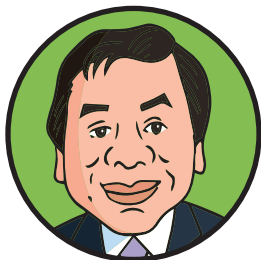


MS&AD Unity

2018 Special Edition

We launched “Vision 2021”, the MS&AD Group’s medium-term management plan, in April 2018. This issue of Unity will guide you to understand major points of the “Vision 2021” in a unique way, comic format! Let’s take a moment to read it through. You will be better informed with the Group’s aspirations we want to achieve.

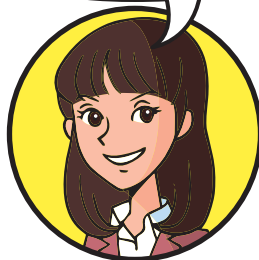
Characters



Mr. Karasawa
President & CEO,
MS&AD Holdings



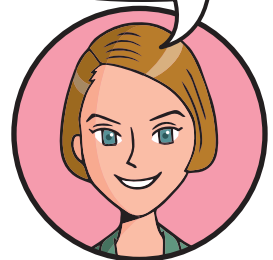
Mr. Fujii
Executive Vice President,
MS&AD Holdings



Chiyoko
Sustainability Section,
MS&AD Holdings



Shin
Sales Division

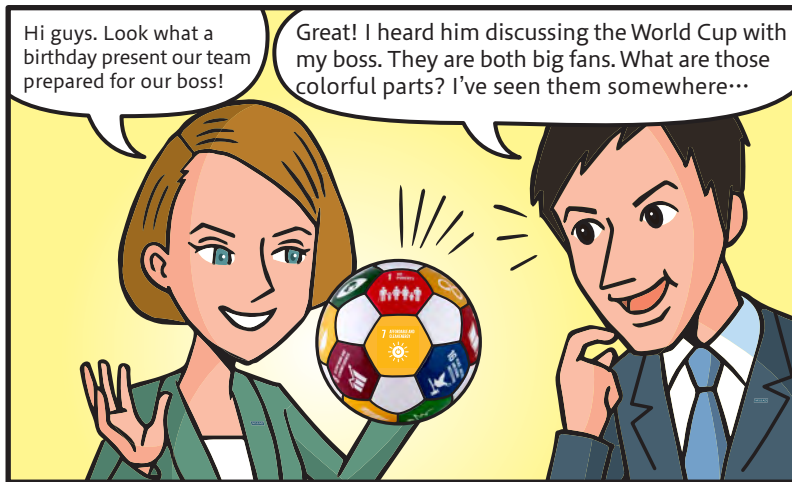


Vivian
Claims Division

Leave the explanation of “Vision 2021” to me!

I like to participate in cross-industry exchange activities.

I joined the UN internship during my time as a university student.



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



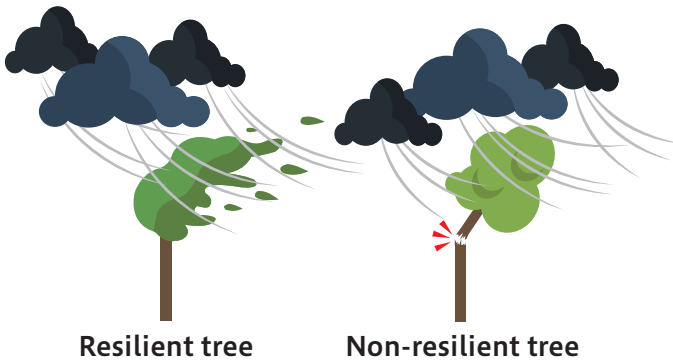
What are SDGs?

The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations in 2015. There are 169 targets by 17 goals to cover social and economic development issues including poverty, health and climate change, etc.



