

Advancing with you
MS&AD Holdings

MS&AD INSURANCE GROUP

Sustainability Report

2019



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Sustainability Report 2019

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CEO Message

The MS&AD Insurance Group pledges in its Corporate Philosophy (Mission) “to contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business.” We promptly various risks seeming from social issues and provide information on these risks. Then, we prevent risks from occurring or minimize the impact of those risks and to reduce the economic burden when those risks materialize through a variety of products and services.

That is our story of value creation.

In our Vision 2021, our Medium-term Management Plan started in FY2018, we defined our vision for 2030 as a “resilient and sustainable society,” and identified as some of the social issues the Group can help resolve to: diversified large-scale accidents and disasters, the global environment approaching its limits, mounting burden of nursing/medical care associated with an aging population, and declining in social vitality due to widening inequalities. By addressing these issues, we are using the SDGs as leading marks for adopting a broad range of approaches to creating shared value (CSV) with society and making our value creation story a reality. Among our endeavors are instituting measures to prepare against damage caused by typhoons, hurricanes, torrential rainfall and other natural disasters, supporting prompt restoration/recovery after such damage has occurred, providing countermeasures against cyber risks that have become more diversified as AI and IoT have developed, and collecting/disseminating information to build healthier lives in a super-aging society.

Vision 2021 outlines the Group’s vision to be achieved over the medium to long term: becoming a world-leading insurance/financial services group and supporting that status by being resilient enough to rapidly adapt to environmental changes. In FY2019, Vision’s second year, we will move further ahead in creating shared value with society in order to realize a resilient and sustainable society. In June 2019, we announced our “Perspective of Sustainability” as a manifestation of the Group’s ideals to be embedded into activities and the vision we were seeking to achieve. We have made it clear that we will give due consideration in all of the Group’s business activities to sustainability in terms that include environment, society, governance as we strive to bring about sustainable societies.

In recent years, there has been a notable increase in the frequency and intensity of natural disasters due to climate change, fueling a sense of crisis worldwide. Should CO2 emissions continue to rise at their current pace, forecasts indicate that temperature rise will accelerate, and both extensive once-a-century floods and large-scale typhoons will become more frequent. As an insurer who is profoundly concerned with disasters, our social mission is to uncover such risks and then to prevent or mitigate them to boost the resilience of society as a whole. To pass on a healthy global environment to the next generation, we are undertaking efforts to mitigate climate change as well as actively supporting efforts to adapt to climate change through activities such as working with universities, local governments, and numerous other partners to jointly develop new technologies to prepare for unprecedented disasters.

To ensure that we disclose information in line with the Final Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have been making it a point to disclose consistent, comparable, and reliable climate-related information, as evidenced by our participation in an insurance pilot project run by the United Nations Environment Programme – Financial Initiative (UNEP-FI).

Furthermore, we believe that fostering a corporate climate respectful of human rights is an essential foundation for our efforts. Since signing the UN Global Compact in June 2004 and indicating our support for the Universal Declaration of Human Rights, we have pursued activities and dialogues that respect human rights in accordance with the MS&AD Insurance Group Basic Policy on Human Rights and in recognition of our



responsibility for the impact of our business activities, including in our value chains, on human rights.

Our Company's efforts are underpinned by the capabilities of each and every employee, and we consider the development of human assets an important element in realizing a resilient and sustainable society. As a part of those efforts, we held our first Sustainability Contest in August 2018 for Group companies from both inside and outside of Japan. This contest has heightened our employees' understanding and awareness of the need for sustainability and has set in motion a virtuous cycle of creating new business models and laterally extending our efforts.

By accelerating our value creation story through using the SDGs as leading marks, the MS&AD Insurance Group will continue its CSV efforts to create shared value with society and move steadily forward toward realizing a resilient and sustainable society by 2030.

September 2019

President & CEO 

Yasuyoshi Karasawa

MS&AD Insurance Group and Sustainability



[Our Sustainability Approach](#)



[ESG Integration](#)



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[Communication with Stakeholders](#)



Our Sustainability Approach

The MS&AD Insurance Group has set Mission, Vision, and Values in order to clarify how the Group should be. Furthermore, we have accelerated initiatives based on our sustainability approach to achieve our mission.

Our Mission

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

Our Vision

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

Our Values

Customer focus, integrity, teamwork, innovation, professionalism

Perspective of Sustainability of the MS&AD Insurance Group

The MS&AD Insurance Group will create shared value and aim toward a resilient and sustainable society through corporate activities that implement "Story of Value Creation," in order to realize our Corporate Philosophy (Mission).

We will consistently strive for supreme quality that lives up to the trust and expectations upon us, and together with our stakeholders, continue to contribute to the creation of society where anyone can pursue a stable life and take on dynamic business activities, while preserving the sustainability of the global environment and society.

(Basic Policies on Corporate Governance, Chapter 2 Section 2)

Strategic Approach for Sustainability

- The MS&AD Insurance Group*1 considers sustainable issues, such as environmental, social and corporate governance (ESG) factors associated with all of our business transactions, including the development of products and services, underwriting as well as investment.
- In the Group's Medium-term Management Plan "Vision 2021", we have accelerated major initiatives focusing on three areas which are climate change, natural capital and human rights in line with SDGs as our leading marks. We realize particularly climate change impacting on meteorological disasters and ecosystems as critical risk.
As a signatory to Paris Pledges for Action, we commit to support development of technologies and measures*2 to mitigate climate change risk.
- We, an insurance and financial services group offering safety and peace of mind, see the value of dialogue with stakeholder that we strive to create shared value through deepening mutual understanding of the sustainability issues.

*1 The MS&AD Insurance Group will continue to identify diverse issues in sustainability and take action together with initiatives including the followings.

- Paris Pledge for Action
- United Nations Global Compact (UNGC)
- United Nations Environment Programme – Finance Initiative (UNEP FI) (Principles for Sustainable Insurance (PSI), Natural Capital Finance Alliance (NCFA))
- Principles for Responsible Investment (PRI)
- Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures(TCFD)

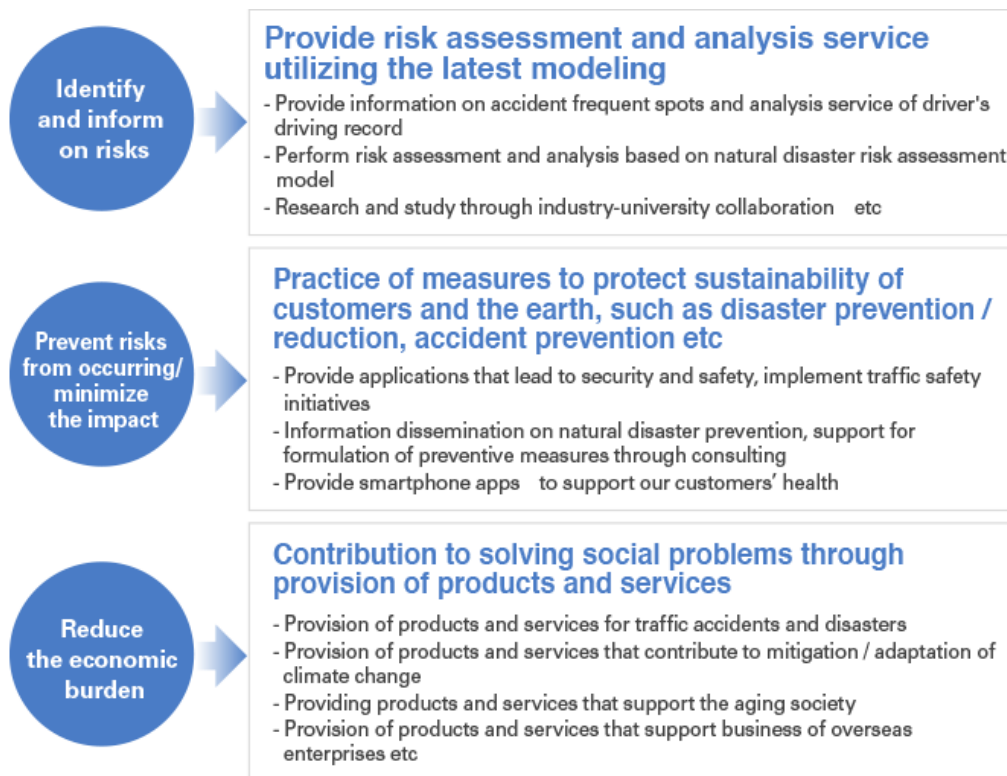
- Japan Climate Initiative (JCI)
- Principles for Finance Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)
- Japan Business Initiative for Biodiversity (JBIB)

*2 Advancing renewable energy and next-generation vehicles, and risk management through the collaboration with industry, government and academia.

*3 Strategies and plans for sustainability-related initiatives are discussed at the Board of Directors meetings and quarterly Committee Meetings. The Sustainability Committee comprises presidents, directors of Planning and Risk management of the Company and each Group's domestic insurance companies and outside directors of the Company, etc. The details of discussions are reported to the Board of Directors and the Management Committee.

The MS&AD Insurance Group's Story of Value Creation and Business Model

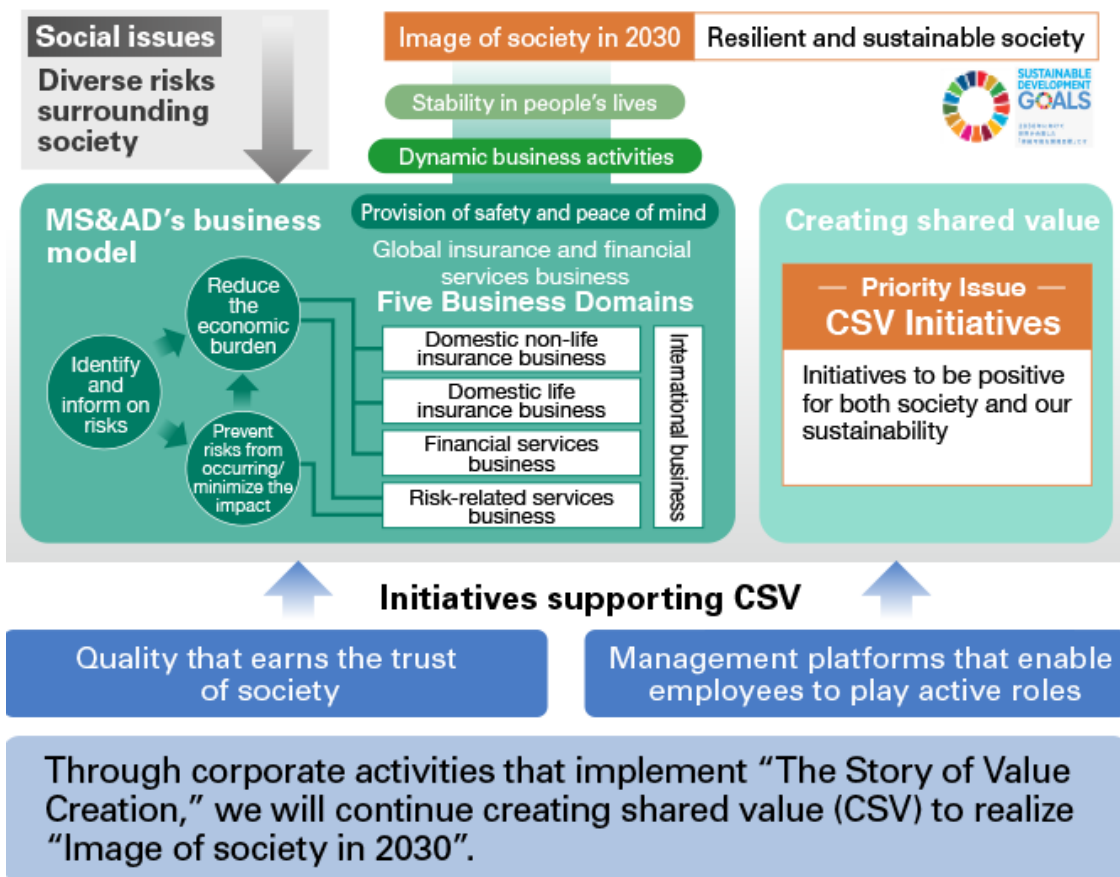
Based on the Perspective of Sustainability of the MS&AD Insurance Group, as an insurance and financial services provider, we offer coverage on various risks that include accidents and disasters. We also focus on solving social issues in order to reduce the rise of risks. We will create common value with society through corporate activities that include “Identifying risks and providing information on risks,” “preventing risks from occurring/minimizing the impact of those risks,” and “reducing the economic burden.”



