to promote the employment of people with disabilities throughout the Group.

	<p><b>(5) Employment of the Elderly</b></p> <ul style="list-style-type: none"> <li>Group companies have a rehiring program for employees who have reached retirement age. This program allows employees to utilize their experience and skills and make full use of their capabilities. Participation can be renewed if required by the work involved and by the individual's job description, with employment available to a maximum of 65 years of age.</li> <li>In addition, from April 2024, MS&amp;AD Staff Service Co., Ltd. has started a "senior dispatch system." MS&amp;AD Staff Services employs employees of group companies who have completed their reemployment period after retirement as contract employees (permanent employment type) or temporary employees (registered temporary employment type), and employees of MS&amp;AD group companies and agencies. This is a system for working as temporary staff in We provide opportunities for people aged 65 to 70 to work as temporary staff by leveraging the experience and skills they have cultivated.</li> </ul> <p><b>(6) Promotion of Childcare Leave Taken by Male Employees</b></p> <p>In order to promote the uptake of childcare leave by male employees, the Group is proceeding with initiatives such as training to deepen understanding of the significance of childcare leave and the childcare system, and the establishment of the "Childcare Leave Workplace Support Allowance" (Congratulatory Money), which is a lump-sum payment for workplace members who are on childcare leave, with the aim of achieving a 100% parental leave uptake rate with four weeks taken for said leave.</p> <p>[Parental leave uptake rate by male employees and number of days taken] 89.9%, 12.1 days as of March 31, 2024.</p>
	<p><b>(7) Promotion of Diverse and Flexible Work Styles</b></p> <p>The Group establishes a working environment that enables employees to demonstrate their full potential, and connects the diversity of the Group to the enhancement of corporate value. For example, we promote efficient business operations by utilizing remote work, and we are also promoting diverse and flexible work styles such as by introducing job-based employment, relaxing our approach to side jobs and multiple jobs, and enabling employees to choose whether or not to relocate in accordance with their career vision, life events, etc.</p> <ul style="list-style-type: none"> <li>◆Internal Environment Policy For details of the Internal Environment Policy, please see pages 36-37 of "The 16th Financial Report".</li> <li>◆Human Assets Development Policy For details of the Human Assets Development Policy, please see pages 34-35 of "The 16th Financial Report".</li> </ul> <p>Information on efforts to promote the career development for women and other CSR-related reports are widely available on the Company's website at: <a href="https://www.ms-ad-hd.com/ja/csr/quality/diversity.htm">https://www.ms-ad-hd.com/ja/csr/quality/diversity.htm</a></p>

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

#### (1) Basic Views on Internal Control System

The Company has established its MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls, and has established the systems required under Japan's Company Law. In addition, we have made the "systems for assuring the reliability of financial reporting" to be an important perspective in the context of enhancing related systems.

Please see "MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls", adopted by the Board of Directors is on the Company's website.

<https://www.ms-ad-hd.com/en/group/value/group/system/main/01/teaserItems1/0/linkList/0/link/basicpolicy.pdf>

#### (2) Establishment of an Internal Control System

The Company has established a system in accordance with the MS & AD Insurance Group Basic Policy on Internal Control Systems. Every year, the Company inspects whether the system has been established and operated appropriately, and reports the results to the Board of Directors.

### 2. Basic Views on Eliminating Anti-Social Forces

#### (1) Basic Approach to Elimination of Antisocial Forces

The Company is working to put in place a system for the elimination of antisocial forces, to which it takes a resolute posture, ensuring that all employees aware that the Company refuses to respond to unreasonable, inappropriate demands.

#### (2) Status of Efforts to Eliminate Antisocial Forces

- The Company's "MS&AD Insurance Group Basic Policy Concerning Antisocial Forces" sets forth a common basic posture shared by all employees and officers and policies for responding to antisocial forces, and is published both inside and outside the Company.
- The Company has established an organization responsible for dealing with inappropriate demands from antisocial forces and a manual for dealing with such forces, both of which are published within the Company.
- The Company regularly works closely with outside specialist organizations including the police, Centers for Removal of Criminal Organizations and attorneys, etc., building a system for proactive gathering of information and consulting.
- The Company regularly conducts internal training regarding antisocial forces.



## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

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### 2. Other Matters Concerning to Corporate Governance System

[Outline of Timely Disclosure Structure]

#### (1) Basic Approach

The Company has formulated internal Rules. The objective of these Rules is to establish internal controls aimed at producing documents in a timely and appropriate manner for disclosure, to evaluate the effectiveness of disclosure control, and to establish disclosure controls and procedures for verifying the appropriateness of the contents of disclosure documents, based on the recognition that prompt, accurate and fair disclosure of corporate information is indispensable for MS&AD Group in ensuring compliance and fulfilling its corporate social responsibility in relation to disclosure.

#### (2) Internal Controls

##### a. ERM Committee

An ERM Committee has been established by resolution of the Board of Directors. The ERM Committee comprises officers and general managers in charge of corporate planning, risk management, accounting, and other departments related to information disclosure, and conducts deliberations regarding information disclosure and reviews the appropriateness of information to be disclosed.

##### b. Controls and Procedures Regarding Information Disclosure

Based on the internal Rules noted in (1) above, the departments listed below fulfill their respective roles, and regularly review the effectiveness of their internal controls and the appropriateness of their procedures.

- (a) The Company's individual departments and subsidiaries determine whether information disclosed in matters submitted to the Board of Directors and Group management meetings falls under matters for timely disclosure as stipulated by the stock exchanges.
- (b) In the event the information is deemed to fall under matters for timely disclosure as noted in (a), above, the Company's individual departments and subsidiaries then report that information to the general managers of the Human Resources and General Administration Department.
- (c) Upon receipt of the report noted in (b), above, the general managers of the Human Resources and General Administration Department will make the final determination of whether timely disclosure is required, and in the event the information falls under matters for timely disclosure, the information will be disclosed following the prescribed procedure.
- (d) The ERM Committee receives reports regarding the content of timely disclosures, and reviews the appropriateness of those disclosures.

<Attachments>

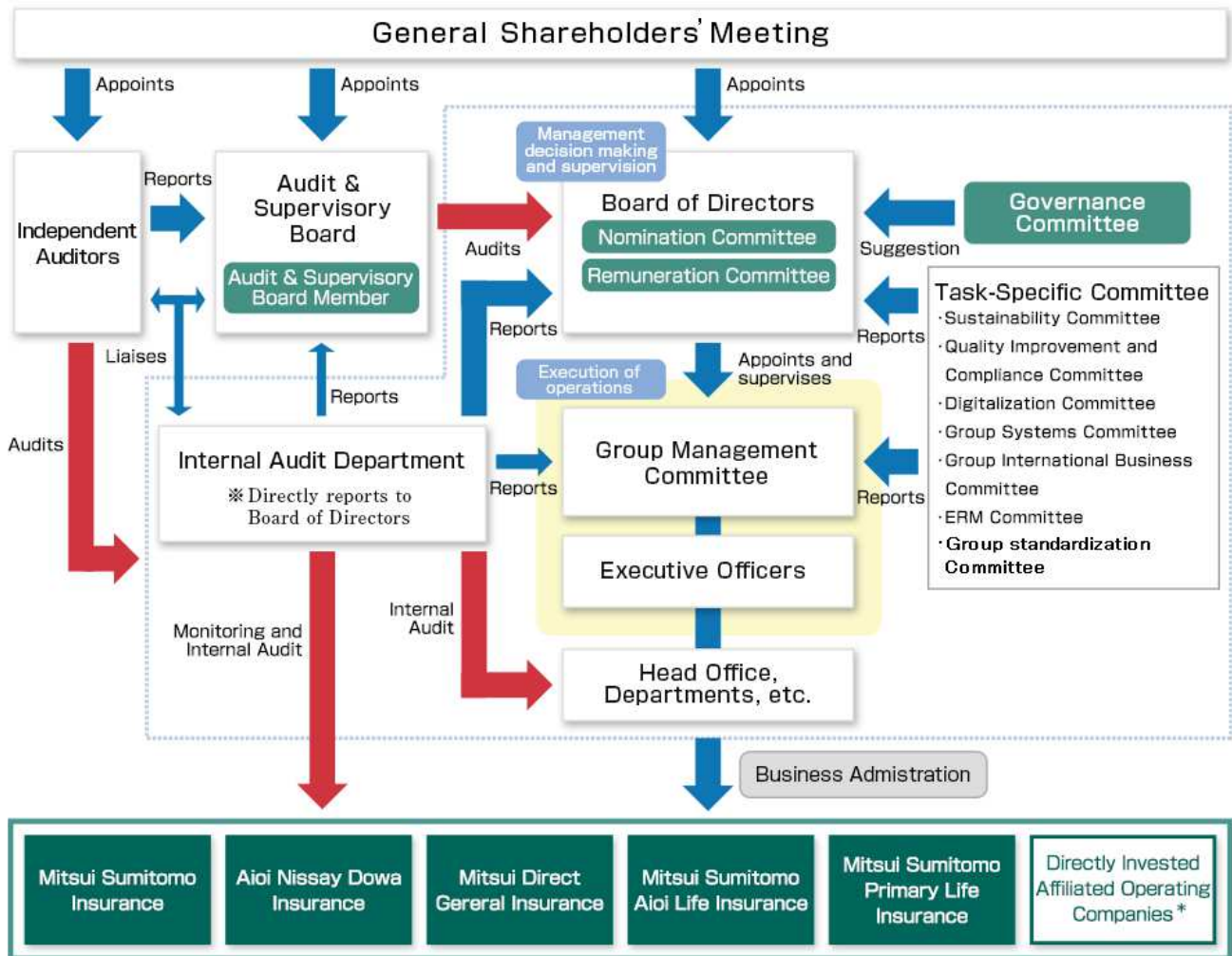
[Management Structure Diagram (the Company's management structure)] (as of April 1, 2024)