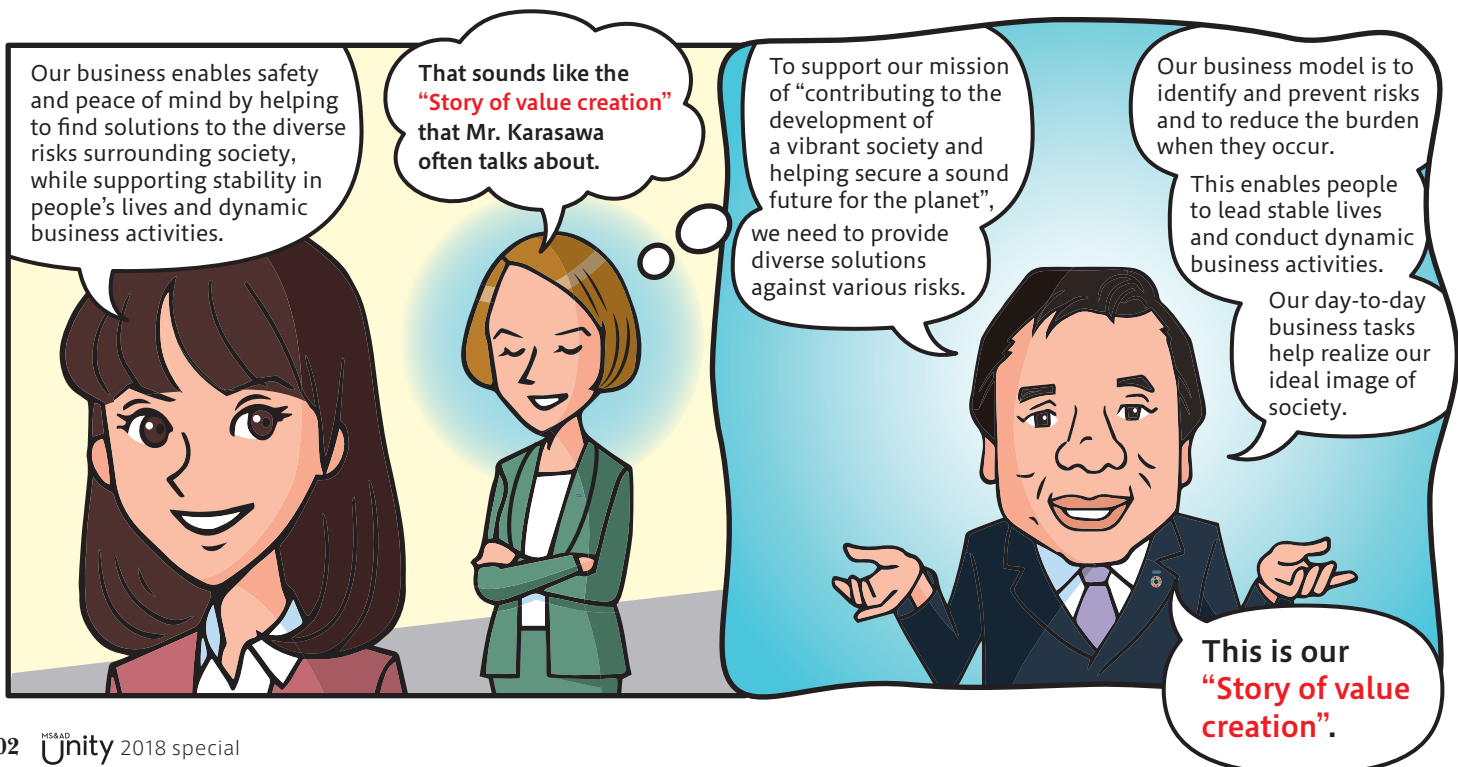
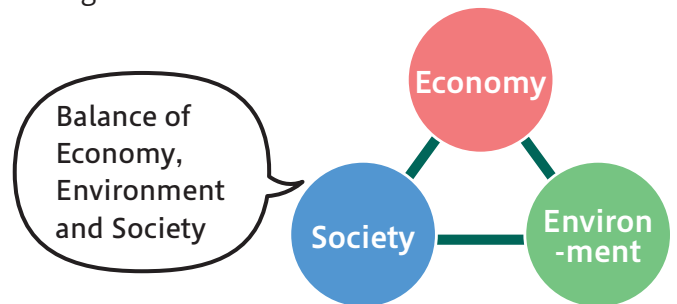
■ Resilient

Having the power to adapt flexibly and skillfully, reduce impact and recover quickly in and against changing circumstances and unexpected events.



■ Sustainable

Sustainable society is a vibrant society that spans several generations, where anyone can live securely and safely while resolving issues related to the global environment, society and human beings.