- > MS&AD's Story of Value Creation
- > Our Value Creation Approach

Image of Society in 2030: “Resilient and Sustainable Society”

In 2018, the Group’s Sustainability Committee held discussions on seven priority issues (challenges for CSV) and the core initiatives targeting them, and developed the Medium-Term Sustainability Plan which was later incorporated into the Group Medium-Term Management Plan (Vision 2021). In Vision 2021, we have set the image of society in 2030 as a “resilient and sustainable society.” In order to be widely supported by stakeholders and to grow in a sustainable way, it is indispensable to continue creating shared value with society through corporate activities, also known as Creating Shared Value, CSV. We will aim to realize a “resilient and sustainable society” by focusing on the priority issues with using the UN Sustainable Development Goals (SDGs) as leading marks.



Identifying Priority Issues

Issue prioritization based on international guidelines, including ISO 26000 and SDGs, is of great importance for both stakeholders and MS&AD Group's business. We identified material issues based on their priority.

[STEP 1] Analysis of social issues

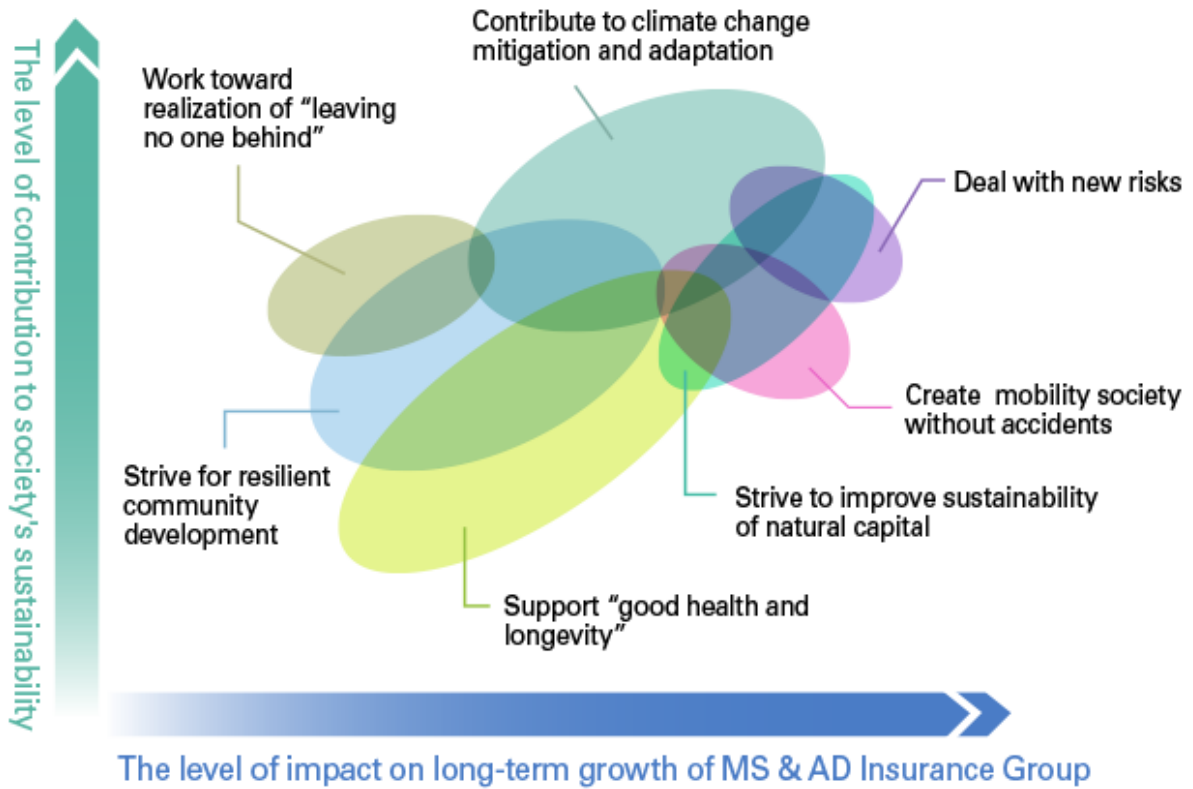
In order to accurately grasp the issues that society needs to solve, we identified social issues based on inputs from our stakeholders (customers, shareholders, business partners, the environment, local society, international society, employees, and agencies), the international frameworks, and the goals of the frameworks.

Diverse risks surrounding society

- Diversified/large-scale accidents and/or disasters
- Global environment approaches the limit (climate change, depletion of resources, etc.)
- Mounting burden of nursing/medical care due to aging population
- Economic slowdown by widening inequality
















[STEP 2] Identification of priority issues

With regard to the identified social issues and the Group's corporate activities, we analyzed items based on where we can make a significant contribution to social sustainability together with issues that have a major impact on the Group's long-term growth in the areas of economy (E), society (S), and organizational governance (G). From this process, we extracted seven priority issues. These seven priority issues are recognized as our challenges for CSV (Creating Shared Value) in order to clarify our intention to address them as initiatives that create value for both society and the Group. Furthermore, the goals that we aim to achieve through solving these issues are aligned with SDGs.



Creating shared value

CSV Initiatives






Priority Issue and relating SDGs	Approaches			
	Product and Service	Research and policy recommendations	Investment and financing	Social contributions etc.
<p>Deal with new risks</p> 	<ul style="list-style-type: none"> A business model that responds to new risks such as cyber risk and changes emerging risks into opportunities Products and services that respond to new lifestyles 	<ul style="list-style-type: none"> Research on use of Big Data 	<ul style="list-style-type: none"> Implementation of loans and investments that consider ESG Constructive dialogue with investee companies 	
<p>Create mobility society without accidents</p>  	<ul style="list-style-type: none"> Respond to the next-generation mobility society Accident Prevention and safe drive assistance by the usage of telematics 	<ul style="list-style-type: none"> Research on next-generation mobility society Research grant for traffic safety Research on use of Big Data 		<ul style="list-style-type: none"> Traffic safety initiatives
<p>Strive for resilient community development</p>  	<ul style="list-style-type: none"> Support for regional revitalization Reinforcement of capability to respond to large-scale natural disasters Support for Business-Continuity Planning 	<ul style="list-style-type: none"> Promotion of "green resilience" (disaster prevention, disaster mitigation and regional revitalization using natural capital) 		<ul style="list-style-type: none"> Disaster Donation Matching Gift Program Disaster Volunteer
<p>Support "good health and longevity"</p> 	<ul style="list-style-type: none"> Support for "Good health and Longevity" Support for Health Management Reduction of burden on advanced medical care Contribute to the development of advanced medicine and regenerative medicine treatment 	<ul style="list-style-type: none"> Research on future medical care Research grant for senior citizens' welfare Research on development and commercialization of robots 		
<p>Contribute to climate change mitigation and adaptation</p>   	<ul style="list-style-type: none"> Prevention and mitigation of damage from climatic disasters Assist the penetration of renewable energy Coverage for weather-related damages 	<ul style="list-style-type: none"> Research and development of natural catastrophe risk models 		<ul style="list-style-type: none"> MS&AD Our Earth Project
<p>Strive to improve sustainability of natural capital</p>   	<ul style="list-style-type: none"> Evaluation of natural capital risks 	<ul style="list-style-type: none"> Activities through "Japan Business Initiative for Biodiversity" 		<ul style="list-style-type: none"> MS&AD Ramsar Supporters Regeneration of tropical forest in Indonesia
<p>Work toward realization of "leaving no one behind"</p>   	<ul style="list-style-type: none"> R&D of insurance and financial services that help support primary industries and low-income earners in developing countries Transfer of insurance technology Deal with new risks 	<ul style="list-style-type: none"> Participation in creation of mechanisms to support developing countries through international organizations, companies, etc. Collaboration with FinTech companies 		<ul style="list-style-type: none"> Volunteer activities in Japan and overseas

[STEP 3] Identifying Core Initiatives to underpin Priority Issues

Based on the criteria of Creating Shared value, we define, ‘Quality that earns the trust of society’ and ‘Management platforms that enable employees to play active roles’ as the core initiatives that support to solve the priority issues.





Quality that earns the trust of society

Initiatives supporting CSV

Initiatives and relating SDGs		Approaches
Meeting the trust of society with high quality		<ul style="list-style-type: none"> Thoroughly implementing business management based on the “Our Customer-First Policy in the Operation of Group’s Business” Promoting digitalization to enhance the value of customers’ experiences
Implementing sincere, fair and just business activities		<p>View Suppliers</p> <p>We observe compliance, respect human rights, consider the environment and work together with supply chain</p>
Implementing activities and dialog that respect human rights		
Continuing efforts to reduce the burden on the environment		
Implementing investment activities conforming to PRI (Principles for Responsible Investment)		
		<ul style="list-style-type: none"> Promoting “MS&AD Our Earth Project” Initiatives to reduce usage of electricity, gasoline and paper Reduction of CO2 emissions – Long-term target (FY2050:70% of FY2009)
		<ul style="list-style-type: none"> Investment analysis of ESG (Environment, Social, Governance) factors and incorporating them into the decision-making process The promotion of engagement through stewardship activities

Management platforms that enable employees to play active roles

Initiatives supporting CSV

Initiatives and relating SDGs		Approaches
Promoting diversity & inclusion		<ul style="list-style-type: none"> Establishment of corporate culture that respects diversity and diverse values Development of the workplace environment and improvement of management capabilities that enable employees, etc. to play active roles without discrimination based on gender, nationality, disability or LGBT Development of a workplace environment that enables work styles to suit women’s life cycles
Encouraging employees to learn and think by themselves, take on challenges and continue to grow	 	<ul style="list-style-type: none"> Provision of an environment where it is easy to work and that gives the opportunity to feel job satisfaction and career development Promotion of “work style reforms” and “reinforcement of specialization through the permeation of professionalism” Expanded development of human assets with the capability to carry out digitalization
Implementing health and productivity management		<ul style="list-style-type: none"> Creation of a healthy and safe workplace where each employee can maintain and improve their mental and physical health improve initiatives to prevent mental and physical disorders
Implementing highly transparent and effective corporate governance		<ul style="list-style-type: none"> Continued strengthening of supervisory function of Board of Directors and supervisory function of Audit and Supervisory Board Members Implementation of fair, accurate and swift information disclosure

[STEP 4] Reporting to the Management Team

The identified core initiatives are reported to the management team as the Priority Sustainability Issues of the Medium-term Management Plan, Vision2021, and are disclosed to stakeholders through information sharing meetings and to employees through briefing sessions.