[Overview of Timely Disclosure Structure]

[MS&AD Insurance Group Basic Policies on Corporate Governance]

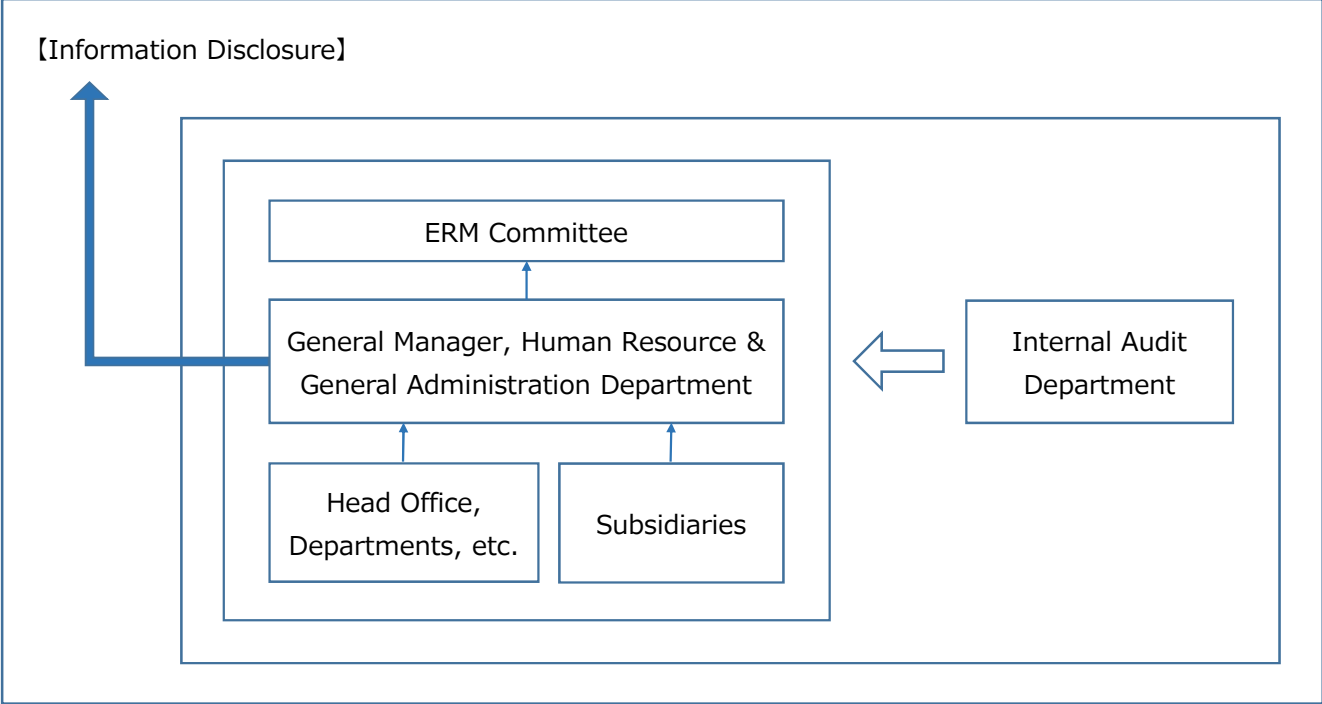
[Skills Matrix of Director, Audit & Supervisory Board Member and Executive Officer]