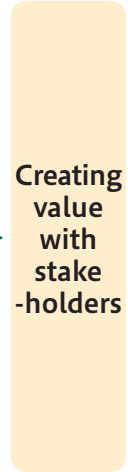
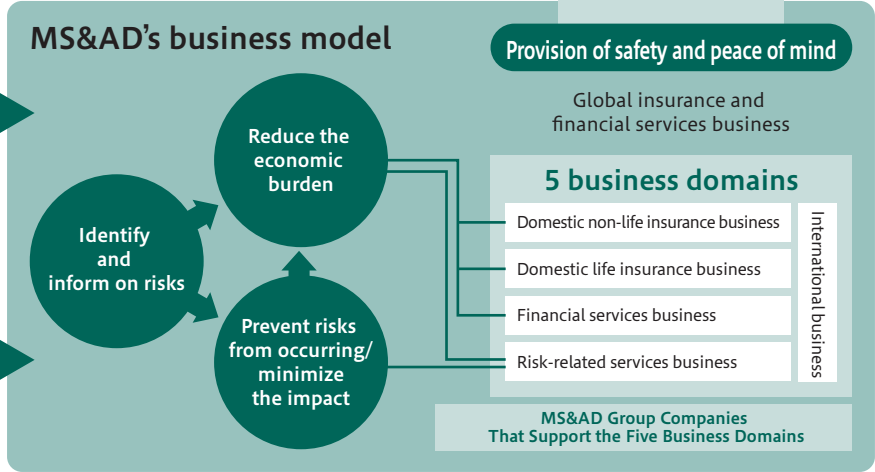
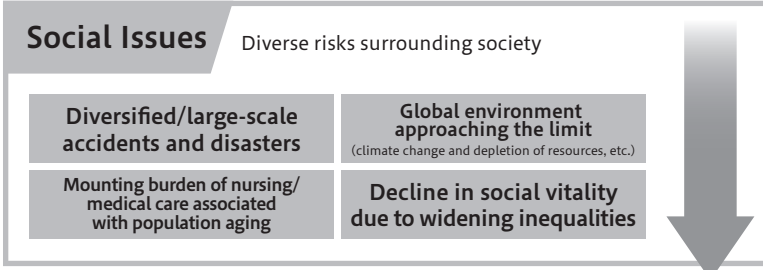


MS&AD's Story of Value Creation

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.

Resilient and sustainable society



Here are good examples from our business in Japan to explain the story of value creation.

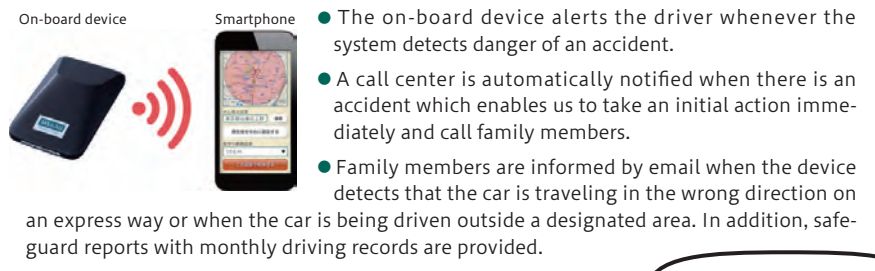
"Safeguards automobile insurance" jointly developed by Mitsui Sumitomo Insurance (MSI) and Aioi Nissay Dowa Insurance (ADI) and "Tough connected automobile insurance" developed by ADI in collaboration with Toyota.

These services utilize IoT technology to help our customers drive safely and to promote accident prevention.



Supports safe driving and informs driver's safety to family members

Safeguards Automobile Insurance: "GK" (by MSI) and "Tough" (by ADI)

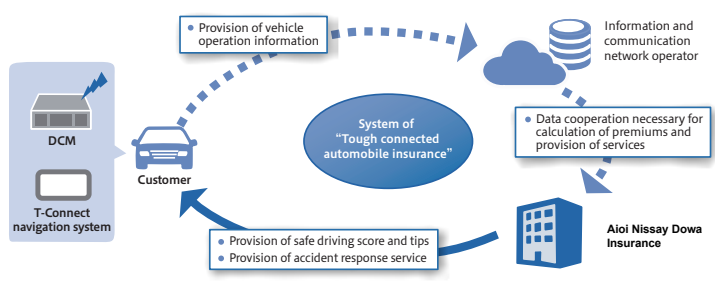


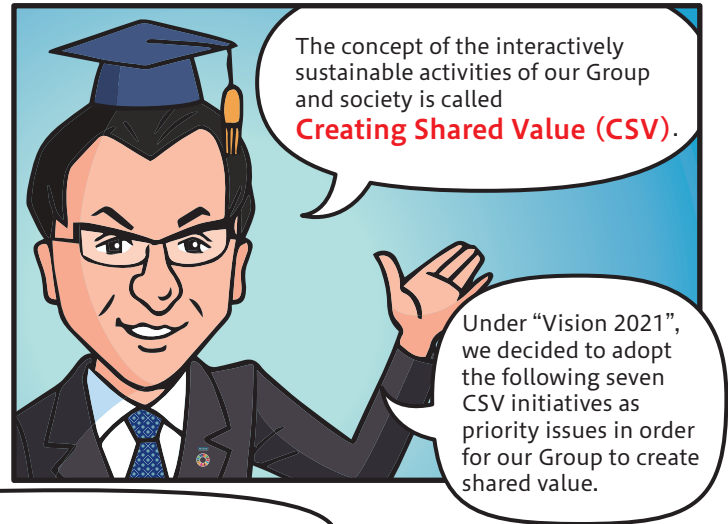
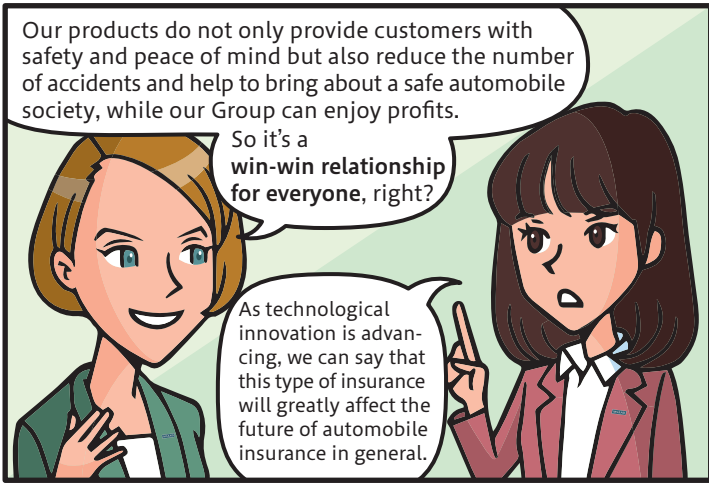
Premium discounts as motivation to drive safely