Targets and Results

We have set Key Performance Indicators (KPI) targets to promote Sustainability initiatives.

[> Key Performance Indicators \(KPI\)](#)

Our Sustainability Priorities

For realizing a resilient and sustainable society, we have set three issues that have a major impact on both the society and the Company as priority issues.

[> Our Sustainability Priorities](#)

ESG Integration

The MS&AD Insurance Group has established its sustainability approach, which it upholds as a collection of strategies for ESG issues. In all of its corporate activities, including the development and provision of products and services and investments and loans, the Group takes sustainability into account, including factors such as environment, society, and corporate governance (ESG).

[> ESG Integration](#)

Management Structure

Strategies and plans for sustainability-related initiatives are discussed at the Board of Directors meetings and quarterly Committee Meetings. The Sustainability Committee comprises of members that include presidents, officers in charge of planning and risk management, outside directors of the Company and the Group's domestic insurance companies, and discusses considerations for sustainability issue in all business activities. The details of the Sustainability Committee's discussions are reported to the Board of Directors and the Management Committee.

Participation in the United Nations Global Compact*

The MS&AD Insurance Group strives to carry out corporate activities with respect to the principles of the UN Global Compact. Furthermore, the Group is involved in the operation and activities of the Global Compact Network Japan, a local network of the UN Global Compact, by serving as an organizer of working sessions.

* An initiative advocated by the former UN Secretary-General Kofi Annan in 1999. It requires global companies to comply with and practice 10 principles related to human rights, labor, environment, and anti-corruption.



ESG Integration

The MS&AD Insurance Group always consider sustainability in terms of the environment, society, and governance (ESG) issues in all Group business activities, including the development of products and services, underwriting and investments.

ESG-related impacts include infringements of human rights that threaten respect for basic human rights, deforestation due to illegal logging, and corruption and bribery that undermine economic growth and stability. Our company's business activities could influence ESG factors, and our company itself could be influenced by ESG factors. While we respond to such ESG-related risks to ourselves, we have been discovering business opportunities in addressing ESG concerns, e.g. offering automotive insurance with driving protection services to support safe driving, and thereby, reduce accidents, and using Big Data to present preventative measures against natural disaster. It is essential that we carefully assess ESG-related risks and opportunities, and reflect them in our business activities. We recognize the wide-ranging ESG risks such as legal risks, reputational risks, quality-related risks, business continuity risks, operational risks, transition risks, financial risks, etc., and these could potentially have a major impact on our company's business activities and our stakeholders. Accordingly, we carefully identify such ESG-related risks to control them across our entire business activities.

We give an overview of these approaches in our "Perspective of Sustainability of the MS&AD Insurance Group" that describes our policies on addressing ESG concerns.

[> Our Sustainability Approach](#)



[> Products and services that contribute to achieving Sustainable Development Goals \(SDGs\)](#)

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

The MS&AD Insurance Group has been seeking out what are the best practices for financial institutions that take into account environmental and social sustainability, and it has been participating in the United Nations Environment Programme Finance Initiative (UNEP FI) to disseminate and promote these best practices.

Our company has signed on to the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI) published by UNEP FI, and we have been disclosing details on our initiatives and reporting on the progress made every year. We are also taking part in a PSI pilot project in which representatives from insurance companies meet to discuss the industry's approaches to the TCFD Final Recommendations and also working on disclosing information on climate change risks.

In addition, in considering ESG, as an external standard and a source, our screening approach standard includes: UN Global Compact, UN Declaration of Human Rights, Guiding Principles for Corporate and Human Rights, International Labor Organization Standard, UN Anti-Corruption It will be notified by the Convention and the OECD Guidelines for Multinational Enterprises.

<p>Principles for Sustainable Insurance (PSI)</p>	<p>Having signed PSI in June 2012, we give careful consideration to ESG (environmental, social, and governance) issues in our business activities as an insurance company, and undertake to do our part for the sustainable development of our planet.</p>	
<p>Principles for Responsible Investment (PRI)</p>	<p>Having signed PRI in June 2015, we pursue constructive dialogue with companies we invest in, taking ESG and other perspectives into account, and develop ESG-based investing practices.</p>	<p>Signatory of:</p> 

Underwriting Process and Development of ESG-based Products and Services

The MS&AD Insurance Group has underwriting criteria adapted for respective product and service as part of risk assessment process. In each process, certain ESG criteria are considered such as natural disaster risks, involvement with anti-social forces or ethical risks, based on the nature of the risk. Comprehensive process including system verification are properly implemented. Underwriting decision including the Board's approval are made based on these risk evaluations.

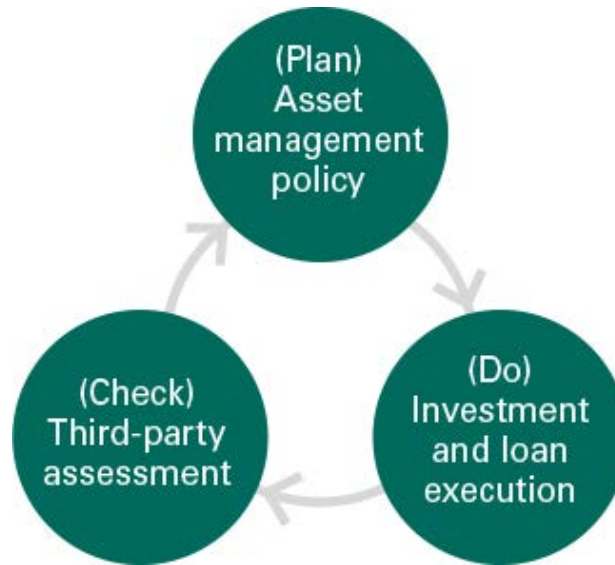
In developing products and services, we examine the value to society and the value for our company generated by our products and services from various angles, and we strive to create value shared with society in providing these products and services. We have also developed a variety of sustainable products and services such as insurance or risk consulting services that support renewable energy projects, discounts to drivers who take a safe driving lecture aiming at reducing traffic accidents, and automotive insurance policies that allow the same-sex partner to be beneficiaries to support diversity.

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

ESG-based Investments and loans

As a signatory to the Principles for Responsible Investment (PRI), the MS&AD Insurance Group takes ESG issues into account for investment and loan transactions.

Our company, as an asset owner, promotes ESG-thematic investment on the basis of profitability. MSI and ADI declared their acceptance of Japan's Stewardship Code, and have since engaged in constructive dialogue about ESG with the companies in which they have invested.



Operating Scheme

ESG investment methodologies	Description
ESG-thematic investment	Profitability-oriented investment in assets, etc., connected with the resolution of social issues
Impact investment	Investment methodology in which investment decisions are dually aimed at obtaining investment returns and creating social impacts (structural changes in society, etc.)
Other ESG-thematic investment	Thematic investment not included in impact investment
ESG integration	Systematic integration of ESG factors into company analysis and evaluation
Integration into research	Systematic integration of ESG factors into the investment process
Positive screening	Construction of a portfolio of companies with high ESG ratings, etc.
Negative screening	Construction of a framework that excludes certain loan purposes, industry sectors, etc., from the portfolio
ESG dialogue (engagement)	Dialogue and communication on ESG topics

sample ESG investment methodologies as by our company

Key Investments and Loans

<p>MSI ADI MSI Aioi Life MSI Primary Life</p> <p>Investment in sustainable development bonds</p>	<p>Invested in sustainable development bonds (private placement: \$120 million, or approximately 13.5 billion yen) issued by the World Bank (International Bank for Reconstruction and Development).</p>
<p>MSI ADI</p> <p>Investment in Future Creation Fund</p>	<p>Investing in funds with close ties to environmental issues and, by investing in the Future Creation Fund established by the Sparx Group, helping accelerate innovation by supporting companies possessing technology that will drive growth toward the society of the future, including intelligent technologies, robotics and technologies useful in bringing about a hydrogen society. In addition, we are making stock investment decisions only after evaluating individual companies' responsiveness to environmental and social issues.</p>
<p>MSI ADI</p> <p>Investment in Regional Economy Vitalization Corporation of Japan</p>	<p>Investing in funds established by the Regional Economy Vitalization Corporation of Japan to quickly improve the management of companies that will occupy a core position within their communities and to foster key companies that sustain their communities. By doing so, we are supporting the vitalization of regional economies.</p>
<p>MSI</p> <p>Financing for renewable energy power plants</p>	<p>Encouraging the spread of renewable energy power generation by providing financing for the construction of mega-solar and wind power plants.</p>
<p>MSI</p> <p>Investment in loan origination funds for small and medium-sized enterprises</p>	<p>Supporting the growth and business vitalization of small and medium-sized enterprises by investing in Japan's first fund designed to provide risk money primarily through loans (fund established by Topaz Capital, Inc.)</p>
<p>MSI Aioi Life</p> <p>Investment in social bonds</p>	<p>Invested in Social Bonds issued in the Japanese market by the Japan International Cooperation Agency.</p>
<p>MSI Aioi Life</p> <p>Investment in African Development Bank's Industrialize Africa bond</p>	<p>Invested in Industrialize Africa themed bonds issued by the African Development Bank in November 2017 (private placement).</p>
<p>MSI ADI</p> <p>Investment in green bonds</p>	<p>Invested in green bonds issued by Japanese companies in Japanese markets.</p>
<p>MSI</p> <p>Investment in ESG-based real estate funds</p>	<p>Invested in ESG-based overseas real estate funds.</p>

ESG Risk Evaluation Process

In managing assets, we have a process in which ESG factors are assessed when making investments and providing loans. Mitsui Sumitomo Insurance, for example, has integrated ESG risk assessments into their investment approach by performing ESG screenings on domestic shares, and increasing the sophistication of investment decision-making process when evaluating alternative investment funds. They also integrate ESG aspects in providing loans by inspecting their customers' ESG strategy and disclosures.

In the context of stewardship activities, many dialogues have taken place with a focus on non-financial factors including ESG concerns. Since FY2017, we have started to engage in more in-depth dialogues with the investees on ESG-related risks and shaping our approaches in line with the "Value Creation Guidance" issued by the Ministry of Economy, Trade and Industry.

Implementation of Japan’s Stewardship Code

From the perspective of fulfilling their social responsibility as institutional investors, MSI and ADI have announced their support for Japan’s Stewardship Code, a code of behavior laid out for institutional investors. In line with the Code, we carry out a constructive dialogue with investee companies to encourage them to enhance their medium- and long-term value and sustainable growth, and, through the dialogue, we focus on understanding their management issues, their shareholder return policy, ESG, and other non-financial information. From July, 2017 to June, 2018, MSI and ADI conducted constructive dialogues with a total of 481 firms.