- End -



※MS&AD Holdings has eight affiliated operating companies: MS&AD InterRisk Reserch Institute & Consulting, inc., MS&AD Business Support Co., Ltd., MS&AD Staffing Service Co., Ltd., MS&AD Systems Co., Ltd., MS&AD Business Service Co., Ltd., MS&AD GRAND ASSISTANCE Co., Ltd., MS&AD ABLITYWORKS Co., Ltd., and MS&AD VENTURES Inc.

【Overview of Timely Disclosure Structure】



## MS&AD Insurance Group Basic Policies on Corporate Governance

MS&AD Insurance Group Holdings, Inc. (hereinafter referred to as “MS&AD” or “the Company”) has established the MS&AD Insurance Group Basic Policies on Corporate Governance for the purpose of indicating the basic approach to and framework for corporate governance.

### **Chapter 1: The Company’s Basic Approach to Corporate Governance**

1. In line with its Corporate Philosophy (Mission), MS&AD, as a holding company overseeing all group businesses, has established a management framework that ensures transparent, fair, swift and decisive decision-making that takes into account the standpoint of all stakeholders. The Company’s objectives are to sustain stability and consistent growth over the long term by using corporate resources efficiently and managing risks properly and ultimately, to further increase corporate value.
2. To this end, the “MS&AD Insurance Group Corporate Philosophy (Mission), Corporate Vision and Code of Conduct (Values)” were formulated as something all officers and employees of the Group should adhere to in all situations. In addition to working to disseminate these principles among all officers and employees of the Company and its Group companies, the Company positions corporate governance, compliance and risk management as important management issues in the Medium-term Management Plan and actively promotes that Plan.

### **Chapter 2: Relationship with Stakeholders**

1. In order to realize our Corporate Philosophy (Mission), the Company aims toward the sustainability of society and sustainable enhancement of corporate value by fulfilling our responsibilities to seven types of stakeholders (customers, shareholders, agents, business partners, employees, local communities/global society and the environment) based on the “Perspective of Sustainability of the MS&AD Insurance Group.”

2. Perspective of Sustainability of the MS&AD Insurance Group

In order to realize our Corporate Philosophy (Mission), the MS&AD Insurance Group will create shared value and aim toward a resilient and sustainable society through corporate activities that implement “Story of Value Creation.” We will consistently strive for supreme quality that lives up to the trust and expectations upon us. Together with our stakeholders, we continue to contribute to the creation of society where anyone can pursue a stable life and boldly engage in dynamic business activities, while preserving the sustainability of the global environment and society.

3. Efforts to engage stakeholders

We will fulfill our responsibilities to stakeholders and create shared value by working with them through the following efforts.

Stakeholder	Efforts
Customers	Provide products and services of high quality that meet customer trust and expectations.
Shareholders	Provide appropriate disclosure of information and appropriate return to shareholders. Strive to raise corporate value (See Chapter 2: Relationship with Shareholders).
Agents	Grow together as partners.
Business partners	Maintain sound relationships and cooperate to fulfill corporate social responsibilities.
Employees	Provide a comfortable working environment, and opportunities to have rewarding experiences and opportunities to grow.
Local communities /Global Society	As a member of society, take steps to create a resilient and sustainable society.
The environment	Secure sustainability of the Planet.

4. Schemes for Receiving Feedback from Customers

The MS&AD Insurance Group has formulated a “Basic Policy for Responding to Customers’ Voices” in order to receive all customer feedback (in the form of inquiries, consultations, requests, complaints, disputes, compliments and gratitude, etc.). This feedback is used to make quality improvements.

5. Speak Up

The MS&AD Insurance Group has established an environment where all employees, etc. can speak up their concerns and worries in a frank and positive way. One such initiative is a whistleblowing system enabling all employees, etc. of the Company and its subsidiaries to directly report illegal or improper behavior to internal and external contact points. All these efforts aim to receive a wide range of employee, etc. feedback and enable early detection and resolution of problems.