Tough Connected Automobile Insurance

- For all connected cars qualified by Aioi Nissay Dowa Insurance, safe driving scores and safe driving advice are provided based on driving record.
- Insurance premiums discounted in accordance with safe driving scores.
- A call center is automatically notified when there is an accident which enables us to take an initial action immediately and call family members.

In addition, safeguard reports with monthly driving records are provided.





MS&AD's CSV Initiatives

Social issues are business opportunities!

Deal with new risks

- 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



Create a safer mobility society

- Products and services that respond to the next-generation mobility society
- Accident prevention and traffic safety initiatives utilizing telematics technologies



Strive for resilient community development

- Support for regional revitalization
- Reinforcement of capability to respond to large-scale natural disasters
- Support for Business Continuity Planning



Strive to improve sustainability of natural capital

- Evaluation of natural capital risks
- MS&AD Ramsar Supporters
- Tropical forest restoration project in Indonesia and other countries



Contribute to climate change mitigation and adaptation

- Prevention and mitigation of damage from climatic disasters
- Proposal of products and services that assist the penetration of renewable energy
- Provision of products for weather-related risks



Support “good health and longevity”

- Products and services that support a healthy, long life
- Products and services that can contribute to the development of advanced medicine and regenerative medicine treatment

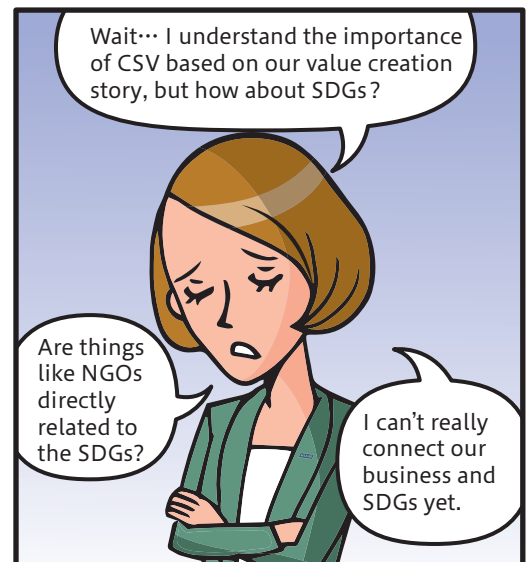
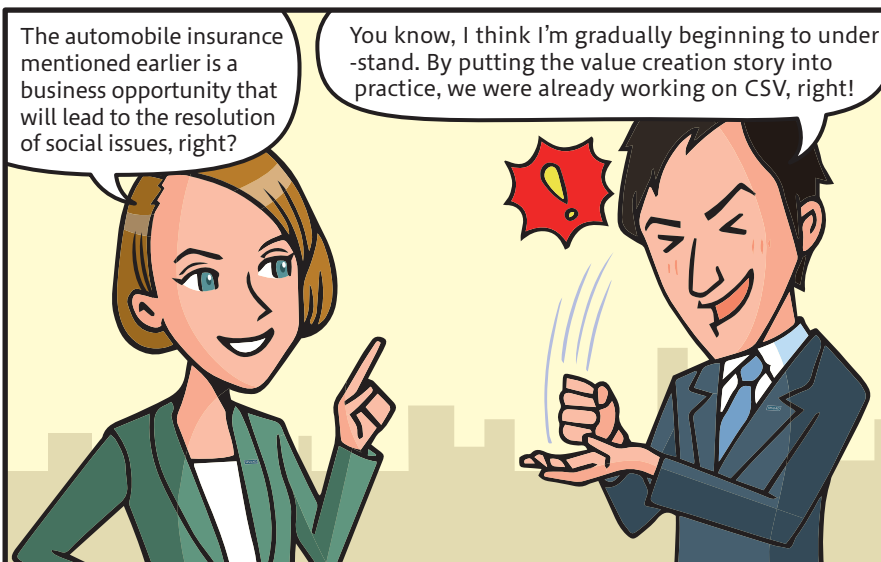