- [> MSI Our Policies According to Japan’s Stewardship Code !\[\]\(511a36c244659513b679df9c639945de_img.jpg\)](#)
- [> ADI Our Policies According to Japan’s Stewardship Code \(Japanese only\) !\[\]\(2c0783baf87a2728b2fe49eb1c34c456_img.jpg\)](#)

External Assessment

Investing methods that assess corporate sustainability from the standpoint of Environmental, Social and Corporate Governance (ESG) are spreading. The MS&AD Insurance Group utilizes the assessments provided by major ESG evaluation organizations to improve its efforts. As of August 2019, the Company is a constituent of the following ESG indices:

- [> Dow Jones Sustainability Indices !\[\]\(e492b5d52ab457a7a3c2826c4091dfee_img.jpg\)](#)
- [> MSCI Japan ESG Select Leaders Index \(Japanese only\) !\[\]\(1d9440fab1f214291ce1c26a75f9c2cd_img.jpg\)](#)
- [> MSCI Japan Empowering Women Index \(Japanese only\) !\[\]\(6be2e1cb461308cfbb51376f893366b1_img.jpg\)](#)
- [> FTSE4Good Index Series !\[\]\(9d1c9e561b4c39f4d970a841cbc526df_img.jpg\)](#)
- [> FTSE Blossom Japan Index !\[\]\(638c4e65afbf8f3994df6311f702c5cb_img.jpg\)](#)
- [> ECPI® Indices !\[\]\(ac8167fe1d77dc734374ed4531294f8f_img.jpg\)](#)



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Targets and Results

Key Performance Indicators (KPI) to Promote Our Sustainability Initiatives

Issues	Indicators	FY2016	FY2017	FY2018	Group Targets for FY2018 and after	Covered Companies
		Achievements	Achievements	Achievements		
Creating shared value	Development of products and services	Main efforts find below	Main efforts find below	Main efforts find below	Continue the approaches	Domestic Group Companies
Quality that earns the trust of society	Customer satisfaction survey about insurance contract procedures*1	94.8%	95.2%	97.1%	the same level or higher compared to the previous fiscal year	Domestic Group Companies
	Customer satisfaction survey about payment of insurance claim*1	96.1%	96.3%	96.6%	the same level or higher compared to the previous fiscal year	MSI,ADI,Mitsui Direct General,MSI Aioi Life
	CO2 emission reduction rate(Scope1 and Scope2 combined)	3.6%	▲6.8%*2	▲13.3%	Reduce CO2 emissions by 30% by 2020 and by 70% by 2050 versus base year (fiscal 2009)	Consolidated
	Total energy consumption	1,098,008GJ	1,017,853GJ	987,452GJ		
	Paper consumption	13,005t	11,085t	10,545t (▲4.9%)	Lower than the previous fiscal year	Domestic Group Companies + Other
Management platforms that enable employees to play active roles	Ratio of females in managerial positions	7.1%	9.9%	12.4%	15.0% (FY2020)	Domestic Group Companies
	Employee satisfaction (questionnaire results), "Pride, Job satisfaction"	4.4points	4.4points	4.4points	the same level or higher compared to the previous fiscal year	
	Employee satisfaction (questionnaire results), "Working Vigorously"	4.2points	4.3points	4.3points		
	Number of annual paid holidays taken	15.7	16.0	15.6		
	Ratio of taking fully paid paternity/secondary leave	44.8%	58.0%	63.9%		
	Number of employees practicing social contribution activities	19,861	20,022	23,601		

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

(*2) From FY2017 onwards, we report CO2 emissions associated with energy used by the tenants of MS&AD-owned buildings as Scope 3 emissions (Category 13).

- [➤ Mitsui Sumitomo Insurance Co., Ltd. \(Japanese only\) !\[\]\(8c4dca64662d21542001ca0ed7eeb688_img.jpg\)](#)
- [➤ Aioi Nissay Dowa Insurance Co., Ltd. \(Japanese only\) !\[\]\(3de35c640e7147a3fb61ee393128d2ae_img.jpg\)](#)
- [➤ Mitsui Direct General Insurance Co., Ltd. \(Japanese only\) !\[\]\(d1438aeefda19c86ae7477bf1fb30796_img.jpg\)](#)
- [➤ Mitsui Sumitomo Aioi Life Insurance Co., Ltd. \(Japanese only\) !\[\]\(dc4d2c544087998b6f093f485f5119d7_img.jpg\)](#)
- [➤ Mitsui Sumitomo Primary Life Insurance Co., Ltd. \(Japanese only\) !\[\]\(f26ab61dd00ea7e5f19553908ec3fa6b_img.jpg\)](#)

< Main Efforts >

Developing and improving our products as part of our initiatives for 'creating shared value'

Deal with new risks	<ul style="list-style-type: none"> • Provided products that respond to new risks and demands arising from the changing environment, including cyber insurance for General Data Protection Regulation (GDPR) compliance and a derivative product that insures against pandemic influenza. • Provided products for diversifying lifestyles, such as an on-demand insurance product for leisure and insurance products for sharing economy businesses.
Create mobility society without accidents	<ul style="list-style-type: none"> • Launched GK/TOUGH Observe and Protect Automobile Insurance (Dashcam Type), enhanced functions of Suma-Ho (Smartphone) Driving Ability Diagnosis, and provided products/services that contribute to safe driving and prevention of accidents. • Developed products for autonomous driving, such as a voluntary automobile insurance product for truck caravans where a driverless system is used for vehicles following the lead truck.
Strive for resilient community development	<ul style="list-style-type: none"> • Provided assistance for the revitalization of local industries and the improvement of local resident safety, including through collaboration with local governments on regional revitalization measures, development of BCPs, and provision of solutions to small- and medium-sized enterprises that are working towards achieving the SDGs. • Provided support to corporations to ensure business continuity and to people to return to normal life in the event of large-scale disasters by promptly responding to natural disasters and appropriately handling accidents through the implementation of efficient damage appraisals by leveraging drones and cutting-edge communication technology and by enhancing a system used for receiving accident reports.
Support "good health and longevity"	<ul style="list-style-type: none"> • Provided products and services that contribute to improving the health of citizens and supported health and productivity management of corporate through development and provision of insurance products that promote health in collaboration with the University of Tokyo Center of Innovation (COI)*. *Developed a health promotion insurance package consisting of health management app equipped with a health risk predictive model powered by AI and consultation services, etc. • Provided products and services that meet the need for systematic asset-building through customer's own efforts in the era of the 100-year life, including the launch of foreign-currency denominated Tontine Annuities.
Contribute to climate change mitigation and adaptation	<p>Climate change mitigation</p> <ul style="list-style-type: none"> • Contributed to the spread of renewable energy business through provision of products and services that support the business <p>Climate change adaptation</p> <ul style="list-style-type: none"> • Promoted disaster prevention awareness among customers and ensured adequate compensation scheme through a flood and earthquake preparedness campaign • Promoted disaster prevention and reduction awareness campaign on each Group company website
Strive to improve sustainability of natural capital	<ul style="list-style-type: none"> • Informed the public about natural capital, through activities such as by hosting a session with the theme of "Considering Green Resilience" at the National Conference for Promoting Disaster Risk Prevention 2018 • Held an international symposium on ESG investment and deforestation risk • Held a symposium on corporates and biodiversity

Work toward realization of “leaving no one behind”

- Worked to establish inclusive and decent for business procedures to socially vulnerable groups when reporting accident/making a claim. Such efforts include encouraging elderly customers to register with the Relatives Notification System and launching various support services* beneficial to persons with hearing/speech impairments
*Sign language interpretation service, claims procedures booklet that comes with audio guidance, sign language video guidance, and others
- Developed a foster parent insurance system as part of the comprehensive partnership agreement with Osaka Prefecture
- Promoted measures to support people with dementia and their families, through the development of a voluntary automotive insurance that covers compensation liability for victims of accidents caused by a driver in an impaired state
- Developed an accident relief insurance program that covers compensation liability for victims of accidents caused by a person with dementia in partnership with Kobe City

Mid-term Target

*For the target of reduction of CO2, The MS&AD Insurance Group holds target as below;

Reduce CO2 emissions to 70% from the base year (fiscal 2009) in 2050, and reduce to 30% in 2020.

*For the target of “Ratio of females in managerial positions”, at the end of fiscal 2020, we hold target as below;

- Group Domestic : Ratio of female managers up to 15%

- MSI : 480 female managers (four times compared to 120 in fiscal 2014)

- ADI : Ratio of deputy managers or higher occupied by women up to 30%

- MSI Aioi Life : The number of female managers to be increased 5 times as many as in 2014 and ratio of deputy managers or higher occupied by women up to 50%

*For the target of “Ratio of taking fully paid paternity/secondary leave”, at the end of fiscal 2021, MSI holds each target as below;

- MSI : 80%

[> ESG Data / Reference Material](#)

Communication with Stakeholders

We believe it is important to understand what our stakeholders expect and want from the Group and utilize this understanding to improve the quality of products and services in order to always be an enterprise group that is needed by society. The MS&AD Insurance Group has various systems to facilitate communication with our stakeholders and is working on incorporating the voices of the stakeholders into the Group's management strategies.

It is our role to provide the best solutions to the uncertainties and risks in society based on public expectations for the insurance and financial services. In order to provide safety and security to people and support dynamic business activities and a healthy and productive life, we listen to the voices of our stakeholders and utilize them for quality improvement. In addition, we disclose our processes for understanding the received feedback, their contents and the results of the improvement efforts made towards them, and make all of the information available for public inspection on our website and others.



<p>Customers</p>	<p>The MS&AD Insurance Group Basic Policy for Responding to Customer Communications was formulated with the aim of receiving a wide variety of feedback from customers, including inquiries, requests, and grievances, among others, to be utilized for quality improvement. To offer products and services that satisfy customers as required by this basic policy, domestic Group insurance companies have formulated a “Customer-first Policy in the Business Operations” to help them extensively listen to the voices of customers and make continuous efforts to improve the quality of our products and services, as well as our operations.</p> <p>Furthermore, we endeavor to understand our stakeholders’ needs and expectations, and for this end, together with management level discussions, have constructed various schemes that help to improve the quality of the products and services we offer.</p> <p>Quality that Earns the Trust of Society Products and services that contribute to achieving Sustainable Development Goals (SDGs)</p>
<p>Shareholders</p>	<p>We are conducting IR activities in accordance with our basic policy to win the trust of shareholders and investors, and to enable our Group’s corporate value to be fairly evaluated. The MS&AD Insurance Group proactively engages in highly transparent information disclosure and constructive dialogue with shareholders and investors in an effort to achieve sustainable growth and increase corporate value.</p> <p>Specifically, through highly transparent information disclosure, the MS&AD Insurance Group seeks to reduce information asymmetry with shareholders and investors. The feedback gained from the constructive dialogue with shareholders and investors is shared with management and the relevant departments to be utilized in the formulation of management strategies.</p> <p>Disclosure of Information and Investor Relations (IR)</p>
<p>Agents</p>	<p>By maintaining effective communication with agents, who are our business partners, and by thinking and acting together, the MS&AD Insurance Group aims to offer quality service and optimal insurance products to our customers. In this way, we also encourage the Group companies and agents to grow together. We intend to further strengthen communication with agents by providing support to various initiatives aimed at bolstering the agent organizations’ growth and contributions to various local and social activities.</p> <p>Furthermore, due to the growth of the agents’ businesses, dedicated full-time staff members with expertise provide overall management support to agents’, including in growth strategies, maintenance of systems, and staff education through training and one-to-one meetings, thereby improving the agents’ management base and the quality of their products and services.</p> <p>Quality that Earns the Trust of Society</p>
<p>Business Partners</p>	<p>We will conduct fair and equitable transactions with integrity and endeavor to achieve sustainable development as well as to fulfill our corporate social responsibilities. The MS&AD Insurance Group, in line with the ISO14001, explains its Group Environmental Basic Policy to business partners and asks for their cooperation. Furthermore, The MS&AD Insurance Group supports its business partners’ initiatives towards the environment, including the acquisition of Eco Action 21 certification, a simplified version of the environmental ISO certification.</p> <p>Transaction Responsibilities</p>
<p>Employees</p>	<ul style="list-style-type: none"> · Each year, the MS&AD Insurance Group carries out an employee engagement survey covering topics such as those to ascertain the degree of diffusion of the Group Mission, Vision, and Values; the degree of unity within the Group; and whether employees feel a strong sense of motivation. · A “speak up” system encouraging whistleblowing has been put in place, creating an environment in which employees can frankly and proactively share their views on any problems they perceive and raise their concerns. · A message board was established on the intranet to collect the views and improvement proposals from employees in order to incorporate them into quality improvement. The opinions are reviewed at each headquarters division and the feedback is given based on the results. · Through the exchange of opinions between management-level executives and employees, we continue to make efforts to leverage employee feedback in business operations.