6. Promotion of Diversity and Inclusion

In order to conduct Group management with awareness of changes in the global environment, the MS&AD Insurance Group establishes a working environment that enables employees to demonstrate their full potential regardless of gender, nationality or disability, and aims to establish a corporate culture that respects diversity and diverse values.

### **Chapter 3: The Company's Corporate Governance Stance**

#### **1. The Company's Organizational Structure**

- As a Company with an Audit & Supervisory Board, the Company will ensure that independently appointed Audit & Supervisory Board Members appropriately act in their auditing functions as well as that the Board of Directors appropriately act in its oversight functions, and will endeavor to improve governance through strengthening of each functions and actively disclosing information.
- The Company has formed the Governance Committee (made up of all Outside Directors, the Chairperson of the Board, the Vice Chairman of the Board and the President) in addition to the Nomination Committee and Remuneration Committee (a majority of the members and a chairperson each have been appointed from among the Outside Directors) as internal committees of the Board of Directors, thus building a highly effective and transparent corporate governance system.
- The Company has introduced an Executive Officer System and is proceeding to delegate authority over business execution to these Executive Officers to ensure rapid execution.

#### **2. Role of the Board of Directors**

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

#### **3. Composition of the Board of Directors and Roles of Outside Directors**

- (1) The Board of Directors defined in the Company's articles of Incorporation has having up to fifteen (15) members, with a balanced composition that includes diverse knowledge and expertise. Candidates for Directors are nominated by the Board of Directors based on the "Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates" (see 10. Nomination Process below). Furthermore, at least one third of the Directors are nominated as Outside Directors to incorporate perspectives independent from management, strengthen monitoring and oversight functions, and conduct highly transparent management.
- (2) Outside Directors are expected to perform the following roles.
  - Provisioning of advice from a broad perspective on management policies and management improvement based on their knowledge and experience, with the aim of promoting sustainable corporate growth and increasing corporate value over the medium- to long-term.
  - Supervising of management through important decision-making at the board level.
  - Monitoring of conflicts of interest between the Company and related parties such as management (Note) and/or major shareholders.
  - Realizing supervising function from a standpoint independent of management by fulfilling accountability for stakeholders, including shareholders.

(Note) Collectively refers to the Directors, Audit & Supervisory Board Members and Executive Officers of the Company and domestic insurance companies in the Group in which the Company has a direct investment (same applies hereinafter)

#### **4. Operation of the Board of Directors**

- (1) Resolutions of the Board of Directors  
Except in cases otherwise stipulated by law, resolutions of the Board of Directors are made by a majority of the directors attending the meeting, where a majority of Directors are in attendance.
- (2) Operation of the Board of Directors
  - To allow for required, adequate discussion of important decisions regarding business execution and oversight of the performance of duties, the Board of Directors defines the agenda, length of deliberation and frequency of meetings of the Board of Directors.
  - To enable meaningful views, comments and questions to be presented in its meetings, the Board of Directors makes efforts to send out and explain proposals to the Board of Directors, giving adequate consideration to the time required for preparation by attendees.
  - The Board of Directors determines its annual schedule and anticipated agenda items in advance.

#### **5. Evaluation of the Board of Directors**

The Board of Directors periodically analyzes and evaluates its own overall effectiveness, and publishes an overview of the results.

#### **6. Audit & Supervisory Board Members and Audit & Supervisory Board**

- (1) Responsibilities of Audit & Supervisory Board Members  
As an independent entity entrusted with authority by the shareholders, the Audit & Supervisory Board Members are responsible for ensuring the sound and sustainable growth of the Company, and for establishing a good corporate governance stance in response to the public trust by supervising the performance of duties of the Directors.
- (2) Authority and Roles of Audit & Supervisory Board Members  
Each Audit & Supervisory Board Member shall appropriately exercise his/her legal investigating authority,

including the authority to audit operations and assets, and supervises the performance of duties of the Directors by attending meetings of the Board of Directors and other important meetings, viewing important approval documents, investigating departments within the Company, and investigating subsidiaries in accordance with the auditing policies and plans stipulated by the Audit & Supervisory Board.