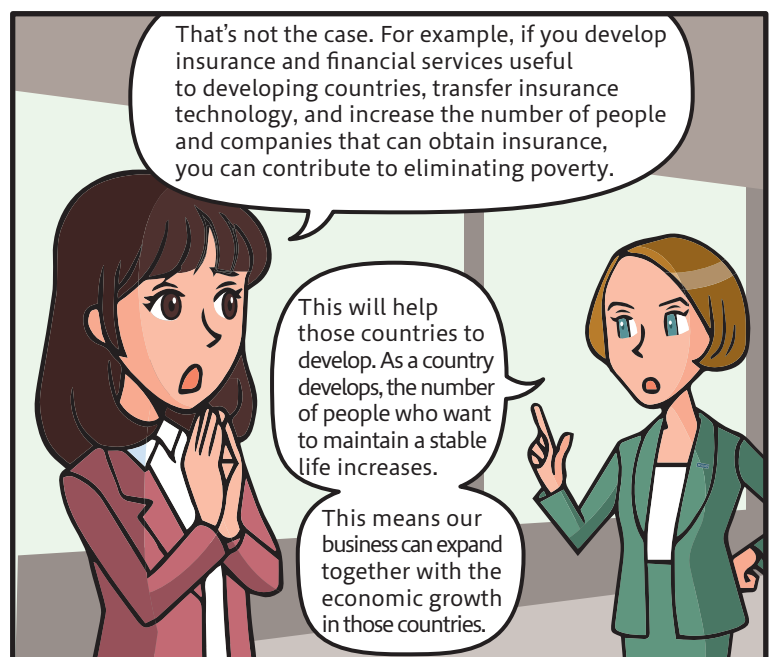
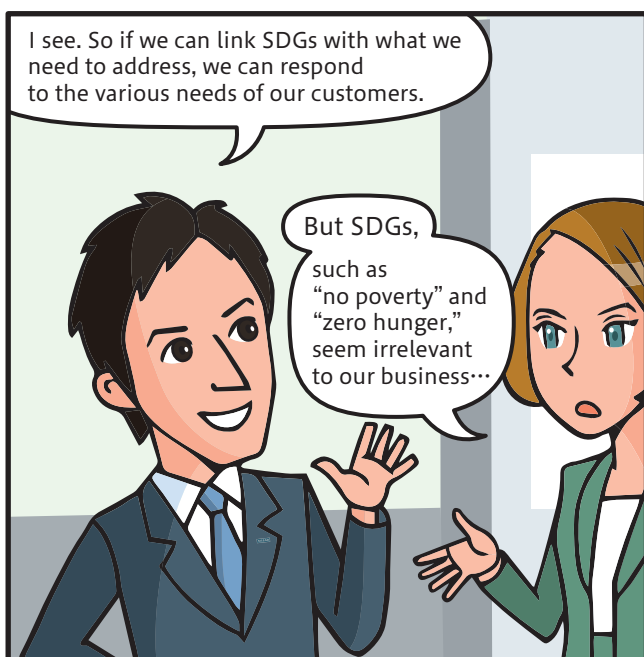
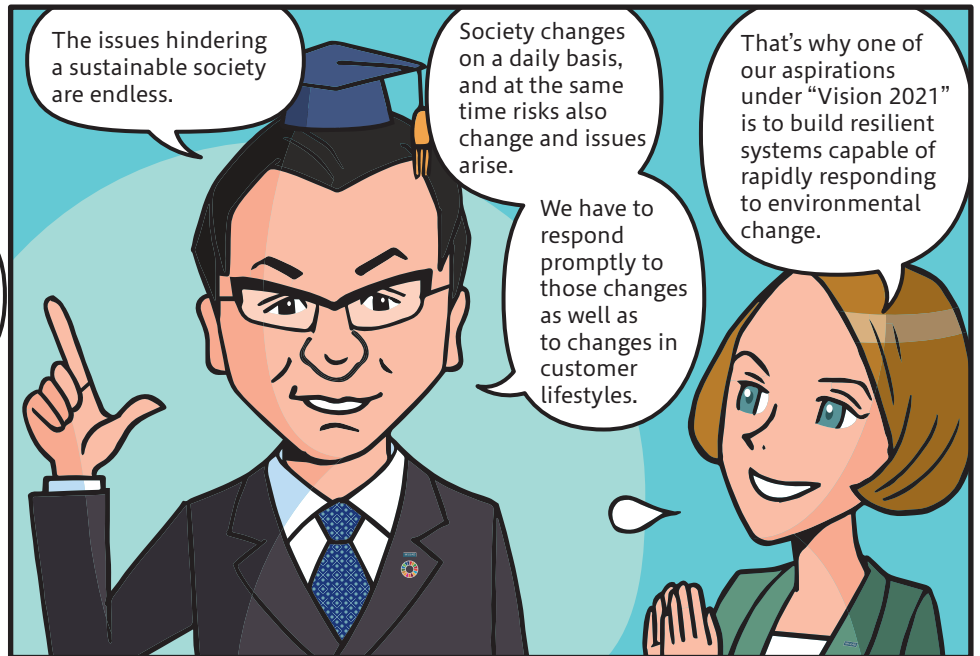
Work toward realization of “leaving no one behind”