<p>Local Communities and International Society</p>	<p>As a member of both the local and international communities, the MS&AD Insurance Group takes part in the initiatives listed below, among other initiatives, makes efforts to understand the diversifying sustainability issues, and continues to take relevant actions.</p> <ul style="list-style-type: none"> - Paris Pledge for Action - United Nations Global Compact (UNGC) - United Nations Environmental Program Finance Initiative (UNEP FI) <p>[Principles for Sustainable Insurance (PSI), Natural Capital Finance Alliance (NCFA)]</p> <ul style="list-style-type: none"> - Principles for Responsible Investment (PRI) - Task Force on Climate-related Financial Disclosures (TCFD) Final Recommendation - Japan Climate Initiative (JCI) - Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) - Japan Business Initiative for Biodiversity (JBIB) <p>With regard to social contribution activities conducted through our main business, including our insurance business, employees engage in contribution activities for environmental conservation and local communities to support their sustainable development. Furthermore, through the MS&AD Unison Smile Club, a social contribution group created by the employees of the MS&AD Insurance Group, we conduct various social contribution activities in collaboration with non-profit organizations.</p> <p>Our Sustainability Approach Work toward Realization of "Leaving No One Behind"</p>
<p>Environment</p>	<p>We have developed the Group Environmental Basic Policy and are implementing various initiatives. The MS&AD Insurance Group will continue to contribute to the solution of environmental issues through various actions, such as signing the Paris Pledge for Action, and participation in a wide range of initiatives including the UN Global Compact, Principles of Sustainable Insurance, and Natural Capital Declaration.</p> <p>In addition, we analyzed what is the role of corporations in the 2030 Agenda for SDGs (Sustainable Developmental Goals), and reflected them in our Medium-term Management Plan, "Vision 2021". As a global insurance and financial services provider, we will continue to work on promoting initiatives from a global standpoint to push for the sustainability of the global environment.</p> <p>Contribute to Climate Change Mitigation and Adaption Strive to Improve Sustainability of Natural Capital</p>

Our Sustainability Priorities

Increasingly frequent and intense natural disasters caused by climate change are a risk shared by the entire planet, and non-life insurance companies, which are deeply involved in responding to such disasters, are concerned about a deterioration of the global insurance system due to an increase in claim payouts. The MS&AD Insurance Group endorses the Paris Agreement, aimed at resolving climate change issues and is ratified by countries around the world, and in December 2015 the Group signed on to the Paris Pledge for Action to declare its commitment toward this aim.

Our lifestyles as well as economic activities dependent on natural resources, such as water and lumber, as well as on the resources provided by plant, animal and other ecosystems that will be considerably impacted by the degeneration of ecosystems and the depletion of natural resources. In July 2016, the Group signed the Natural Capital Declaration in support of its assertion that financial institutions should incorporate the idea of “natural capital” into their financial products and services going forward in the 21st century. We have been helping to improve the resilience of customers and the society by providing risk management and insurance products that guard against the risks of climate change and natural capital degradation, and engaging in efforts to reduce our own greenhouse gas emissions.

Additionally, we signed the UN Global Compact and voiced our support for the Universal Declaration of Human Rights in June 2004, and ever since have adopted approaches in line with the ILO Core Labor Standards and the OECD Guidelines for Multinational Enterprises. In February 2017, we established the MS&AD Insurance Group Basic Policy on Human Rights to better fulfill the obligation that companies have to respect human rights. We recognize that we are liable for the observable and potential adverse impacts of our business activities, including those throughout our value chains, and we have been undertaking activities and engaged in dialogues that manifest our respect for human rights.

The following three issues need to be resolved by realizing a resilient and sustainable society and, given their major impact on our Group and society as a whole, they have been designated as priority issues for our Group.

Contribute to Climate Change Mitigation and Adaptation >

Strive to Improve Sustainability of Natural Capital >

Implementing Activities and Dialog that Respect Human Rights >

Contribute to Climate Change Mitigation and Adaptation

Aspirations

With the adoption of the 2015 Paris Agreement, a framework agreement on climate change, governments around the world agreed to keep the increase in the global average temperature well-below 2°C from pre-Industrial Revolution levels, and to work to limit this increase to 1.5°C. To that end, the world's greenhouse gas emissions must be peaked out as soon as possible and then reach a balance with greenhouse gas absorption (forests, etc.) in the second half of the 21st century. A transition to a decarbonized society, with substantial reduction of greenhouse gas emissions, should be made in adapting to climate change.

As an insurer, the MS&AD Insurance Group is addressing the accumulation risks of cumulative damage due to natural disasters while promptly ascertaining social changes to advance the level of its own risk management. We are working to reduce the environmental burden accompanying our business activities with a target at 70% reduction by FY2050 using FY2009 as a benchmark year.

Furthermore, we will continue to support sustainable development by providing insurance and consulting services designed to reduce damage and loss incurred in corporate and other activities due to abnormal weather stemming from climate change, and by developing products/services that help advance the transition to a decarbonized society.

Climate-related Financial Disclosure

To achieve a "Resilient and Sustainable Society", the MS&AD Insurance Group is tackling climate changes mitigation and adaptation through Creating Shared Value (CSV initiative) .

Because climate change may bring serious impact on society and industry and may constitute a major factor behind the fluctuations in corporate performance, companies' disclosure regarding the impacts of climate change on their business activities is becoming more important than ever. Our Group endorses the Task Force on Climate-related Financial Disclosures (TCFD) and promotes the disclosure of financial information.

 [Task Force on Climate-related Financial Disclosures \(TCFD\)](#)

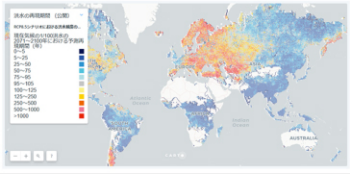


Creating Shared Value

Advanced climate change may bring unprecedented tremendous disaster by weather events with growth in frequency and magnitude. In addition to such large, intense disasters, slower changes in weather patterns will destabilize business activities and day-to-day living, causing both physical and economic harm. Weather disasters are an enormous risk confronting the entire planet, and insurers closely involved in responding to such disasters are concerned that more expensive insurance payment could lead to a degradation of the global insurance system. We must make efforts to mitigate advancing climate change while also putting measures in place to prepare for rising risks. The Group will provide society with safety and security through adequate preparations, including reinsurance for damage from large-scale disasters. We will also support new businesses that promote climate change adaptation by providing suitable services to reduce or eliminate damage and loss inflicted on customers by weather disasters and that help bring about a decarbonized society.

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


Offering Solutions to Identify/Prevent Weather Disaster Risks Due to Climate Change

Given the need to adapt to new risks arising from climate change, assessment/analysis of climate change risks have become essential. Our Group is stepping up its initiatives to assess/analyze climate change risks.

<p style="text-align: center;">InterRisk</p> <p style="text-align: center;">Provision of maps showing forecasts of changes to flooding frequency due to climate change</p>	<p>The MS&AD Insurance Group and MS&AD InterRisk Research & Consulting have teamed up with the University of Tokyo and the Shibaura Institute of Technology to undertake a Large-scale Assessment of Flood Risk Due to Climate Change (LaRC-Flood™) and published a Map of Forecasted Flood Frequency Change Due to Climate Change as part of this project. To clarify the relation between climate change and flooding risk, we have also begun extensively and quantitatively evaluating the impacts of global warming on the probability of past floods occurring, with a focus on the major rivers in Asia. Advancing climate change could increase flood risk globally in future, which would have a major impact on corporate management. As an insurer, the MS&AD Insurance Group will strive to respond to natural disasters and prevent/mitigate damage from these disasters. Climate change in particular has long been an issue of interest for the Group as a whole, and we have been pursuing an industry-government-academia collaboration to resolve social issues and bring about our vision of an ideal society.</p>  <p style="text-align: right;">LaRC-Flood map (Japanese only) </p>
<p style="text-align: center;">InterRisk</p> <p style="text-align: center;">Climate change risk analysis service</p>	<p>Risks that should be ascertained by companies are physical risks, such as flooding and droughts, stemming from climate change and transition risks in the course of transition to a decarbonized society in line with Paris Agreement, including changes in the energy structure. We provide services that assess and analyze such risks, and support the disclosure in accordance with the TCFD's Final Recommendations.</p> <p style="text-align: right;">Climate change risk analysis service (Japanese only) </p>

Providing Coverage

We are assisting economic revitalization and climate change mitigation and adaptation through appropriate preparations for damage/loss caused by weather disasters as well as innovations to bring about a decarbonized society by offering insurance and consulting services in addition to developing and providing products that reduce environmental burden.

<p style="text-align: center;">MSI ADI</p> <p style="text-align: center;">Products that support renewable energy businesses</p>	<p>We support dissemination of renewable energies through various types of insurance that comprehensively cover a variety of risks, including property damage, lost profits and compensation liability, surrounding renewable energy companies (e.g. solar power, wind power, biomass power, and small and medium-sized hydropower companies), and risk management services such as risk assessment/consulting and providing information through handbooks and other means.</p> <p style="text-align: right;">Products and services that contribute to achieving Sustainable Development Goals (SDGs)</p>
<p style="text-align: center;">MSI ADI</p> <p style="text-align: center;">Weather derivatives</p>	<p>We sell weather derivatives to lessen the financial losses due to unseasonable weather. We provide solutions by underwriting weather derivatives that cover decreased sales and increased expenses stemming from below-average (or above-average) rainfall levels, extreme heat, unusually cool summers, severe winters, warmer-than-normal winters, or a lack of sunshine.</p> <p style="text-align: right;">InterRisk Sustainable Management Report (Japanese only) </p>
<p style="text-align: center;">MSI</p> <p style="text-align: center;">Pacific Catastrophe Risk Assessment and Financing Initiative</p>	<p>We continue to participate in the Pacific Catastrophe Risk Assessment and Financing Initiative, jointly established in 2013 by the Japanese government and the World Bank, as a company underwriting reinsurance for natural disaster risks. This system rapidly supplies relief funding to Pacific Island nations with underdeveloped insurance markets (Samoa, Tonga, Marshall Islands, and Cook Islands) hit by natural disasters of a certain scale (cyclones, earthquakes, tsunamis).</p>


Efforts to Reduce the Burden on the Environment

We regard environmental issues as a priority issue for corporate management and are undertaking business activities that boost the sustainability of the global environment.