(3) **Composition and Roles of the Audit & Supervisory Board**

- The Audit & Supervisory Board is defined in the Articles of Incorporation and has having up to 6 members, a majority of which shall be Outside Audit & Supervisory Board Members in accordance with the law. Candidates for Audit & Supervisory Board Member are nominated by the Board of Directors with the approval of the Audit & Supervisory Board, based on the “Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates” (see 10. Nomination Process below).
- The Audit & Supervisory Board receives reports from Audit & Supervisory Board Members on the status of performance of duties, and reports from officers and employees on important matters related to auditing, and also makes decisions regarding auditing policies and auditing plans.
- The Audit & Supervisory Board makes decisions regarding proposals to be submitted to the General Shareholders Meeting on the appointment or dismissal of Accounting Auditors, and the non-reappointment of Accounting Auditors. It also has the right to consent to decisions regarding remuneration of the Accounting Auditors.

**7. Accounting Auditors**

The Board of Directors and the Audit & Supervisory Board endeavor to take appropriate action to ensure adequate auditing by the Accounting Auditors.

**8. Support Systems for Directors and Audit & Supervisory Board Members / Training Policy**

The Company has the following systems in place as required for Directors and Audit & Supervisory Board Members to effectively fulfill their roles and responsibilities.

- (1) The Company has assigned a person in the secretariat of the Board of Directors to each of the Outside Directors and Outside Audit & Supervisory Board Members (hereinafter referred to as “Outside Officers”) to provide support in areas such as providing briefings in advance.
- (2) The Company has established a system for ongoing provision of information and training at the time of appointment and during the term of Directors and Audit & Supervisory Board Members.
- (3) The Company provides appropriate opportunities for Outside Officers to share information and exchange opinions with management and senior employees.
- (4) The Company bears the expenses required to enable Outside Officers to fulfill their roles.

**9. Group Management Committee**

The role of the Group Management Committee is to discuss management policies, management strategies and key issues for the management of the Company and its Group companies. It also monitors specific business operations by receiving reports on matters decided upon by Executive Officers.

**10. Nomination Process**

- The Board of Directors appoints candidates for Directors and Audit & Supervisory Board Members, and Executive Officers based on advice from the Nomination Committee. The Audit & Supervisory Board’s consent needs to be obtained for candidates for Audit & Supervisory Board Members.
- The Nomination Committee deliberates on important management personnel matters and provides advice on these matters to the Board of Directors. Such matters include the selection of candidates for Director and Audit & Supervisory Board Member, and Executive Officer of the Company as well as the selection of Directors and Audit & Supervisory Board Members for domestic insurance companies in which the Company has direct investments.
- The Nomination Committee is made up of 3 or more members.
- A majority of members and the chairperson shall be appointed from among the Outside Directors by the Board of Directors.

**11. Process of Determining Remuneration**

- (1) Remuneration of Directors
  - The amount of remuneration for each Director is determined by the Board of Directors within the amount specified by resolution of the General Shareholders Meeting, after deliberation by the Remuneration Committee.
  - The Remuneration Committee provides advice to the Board of Directors on matters such as performance evaluations and remuneration for the Company’s Directors and Executive Officers.
  - The Remuneration Committee is made up of 3 or more members.
  - A majority of members and the chairperson have been appointed from among the Outside Directors by the Board of Directors.
- (2) Remuneration of Audit & Supervisory Board Members
  - The amount of remuneration of each Audit & Supervisory Board Member is determined by discussion by Audit & Supervisory Board, within the amount specified by resolution of the General Shareholders Meeting.

**12. Governance Committee**

The Governance Committee whose chairperson is elected by mutual vote of the Outside Directors has been established for the purpose of discussion by all Outside Directors, the Chairman, the Vice Chairman and the President regarding matters related to the status of, policies regarding and stance on corporate governance.

**13. Task-Specific Committees**

The Company has established the Sustainability Committee, Quality Improvement and Compliance Committee, Digitalization Committee, Group Systems Committee, Group International Business Committee, ERM Committee and Group Standardization Committee with the aim of deliberating important management issues involving business

execution, to coordinate perspectives across various departments.