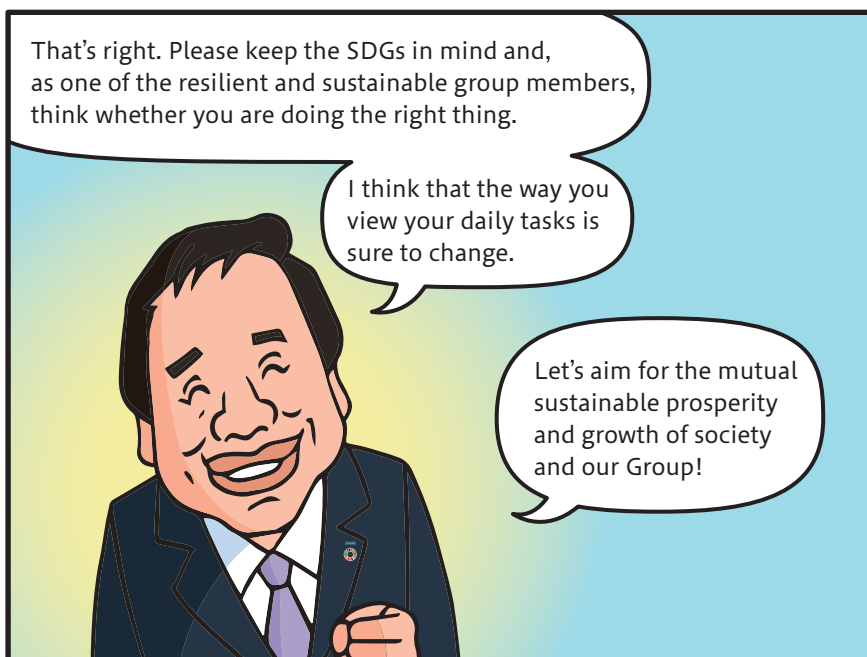
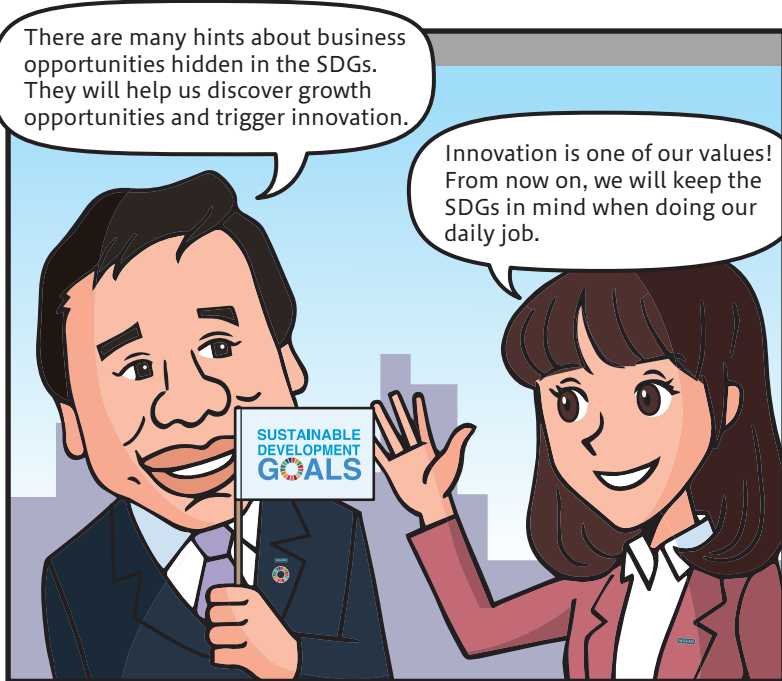
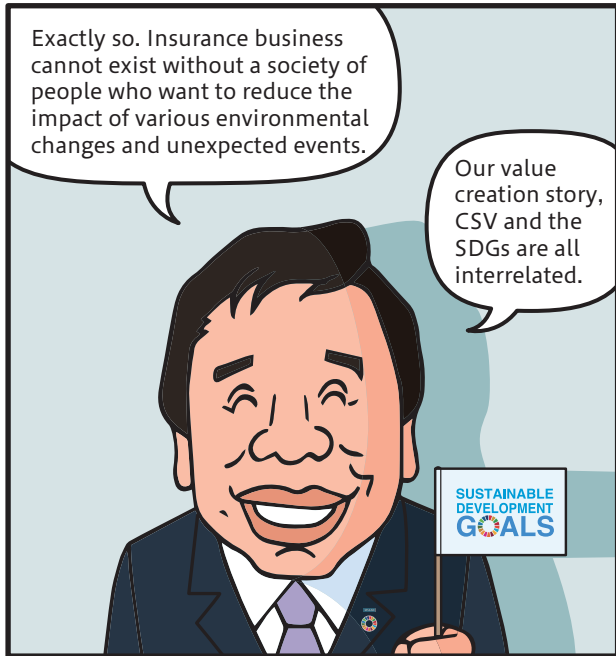
- R&D of insurance and financial services that help support primary industries and low-income earners in developing countries
- Transfer of insurance technology