Environmental Management

Group-wide

Considering environmental issues as a priority issue for corporate management, we are actively pursuing environmental efforts aimed at creating a decarbonized society in accordance with the MS&AD Insurance Group Basic Policy on the Environment. These efforts are being carried out in line with the Code of Conduct set out in the Environmental Basic Policy which combines ISO14001 certification, the international standard for environmental management systems, with the MS&AD OUR EARTH Project, the Group's own management system.

- > [Basic Policy on the Environment](#)
- > [ISO14001 Management System Registration Certificate](#) 

Reducing CO2 Emissions

Group-wide

With our support for the Paris Agreement adopted in 2015, we have signed the Paris Pledge for Action that calls on its signatories to address climate change and global warming. In keeping with this pledge, we have formulated CO2 emission reduction targets for FY2020 and FY2050 for the Group as a whole. As an insurance/finance group doing business globally, we are mobilizing the entire Group to pro-actively reduce its CO2 emissions.

- > [Mid-term Target](#)

Decreasing Paper Use

Group-wide

We substantially reduce the environmental burden through less paper use by computerizing insurance contract and payment procedures, etc., and making electronic policy certificates, terms, and conditions accessible on the Internet.

Promoting the Use of FSC-Certified paper *




Group-wide

Our Group has been making a switchover to FSC-Certified paper for pamphlets and other printed material since FY2010. Using paper made with lumber sourced from properly managed forests, we contribute to conserve biodiversity through forest protection.

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

Efforts Across the Value Chain

Our efforts to reduce the environmental burden are also promoted in conjunction with key business partners. We are engaged in green purchasing, prioritizing eco-friendly products in procuring the materials used in our operations, and our entire value chain is working to establish a sustainable society.

<p style="text-align: center;">MSI</p> <p style="text-align: center;">Support for Certification under EcoAction 21</p>	<p>We have provided a program to obtain certification under the EcoAction 21 environmental management system advocated by the Ministry of the Environment to our agents and small and medium-sized corporate clients.</p>
<p style="text-align: center;">MSI</p> <p style="text-align: center;">Eco-maintenance and Eco-inspection</p>	<p>We are promoting eco-friendly vehicle maintenance and inspections through Advance Club, an organization of maintenance facility agents. Eco-friendly vehicle maintenance and inspection uses maintenance technologies primarily to clean the engine's combustion chambers by special methods (engine cleaning) thereby reducing toxic gas emissions, improving fuel efficiency and helping to reduce CO2 emissions by reducing fuel use.</p>
<p style="text-align: center;">MSI ADI</p> <p style="text-align: center;">Eco-Safety Driving</p>	<p>We prepare and propose support tools to promote Eco-Safety Driving, an eco-friendly approach designed to reduce fuel costs and vehicle accidents.</p>
<p style="text-align: center;">MSI ADI MSI Aioi Life</p> <p style="text-align: center;">Eco-insurance policies, Web policy clauses (MSA Life Insurance offers Web policy only)</p>	<p>We are encouraging the use of paperless insurance policy certificates (excluding MSI Aioi Life Insurance) and Web policy. MSI and ADI also make a donation to environmental conservation efforts each time customers choose eco-insurance policies, and Web policy clauses.</p> <p>MSI - Green Power supporter, eco-insurance policies /Web policy (Japanese only) </p> <p>ADI - paperless insurance policy certificates, and Web policy (Japanese only) </p> <p>MSI Aioi Life Insurance - Web policy (Japanese only) </p>

Participation in the CDP (formerly known as the Carbon Disclosure Project)

The CDP (formerly known as the Carbon Disclosure Project) is an independent nonprofit organization with the world's largest database for corporate measures against climate changes, and corporations and organizations across the world have disclosed their greenhouse gas emissions and measures against climate change through CDP. The MS&AD Insurance Group subscribes to CDP's approaches and continuously submits new data.



Basic Policy on the Environment

The MS&AD Insurance Group has established the following Environmental Basic Policy.

MS&AD Insurance Group Basic Policy on the Environment

Under its Group Mission Statement, "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" the MS&AD Insurance Group has made the environment a part of its corporate strategy. The Group has established the following Key Issues and is advancing efforts in these areas in line with the Standards of Conduct listed below.

The Group is committed to ongoing improvement through its environmental management system, and to abiding by environment-related laws and regulations, and the principles, and guidelines agreed to by all members of the MS&AD Insurance Group.

1. Key Issues

- (1) Mitigation of and adaptation to climate change
- (2) Sustainable use of resources
- (3) Reduction of environmental burden
- (4) Preservation of biodiversity

2. Standards of Conduct

- (1) Initiatives via our insurance and financial services

We will create insurance and financial services that contribute to the Key Issues, and work to resolve social issues and thus enhance corporate value.

- (2) Initiatives as part of the business process

Through an innovative reassessment of our business processes, we will work to enhance quality and improve business operations while making more efficient use of resources and energy.

- (3) Environmental awareness and protection activities

By raising environmental awareness among all of our executives and employees, our communities, and the next generation, we will work with stakeholders to promote environmental protection activities, gaining their trust, and building sympathy for these issues.

Established April 1, 2010

Revised April 1, 2016

Climate-related Financial Disclosure

Climate-related Financial Disclosure (vis-à-vis TCFD recommendations)

The MS & AD Insurance Group is tackling climate changes mitigation and adaptation as one of the social issues to achieve a “Resilient and Sustainable Society”.

In June 2017, The Task Force on Climate-related Financial Disclosures (TCFD) released its Final Recommendations constituting a framework for companies and other organizations to voluntarily disclose climate-related information.

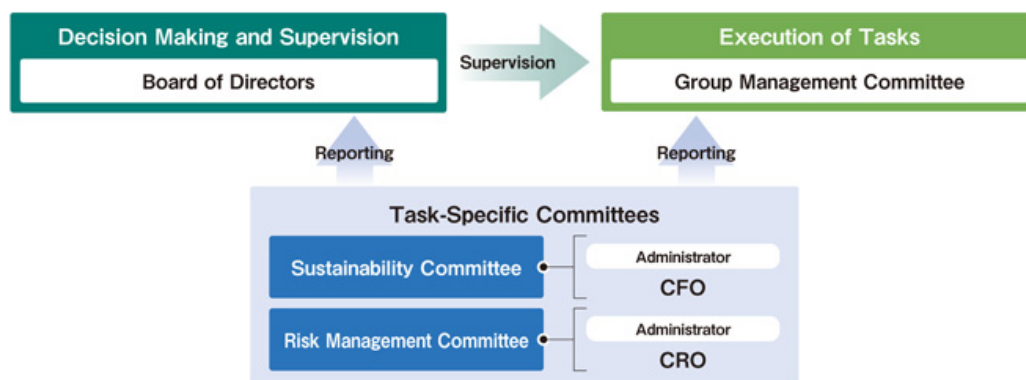
MS&AD Holdings will disclose information on climate-related efforts in line with these Recommendations.

[> What is TCFD? \(Ministry of Economy, Trade and Industry\) \(Japanese only\) !\[\]\(17413706fd4997a1a4bdf85c6864eee1_img.jpg\)](#)

Governance: Climate-related Internal Control

Major issues related to climate are discussed and decided by the Board of Directors.

The Board of Directors discusses and decides on major issues such as policies, strategies, and capital measures, including climate-related ones and initiatives, and oversees the execution of operations by directors and executive officers. The Group Management Committee deliberates on such as policies and strategies, including climate-related issues and initiatives, and monitors the execution of those operations by executive officers. Information on climate-related issues and the progress being made in climate-related initiatives is reported primarily to the Board of Directors and the Group Management Committee after discussions by the Sustainability Committee and the Risk Management Committee (respectively four times annually as a rule).



Strategy: Climate-related Risks and Opportunities

While maintaining financial soundness and steady profits, our Group will cover damages caused by typhoons, floods or other climate-related natural disasters, and provide consulting on disaster preparation globally.

< Climate-related risks >

Typhoons and other natural disasters occasionally cause enormous damage, and it is possible that natural disasters will increase in both frequency and size globally as a consequence of climate change, leading to huge natural disasters that exceed previous forecasts. Our Group utilizes reinsurance and allocates catastrophe reserves in preparation for covering damage due to natural disasters, but ever-larger claim payments could pose a risk to our performance. We thus take into consideration the impact of climate change while controlling(*) the retained amount of natural catastrophe risk to secure we have the capital necessary to maintain our financial soundness.

To prepare against frequent natural disasters and to be able to pay out claims promptly to customers who have suffered losses, we have strengthened our claim submission system and have built up intra-Group cooperation in retention of loss adjusters and running of survey offices.

Our Group recognizes that climate change can have impacts such as the following, in addition to natural disasters:

- Changes in weather conditions such as low rainfall, drought, etc.
- Strict environmental regulations and technological innovations to mitigate the impacts of climate change
- Increases in environmental litigations

We monitor the effects on our Group's business by these risks other than natural disasters and utilize for business strategies. We are also engaged in dialogues with companies in our investment portfolio regarding the impacts of climate-related risks on business activities.

(*) Controlling the retained amount of natural catastrophe risk

We utilize statistical methods to quantitatively assess risk exposure by region and by type of disaster while taking the impacts of climate change into consideration. Based on these assessments, we strive to make reinsurance arrangements, issue catastrophe bonds, and allocate catastrophe reserves with appropriate underwriting. These steps are aimed at improving the entire Group's financial and reducing the risk of profit soundness fluctuations.

More specifically, we are promoting initiatives such as the following.

(1) Natural disaster risk management

- We have established net retention standards (guidelines) for each Group company pertaining to wind/flood damage risk in Japan and in the US, setting the risk of covered events occurring one-in-200-years as a standard in order to control natural disaster risk retention.

(2) Lower the natural catastrophe retention on a Group-wide basis • Lower the natural catastrophe retention including that for windstorm and floods in the United States Further enhance the profitability of the reinsurance business

(3) Reduce the risk of profit fluctuations

- By enhancing the respective existing reinsurance coverage of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance for domestic natural catastrophes and creating joint reinsurance treaty coverage shared by the two companies that covers annual aggregate losses, the Group reduces the losses on a once-in-10-years basis by around 20% year on year, decreasing the risk of profit fluctuation

< Climate-related opportunities >

We have been undertaking efforts aimed at contributing to climate change mitigation/adaptation and creating shared value with society (CSV initiatives).

In addition to providing insurances that cover climate-related damages and offering risk assessment consulting, we are striving to provide insurance and other products/services that promote the widespread use of renewable energies and hydrogen technologies. To help customers prepare better for natural disasters, we are working to disseminate insurance coverages through preparation for floods and earthquake campaign aiming at making our customers better prepared and working to extend coverage.