#### **Chapter 4: Group Management Structure**

##### **1. Roles of the Company (Holding Company)**

- The Company has executed into business management agreements with the domestic Group insurance companies in which it has invested directly (hereinafter referred to as the “Directly Invested Companies”), and supervises management of Group companies in order to realize management strategies, improve management efficiency and ensure financial soundness and appropriate operations within the Group.
- The Company has established “Basic Policy Pertaining to System for the Group’s Internal Controls,” “The Group’s Risk Management Basic Policy,” “The Group’s Compliance Basic Policy,” “The Group’s Internal Audit Basic Policy,” “The Group’s Risk Appetite Statement,” and “The Group’s Basic Policy on Information Technology Governance.” In addition to requiring compliance with these policies by Group companies, either the approval of or reporting to the Company is required for important matters involving the Directly Invested Companies in line with the business management agreements.
- The Company establishes a group management strategy such as the Group’s Medium-term Management Plan.
- The Company provides guidance and supervision through monitoring of the progress of management plans formulated by Group companies and the status of business execution, with the aim of achieving the goals of the Group.

##### **2. Role of Directly Invested Companies**

- The Directly Invested Companies formulate their own policies and appropriately establish internal management systems based on the Group’s Basic Policies, in addition to formulating management plans in each company based on the Group’s Medium-term Management Plan to conduct management as individual companies.
- The Directly Invested Companies also appropriately supervise the management of their subsidiaries under business management agreements.

#### **Chapter 5: Relationship with Shareholders**

##### **1. Constructive Dialogue with Shareholders**

The Company has disclosed the Policy on Constructive Dialogue with Shareholders and has established the system for promoting constructive dialogue with shareholders from the perspective of enabling deeper dialogue in the medium- to long-term and enhancing corporate value.

##### **2. Ensuring Shareholder Rights and Equality**

The Company acts appropriately to effectively ensure the rights of shareholders, and endeavors to enable shareholders to appropriately exercise those rights as follows.

- The Company will take appropriate action to enable shareholders to effectively exercise their voting rights in the General Shareholders Meeting.
- The Company will provide accurate information to contribute to appropriate decision-making in the exercise of voting rights of shareholders.
- The Company provides adequate explanation of capital policies, etc., that have a material impact on the interests of shareholders.
- In the event a proposal by the Company is approved in the General Shareholders Meeting but with a considerable number of votes in opposition, the Company analyzes the reason and volume of opposing votes, and responds appropriately.

##### **3. Prevention of Transactions that Conflict with the Interests of Shareholders**

When the Company does business with a related party such as a Director or a major shareholder, prior approval of the Board of Directors is required for important or non-standard transactions to ensure they do not harm the joint interests of the Company and the Company’s shareholders.

##### **4. Strategic Equity Holdings**

The Company has disclosed the “Basic Policy on Reduction of Strategic Equity Holdings” and the Criteria for Ensuring Appropriate Handling of the Exercise of Voting Rights Pertaining to Strategic Equity Holdings from the perspective of contributing to the increase in the Company’s corporate value and that of companies in which shares are held by the Company in the medium-to long-term.

### **Chapter 6: Appropriate Disclosure**

- The Company and the Group's domestic insurance companies conduct disclosure based on the "Basic Policy for Disclosure of Information," to ensure that they act in accordance with law and disclosure rules stipulated by financial instrument exchange, and that their stakeholders are able to fairly, correctly and promptly understand important information.
- In addition to disclosure required by law, the Company also discloses non-financial information of significant interest to shareholders, including ESG (Environment, Society, Governance) along with financial information, in an easily viewable "Integrated Report" format, intended to contribute to a constructive dialogue with stakeholders, including shareholders.
- In addition, this information is also disclosed in easily-accessible format on the Company's website, and other efforts, including the use of video, will be made to provide stakeholders with a better understanding on the website.

### **Supplementary Provision**

Revision and abolition of this basic policies shall be determined by resolution of the Board of Directors except for any revision made pursuant to the proviso to Paragraph 1 of Article 4 and Paragraph 3 of Article 4 of the Regulations for Management of Policies and Regulations etc.

END

Established, June 22, 2015  
Amended, June 26 2017  
Amended, April 1, 2018  
Amended, November 19, 2018  
Amended, March 1, 2019  
Amended, April 1, 2020  
Amended, April 1, 2021  
Amended, April 1, 2022  
Last Amended, June 1, 2022



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

**1. Outside director candidates and outside Audit & Supervisory Board Member candidates**

Candidates must meet the following requirements.