These initiatives are realized in cooperation and partnership with various stakeholders.







MS&AD's New Medium-Term Management Plan "Vision 2021"

Aspirations of "Vision 2021"

■ Become a world-leading insurance and financial services group

Achieve business of a substantial scale and quality to be recognized as a world-leading insurance and financial services group by stakeholders.

● Scale

Within top 10 non-life insurance groups in the world.

● Quality

Capital efficiency (Group Adjusted ROE of 10%) and soundness (ESR of 180%~220%).

■ Create resilient systems that can swiftly respond to changes in environment

Create systems that can rapidly respond to changes in social structures, such as the advancement of digitalization in society, the advent of next-generation mobility including self-driving cars, and emerging risks including cyber risk.

■ Numerical Management Targets

Numerical Targets	FY2017 Result (Converted to new standards)	FY2019 Target	FY2021 Target
Group Adjusted Profit ^{※1} (Excluded gains/losses on sale of strategic equity holdings)	¥201.0bn	¥273bn (¥238bn)	¥350bn (¥310bn)
Domestic non-life insurance business (Excluded gains/losses on sale of strategic equity holdings)	¥287.8bn (¥202.4bn)	¥174bn (¥139bn)	¥182bn (¥142bn)
Domestic life insurance business	¥32.6bn	¥28bn	¥45bn
International business	-¥125bn	¥66bn	¥117bn
Financial services business	¥5.6bn	¥5bn	¥6bn
Risk-related services business			
Group Adjusted ROE ^{※2}	6.4%	8.3%	10.0%
Net premiums written	¥3,446.9bn	¥3,530bn	¥3,710bn
Life insurance premiums (Gross premiums written)	¥1,508.1bn	¥1,540bn	¥1,600bn
MSA Life EEV	¥835.5bn	¥970bn	¥105bn
ESR (Economic Solvency Ratio)	211%	180%~220%	180%~220%

※1 Group Adjusted Profit = Consolidated net income + provision for catastrophe loss reserve and others - other incidental factors (amortization of goodwill and other intangible fixed assets, etc.) + equity in earnings of the non-consolidated group companies. ※2 Group Adjusted ROE = Group Adjusted Profit ÷ average of beginning and ending amounts on BS of adjusted net assets (consolidated net assets + balance of catastrophe reserves, etc. - balance of goodwill and other intangible fixed assets).

Three Basic Strategies

Realize sustainable growth and enhance corporate value by employing the Group's resources to the maximum.

Pursue the Group's comprehensive strengths, one of which is diversity, and meet the expectations of customers and other stakeholders.

Respond flexibly to changes in the environment and further improve quality and productivity.