Furthermore, we are taking part in an industry-academia-government collaboration. For example, we have joined with university researchers in the LaRC-Flood® Project to study flood risk impact assessment. We have also exchanged views with people from various societal backgrounds in a climate change symposium we held entitled "Considering the Next Step toward SDGs with a Focus on Climate Change". The advanced research and discussions will bring greater sophistication to our Group's risk management and will be utilized in developing products and services.

[> Our Sustainability Priorities: Contribute to Climate Change Mitigation and Adaptation](#)

Scenario analyses

We are undertaking scenario analyses of the impacts of climate change on business as suggested in the TCFD Recommendations.

We are participating in a pilot project led by the United Nations Environmental Programme Finance Initiative (UNEP FI) to study TCFD disclosures by insurance companies, and developing scenario analysis methods for the insurance business. We have also begun calculating our own carbon footprint and carrying out scenario analyses of our asset management portfolio.

In addition, we have developed stress scenarios that take climate change factors into account in stress tests of the impact of typhoons on the insurance industry.

Risk Management (Risk Assessment and Management)

Our company identifies climate-related risk events in accordance with the MS&AD Insurance Group Risk Management Basic Policy and, assesses the degree of risk control at all Group companies via the ERM cycle and reports to the Risk Management Committee. We are increasing sophistication of risk management by incorporating climate change factors into stress tests. We have also initiated dialogues with companies in our investment portfolios to encourage them to disclose climate-related information.

[> ERM and Risk Management](#)

Metrics and Targets

< Indicators and targets >

The Group has incorporated climate change mitigation/adaptation approaches into its key performance indicators (KPIs). The results of these approaches are being reflected in the performance-based compensation of our company's internal directors.

[> Our Sustainability Priorities: Contribute to Climate Change Mitigation and Adaptation](#)

< Reductions in CO2 emissions >

In seeking to lower its CO2 emissions, our Group has set FY2009 as the baseline year for calculating emission reduction targets of 30% by 2020 and 70% by 2050.

[> Mid-term Target](#)

< Impact of natural disasters on insurance underwriting income >

Natural disasters and other factors can cause insurance underwriting profit fluctuation. Our Group discloses insurance underwriting profits as well as the amounts of claims paid for natural catastrophes and fluctuations of catastrophe reserves.

[> MS&AD Integrated Report, p. 118 !\[\]\(3f58279cec6bd1cda441dec6c38bc9c7_img.jpg\)](#)

Strive to Improve Sustainability of Natural Capital

Aspirations

Our lifestyles and economic activities are made possible thanks to the bounties of nature (ecosystem services) which rely on a stock of natural capital. "Resilient and Sustainable Society" can only come about if its foundations are rooted in the global environment in through natural capital and stable weather systems and other factors. The sustainability of society as a whole including companies depends on business models that integrate the sustainability of natural capital. The MS&AD Insurance Group is working to ensure sustainable relationship between natural capital and business activities.

Identify and inform on risks	Prevent risks from occurring/minimize the impact	Reduce the economic burden
Assessing risks, including the depletion/degradation of natural capital (Analysis examples) <ul style="list-style-type: none"> Future risk of water depletion at business facilities that use large volumes of water Assessment of the sustainability of supply chains which primarily depends on natural resources 	Proposals on risk management measures based on research/analysis findings (Proposal example) <ul style="list-style-type: none"> Consultation on land use that considers local ecosystems 	Provision of risk coverage (Coverage example) <ul style="list-style-type: none"> Expenses incurred during recall when a sustainability certification of the used materials is revoked and expenses needed for apology

Solutions to Identify/Prevent Risks on Natural Capital

Projects development business undertaken inside and outside Japan and business activities depended on supply chain have the potential to cause major losses to natural capital. It is thus important to analyze/assess the impact of business activities on natural capital and to take the steps necessary to establish a sustainable relationship between the two.

Risk Assessment Service for Natural Capital

We quantitatively assess the impact of project development business in Japan and overseas on natural capital. Focusing on business locations and project development in Japan and overseas, we support specific risk assessment that ascertains the value of the surrounding natural capital and determines where and what kind of impact natural capital is being impacted in the supply chains, and apply this information to its business decisions. We support efforts to adopt "natural capital accounting" that highlights the connections between natural capital and the business as a whole.

Provision of a Water Risk Assessment Service

An increasing number of areas worldwide are experiencing depletion of their water resources due to climate change, population increases in developing countries, economic development and other factors. In some cases, this depletion has been serious enough to threaten companies' operations. Companies now need to identify and disclose their own water risks. We offer services for assessing the water risks (depletion, contamination, flooding/droughts, etc.) business locations face inside and outside Japan.

Environmental Supply Chain Consulting

Establishing a sustainable raw material procurement network is a key business challenge in realizing sustainable business activities. We conduct environmental business risk analyses of raw material procurement tailored to specific industry sectors, and support approach prioritization and the formulation of supply chain management activities.

Biodiversity-conscious Land Use Consulting

A growing number of companies which see efforts to conserve biodiversity as both risks and opportunities for their businesses have begun to take biodiversity into account in determining their businesses' land use. We offer comprehensive support ranging from research/analysis to the formulation of development/activity plans for the use of offices, apartment buildings, and other land with green spaces.

Preserving Conserving Biodiversity through Partnerships and Industry-Academia Collaboration

Our lifestyles and economic activities are made possible thanks to the bounties of nature (ecosystem services), underpinned by a biodiversity conserved natural capital. The sustainability of society as a whole including companies depends on business models that consider biodiversity. Our Group has made biodiversity conservation one of key issues in MS&AD Insurance Group Basic Policy on the Environment and is pursuing measures accordingly.

Natural Capital Declaration Signed

HD

In July 2016 our Group signed the Natural Capital Declaration, which calls on financial institutions to incorporate the concept of "natural capital" into their financial products and services, and we have been taking part in the Natural Capital Finance Alliance (NCFA).



Secretariat:




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

HD

In regards to conservation of biodiversity and sustainable use of biological resources, MS&AD Holdings has been serving as the chair company of the Japan Business Initiative for Biodiversity (JBIB), which brings companies together for joint research projects on biodiversity, since JBIB's founding in April 2008.

In February 2019, our company hosted the “The Story of Biology Told by Companies” symposium for the 12th time, creating an opportunity to provide information on corporate efforts for biodiversity.

Such efforts have been highly praised, as evidenced by the mentions in the National Biodiversity Strategy of Japan 2012-2020, Guidelines for Private Sector Engagement in Biodiversity and elsewhere.

- > [Japan Business Initiative for Biodiversity \(JBIB\) official website](#) 
- > [FY2018 “The Story of Biology Told by Companies” symposium \(Japanese only\)](#) 
- > [FY2019 “The Story of Biology Told by Companies” symposium](#)



JBIB logo

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

HD

MS&AD Holdings is participating in "Research and Social Implementation of Ecosystem-based Disaster Risk Reduction (Eco-DRR) as Climate Change Adaptation in Shrinking Societies", a research project being conducted by Research Institute for Humanity and Nature, an inter-university research institute corporation under the Ministry of Education, Culture, Sports, Science and Technology that is engaged in comprehensive research on the global environment. The project focuses on methods for utilizing the wide-ranging functions of ecosystems to prevent/mitigate disasters (Eco-DRR) and, with population decline being seen as an opportunity to revamp land use, research is being carried out to create local communities that can both enjoy the rich blessings of nature and prevent/mitigate disasters.

Environmental Conservation Efforts within the Group

We are actively engaged in internal education to the Group employees as well as our own environmental conservation efforts.

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

Group-wide

Over the past 14 years, starting in FY2005, we have been working with the Indonesian government to restore wildlife sanctuary forests and to regenerate tropical forests in the Special Region of Yogyakarta on Java Island. We have also been endeavoring to stimulate the local economy by, for instance, planting trees to revive degraded forests, and to form sustainable local communities, maintaining/managing protected forests and pursuing cooperative forestation efforts with local residents by offering them technical guidance on planting and cultivating trees.

> [Indonesia Reforestation Project](#)



Guidance on agricultural techniques



Educational program

MS&AD Ramsar Supporters

Group-wide

Group employees and their family members have been involved since FY2010 in the environmental conservation efforts of wetlands, including those that have been registered under the Ramsar Convention. We also offer visiting lectures to schools to communicate the rich biodiversity of wetlands to the students.



Activities in Yatsu tidal flat (Chiba Prefecture)

> Ramsar Supporters activities (Japanese only)

Mitsui Sumitomo Insurance Surugadai Green Spaces

MSI

The Surugadai Building and the Surugadai New Annex are highly regarded for their green spaces that reflect our consideration for biodiversity. On the grounds, there is "ECOM Surugadai", an open facility to the community, where activities such as communication of environmental information and workshops.

> Surugadai Building Green Space 

Environmental Efforts in Employee Cafeterias

MSI

ADI

Against the background of increasing ocean pollution and with the goals of reducing the use of plastic and educating employees on the issue of marine plastic waste, we abolished the use of plastic cups and straws in employee cafeterias in August 2018. In July 2019, we set up faucet-connected water stands and began encouraging employees to use their own bottles. As of October 2019, we will also be serving sustainable seafood.

Implementing Activities and Dialog that Respect Human Rights

Aspirations

In June 2004, the MS&AD Insurance Group proclaimed its support for the United Nations Global Compact and is advancing its approaches for the respect of human rights as a company that supports the Universal Declaration of Human Rights, ILO Core Labor Standards, and OECD Guidelines for Multinational Enterprises through its participation in the United Nations Global Compact. In addition, the MS&AD Insurance Group formulated the MS&AD Insurance Group Basic Policy on Human Rights in February 2017 to further fulfill its responsibilities towards respecting human rights.

The Policy applies not only to our Group but also to other stakeholders in the Group’s value chain, including suppliers related to the procurement of services and business partners such as agents. We are engaging with our stakeholders in order to prevent and mitigate any adverse impacts on human rights from businesses activities.

Basic Policy on Human Rights

The MS&AD Insurance Group stipulates respect for human rights in its MS&AD Insurance Group Basic Policy on Human Rights.

MS&AD Insurance Group Basic Policy on Human Rights

The MS&AD Insurance Group is committed to enhancing the enterprise value and contributing to the creation of a sustainable and resilient society through behavior that takes into account interaction with the environment and society in all business activities, with the aim of realizing Our Mission.

We recognize our responsibility for the actual and potential adverse impact our business activities have on human rights, including the impact of value chain, and we have pursued activities and dialogues that respect human rights. This Basic Policy has been adopted to prepare for this.

1. Basic Approach

(1) Compliance with laws, regulations and norms related to respect for human rights

(i) The Group respects international norms on human rights such as the United Nations International Bill of Human Rights, the corporate code of conduct in the United Nations Global Compact, and the principles concerning fundamental rights set out in the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

(ii) In addition to complying with laws and regulations in countries and regions where we conduct business activities, we seek ways to respect the principles of internationally recognized human rights when these laws and regulations conflict with the principles, while considering the circumstances in such countries and regions.

(2) Non-discrimination

We respect basic human rights in all business activities, and not discriminate based on race, nationality, gender, age, ethnic origin, descent (family origin), social status, creed, religion, physical characteristics, disability, sexual orientation, gender identity or pregnancy.