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

Additionally, candidates must satisfy the following three requirements

**(1) Eligibility**

A candidate must have the qualities listed below that are necessary to monitor the overall management of the company and provide advice, based on a general knowledge of company management and a basic understanding of the roles of the directors and board of directors.

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

**(2) Expertise**

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

**(3) Independence**

The following persons are ineligible.

- ① An executing person of the Company or a subsidiary of the Company.
- ② A director or Audit & Supervisory Board Member of a subsidiary of the Company.
- ③ A person for whom the Company is a major business partner (i.e. a person who received payments from the Company or subsidiaries of the Company that represent 2% or more of annual consolidated sales for the most recent fiscal year), or an executing person thereof (in the case of a consulting firm, auditing firm or law firm, a consultant, accounting professional, or legal professional who belongs to said corporation, partnership, etc.).
- ④ A major business partner of the Company (i.e. a person who made payments to subsidiaries of the Company representing 2% or more of the Company consolidated direct premiums written excluding deposit premium from policy holders for the most recent fiscal year), or an executing person thereof.
- ⑤ Any of the Company's top 10 largest shareholders (or, if the shareholder is a corporation, an executing person thereof).
- ⑥ An executing person of a company to which the Company or a subsidiary of the Company has appointed a director.
- ⑦ A consultant, accounting professional, or legal professional who has received, other than officer compensation, average cash or other financial benefits of at least 10 million yen per year for the past three years from the Company or subsidiaries of the Company.
- ⑧ A person falling under any of the items ② through ⑦ during the past five years.  
(Note) "During the past five years" means five years from the time the content of a proposal to the General Shareholders Meeting to elect the outside director or outside Audit & Supervisory Board Member was resolved by the Board of Directors.
- ⑨ An individual who was an executing person of the Company or subsidiaries of the Company in the past (in the case of an outside Audit & Supervisory Board Member, including an individual who has been a director of the Company or a subsidiary of the Company.)
- ⑩ A spouse or second-degree or closer relative of a person listed in items ① through ⑨ above (an executing person means an executive director, executive officer or an employee in a position of general manager or higher.)

**(4) Term limits**

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

- ① For outside directors, the expectation is 4 terms, 4 years, renewable for a maximum of 8 terms, 8 years.
- ② For outside Audit & Supervisory Board Members, in principle the total term is 1 term, 4 years, but this is renewable for a maximum of 2 terms, 8 years.

**2. Candidates for director other than outside director and candidates for Audit & Supervisory Board Member other than outside Audit & Supervisory Board Member**

Candidates must meet the following requirements.

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

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

Skills matrix of Directors, Audit & Supervisory Board Members and Executive Officer

■ Skills matrix of Directors and Audit & Supervisory Board Members

Skill		Corporate management	International	IT / digital	Sustainability	Personnel affairs / HR development	Legal and compliance and internal audit	Risk management	Finance / accounting	Insurance business
Noriyuki Hara	Director	○	○		○	○	○	○		○
Yasuzo Kanasugi	Director	○	○		○	○	○			○
Shinichiro Funabiki	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							○	○	○
Kyoko Uemura	Outside Audit &						○			

	Supervisory Board Member									
Taisei Kunii	Outside Audit & Supervisory Board Member	○							○	

□Skills matrix of Executive Officer : We have installed an executive officer system. The skills for Executive Officers who are not Directors are as follows.

Skill		Corporate management	International	IT / digital	Sustainability	Personnel affairs / HR development	Legal and compliance and internal audit	Risk management	Finance / accounting	Insurance business
Satoru Tamura	Executive Officer		○	○	○	○	○	○	○	○
Naomi Motojima	Executive Officer	○			○	○				○
Keisuke Niiro	Executive Officer	○	○		○	○				○
Takuma Hayakawa	Executive Officer	○	○						○	○
Takuya Tsuda	Executive Officer	○	○	○		○				○
Hiroyoshi Owada	Executive Officer		○		○	○			○	○
Hiroshi Arakawa	Executive Officer	○			○					○
Hiroshi Tatematsu	Executive Officer									○
Tomoyuki Motoyama	Executive Officer			○		○				○
Mitsuru Sato	Executive Officer				○		○			○
Sachiko Hori	Executive Officer		○				○	○		○
Hironori Morimoto	Executive Officer	○	○			○				○