(3) Corporate culture that respects human rights

(i) With “achieving mutual growth by respecting one another's individuality and opinions, and by sharing knowledge and ideas” as one of Our Values, we will foster a corporate culture that respects human rights.

(ii) We respect diverse values and engage in the creation of a friendly working environment with consideration for the mental and physical health and safety of every single employee.

2. Human Rights Due Diligence

We will create a system for human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights, and engage in dialogue, consultation and reporting.

(1) Assessment and prevention

We will identify and assess any actual and potential human rights risks, and take prioritized steps to prevent and mitigate them.

(2) Remedy, remediation and dialogue

If the Group causes adverse human rights impacts, we will perform appropriate remedy and remediation through appropriate procedures, and engage in the prevention of recurrence. Moreover, if it is found that we are involved in such impacts through the value chain, we will sincerely engage in dialogue.

(3) Education and Training

We will engage in a broad range of activities to raise awareness of human rights through every opportunity to ensure our officers and employees have a deeper understanding of global, country-specific or regional issues related to human rights and their involvement with our business activities and have respect for human rights.

3. Responsibilities as a Global Insurance and Financial Services Provider**(1) Protection of privacy**

In light of the importance of personal information and in accordance with our Basic Policy for Management of Customer Information we will protect personal information to ensure that there is no adverse impact on human rights including privacy.

(2) Reflection in business processes

As a founding signatory to the UN Principles of Sustainable Insurance (PSI) and a signatory to the UN Principles for Responsible Investment (PRI), we will consider environmental, social and governance (ESG) aspects in order to meet our responsibility to respect human rights in our insurance underwriting and investment decision-making processes.

END

Established, February 1, 2017

President & CEO



Statement on the UK Modern Slavery Act 2015

- [FY2018 Slavery and Human Trafficking Statement !\[\]\(aca6fcc8bd95e8255b9ea1b1d08ef300_img.jpg\)](#)
- [FY2017 Slavery and Human Trafficking Statement !\[\]\(0083087c61cec498ac803a4aec5bb1bd_img.jpg\)](#)
- [FY2016 Slavery and Human Trafficking Statement !\[\]\(2e94242fda9f31152eb2b29146bfce46_img.jpg\)](#)
- [FY2015 Slavery and Human Trafficking Statement !\[\]\(680c68b4e62fe5ec9774c1168e904fbf_img.jpg\)](#)

Human Rights Due Diligence and Remedial Measures

The MS&AD Insurance Group has built a system for human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights and is carrying out due diligence on a continuous basis. In accordance with the Basic Policy on Human Rights that was formulated in February 2017, we will carry out human rights due diligence in accordance to the steps in the following description. As part of the human rights due diligence, we identified and assessed any actual and potential human rights risks according to the following process up to STEP 3. As a result of the analysis, we selected the following as priority issues: the infringement of privacy arising from the leakage of customers and employees' personal information, and the physical and mental effects of employees' long working hours. We will periodically review the identification and assessment of human rights risks and priority issues that reflect changes in society and the environment that surrounds the Group and its value chain.

STEP1 :	Identify any actual and potential human rights risks arising from the Group's value chain and stakeholders
STEP2 :	Assess and analyze such risks identified in terms of [1] severity* and [2] probability of occurrence (creation of a risk map) *Severity is assessed based on the scale, scope, and difficulty of remediation of the estimated damage.
STEP3 :	Determine significant risks as priority issues through the review of the risk map
STEP4 :	Study and implement necessary preventive and remedial measures as well as review their effects

Human Rights Assessment and Remedial Measures

In the human rights due diligence process, we conduct human rights risk assessment, periodically monitor the two priority issues, and implement mitigation measures.

<p>Personal information protection</p>	<p>Each Group company establishes internal regulations on information management, introduces security measures, and provides education to employees and agents, according to the MS&AD Insurance Group Basic Policy for Management of Customer Information.</p> <p>To verify the management systems, we regularly conduct inspections and audits of agents, outside vendors, and employees, and promptly implement remedial measures against any found problems.</p> <p>< Fiscal 2018 inspections and audits ></p> <ul style="list-style-type: none"> • Internal inspections were carried out at the Company and the Group's domestic insurance companies. • We inspected and audited around 53,000 agents and outside vendors, and provided instructions including to strengthen security to approximately 260 companies. <p>Information Management The MS&AD Insurance Group Basic Policy for Management of Outside Vendors</p>
<p>Health and productivity management</p>	<p>Regarding the health and safety of our employees, we are making a group-wide effort to reform their way of working in addition to managing their work hours with a system. Furthermore, we have established a Speak Up System (whistleblowing system) and a counseling desk, and in fiscal 2018 after conducting employee surveys (responses: approximately 46,000 from Japanese offices, 9,000 from overseas offices), we worked to keep employees well informed about the whistleblowing system and to create an environment where it is easy and accessible to use the consultation services.</p> <p>Work Style Reform and Health and Productivity Management The Speak Up System</p>

Since various problems such as low wages and a poor working environment for foreign technical interns and students have recently been arising in Japan and abroad, we conducted interviews with the relevant business divisions in the Group. Although we did not find any problematic cases in the interviews, we will continue to follow up on this matter.

Education about Human Rights

The MS&AD Insurance Group is working on raising awareness of human rights to employees to foster a "corporate culture that respects human rights," as stipulated in the Basic Policy on Human Rights.

<p>Structure of Education about Human Rights</p>	<p>In the MS&AD Insurance Group Holdings, the Sustainability Section of the Corporate Planning Department plays a central role in promoting efforts to respect human rights inside and outside of Japan in collaboration with departments in charge of overseas compliance and departments in charge of human rights awareness in the operating companies.</p> <p>In the operating companies, the organizations directed by the executive officers responsible for human rights awareness or officers in higher positions play a central role to raise human rights awareness of employees. They promote a better understanding of human rights and corporate social responsibility as well as develop and embed a corporate culture of respecting human rights.</p> <p>< Major initiatives ></p> <ul style="list-style-type: none"> • Planning and formulating as well as implementing and managing workplace training programs for all employees • Raising role awareness of employees involved in human rights education.
<p>Training on Human Rights</p>	<p>ESG Data and Reference Material (Human Rights)</p>

Consultation Service Desk

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

<p>Reporting System from Employees (Speak Up System)</p>	<p>In order to prevent violations of laws and regulations, violations of internal regulations, and inappropriate conduct from being neglected, the MS&AD Insurance Group has in place a reporting and consultation system, the Speak Up System, through which employees can report any concerns so the company can promptly identify the facts and take necessary measures. With this system, the Group pushes ahead with compliance with ethics, laws, and regulations.</p> <p>< Main subjects of reports and consultation ></p> <ul style="list-style-type: none"> • Any matters related to non-compliance • Issues related to employees' mental and physical health and other issues caused by sexual harassment, power harassment, or any other types of harassment • Any matters related to working environment, such as work hours and overtime work <p>We have made efforts to enable informers and consulters to easily use the system by setting up an external contact point at an outside law firm. In addition, we protect the informers and consulters by ensuring the informers and consulters' privacy and protect their information. We also make sure the informers are not treated disadvantageously.</p> <p>Performance of the Speak Up System</p>
<p>Harassment Consulting Desk</p>	<p>We have set up a dedicated harassment consulting desk to make sure that employees who feel victimized can consult staff with peace of mind about sexual harassment, power harassment, and maternity harassment cases. Based on a thorough but swift fact-finding investigation, the consulting desk makes corrections and carries out disciplinary actions when the need arises. The company is also making efforts towards prevention by providing education such as workplace training programs for all employees, level-specific training programs, and e-learning.</p>

Promotion of a Sound Relationship with the Labor Union

In the MS&AD Group, the Company and the labor union respect each other's position by complying with agreements in good faith and by engaging in efforts to maintain and improve the company's democratic and healthy development, the employee's working conditions, and their position.

Based on the agreement, negotiations and consultations are carried out in the context of wages, personnel systems and operations, work environment, and management plan.

- Labor union participation rate : 93.9% (as of March, 2019)

Our Value Creation Approach

Achieving the SDGs

To bring about a resilient and sustainable society, we must acknowledge the social issues that stand in our way and take the initiative in resolving them. These social issues include various risks to the global environment, such as climate change and resource depletion, a decline in vitality due to widening disparities worldwide, new risks such as cyberattacks stemming from technological advances, and rising nursing/medical care expenses in aging societies. Resolving such social issues is also in keeping with the direction set out by the UN in 2015 in its Sustainable Development Goals (SDGs).

The MS&AD Insurance Group will create shared value with society, and work to build a resilient and sustainable society.

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

Creating Shared Value

Deal with New Risks >

Create Mobility Society without Accidents >

Strive for Resilient Community Development >

Support “Good Health and Longevity” >

Contribute to Climate Change Mitigation and Adaptation※ >

Strive to Improve Sustainability of Natural Capital※ >

Work toward Realization of “Leaving No One Behind” >

(※) Our Sustainability Priorities

Initiatives Supporting CSV

Quality that earns the trust of society

Meeting the Trust of Society with High Quality >

Implementing sincere, fair and just business activities >

Implementing Activities and Dialog that Respect Human Rights※ >

Continuing Efforts to Reduce the Burden on the Environment >

Implementing Investment Activities that Conforming to PRI (Principles for Responsible Investment) >

(※) Our Sustainability Priorities

Management platforms that enable employees to play active roles

Promotion of Diversity & Inclusion >

Encourage Employees to Learn and Think by Themselves, Take on Challenges and Continue to Grow >

Implementing Health and Productivity Management >

Highly Transparent and Effective Corporate Governance >

Sustainability Contest

In pursuing Vision 2021, our Medium-term Management Plan, we held our Sustainability Contest 2018 in August 2018 for all Group companies both inside and outside Japan in order to help Group employees better understand the importance of pursuing SDGs and creating shared value (CSV), and to encourage the employees to incorporate these approaches into their day-to-day operations. Applications were received from more than 500 teams worldwide, after which one team was awarded the highest award and five other teams were presented awards for excellence.

The grand prize was awarded to an initiative undertaken by MSI Hokkaido Branch – Achievement of the SDGs through Visionary Meetings – in which “Visionary Meeting” are held periodically to produce inventive ideas, with a conceptual switchover made from conventional product proposal methods to approaches based on resolving social issues. By utilizing interviews with local residents and customers, the Branch worked with relevant in-house organizations to develop necessary products and coverage. The Branch’s efforts to help resolve local issues by proposing innovative insurance coverage for the maintenance costs for hospitals operating at a loss and by providing cattle coverage to bring greater stability to ranch operations received considerable praise.

This Sustainability Contest fosters a sustainability mindset among employees and raises their awareness of the need to connect day-to-day operations with CSV. Using the Sustainability Contest to share approaches to resolving social issues via the creation of new business models has started a virtuous cycle that extends these approaches laterally across the Group. We are planning to hold a second contest in November 2019 in the hopes of seeing increased CSV efforts and greater permeation throughout the Group.



Scenes from the Sustainability Contest



Goods used to enhance understanding of SDGs

The Sustainability Contest was first introduced in “IDEAS FOR GOOD” (a magazine featuring new ideas designed to make society better; compiled by Harch Inc.).