Three Key Strategies

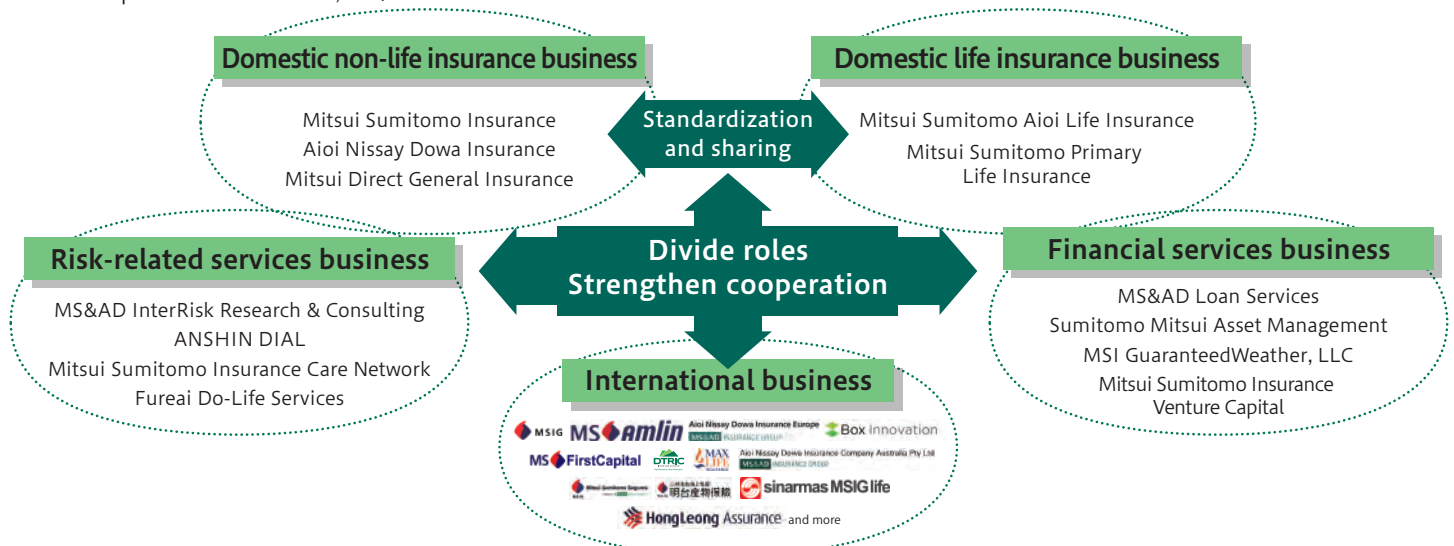
① Pursue Group's comprehensive strengths

② Promote digitalization

③ Reform portfolio

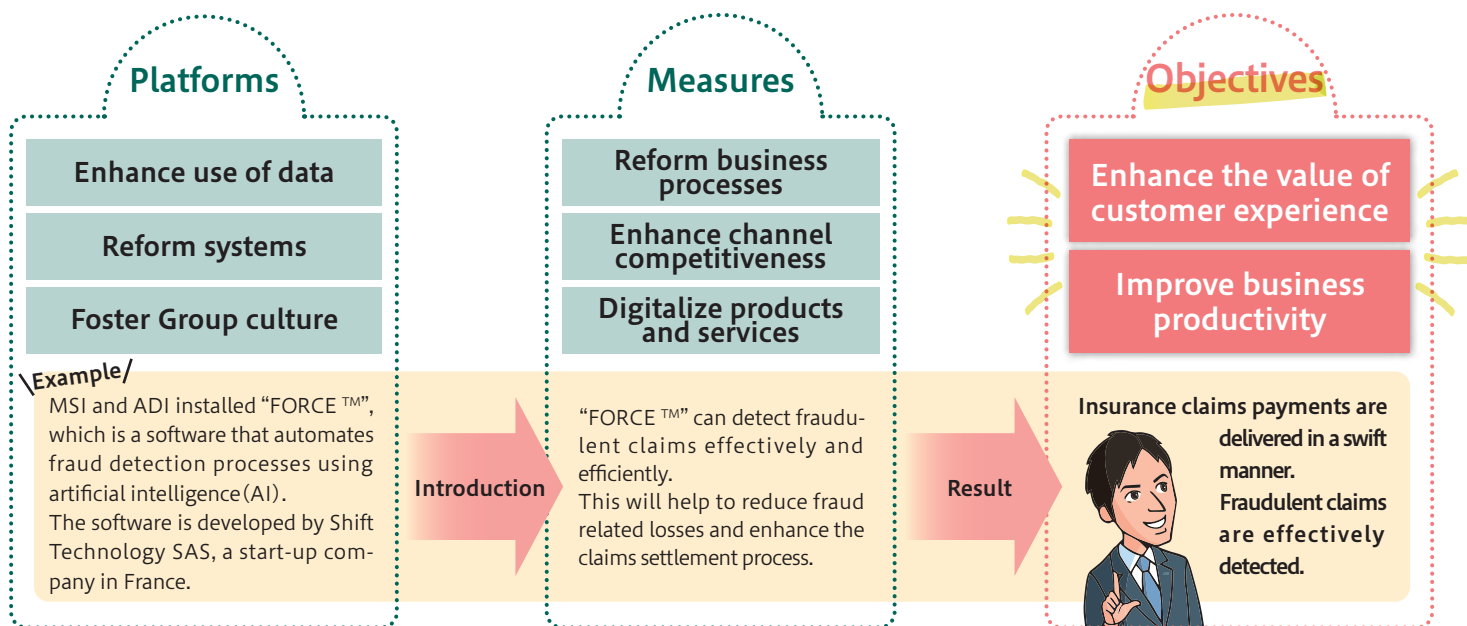
① Pursue Group's comprehensive strengths

- Make maximum use of Group's strengths (diversity, capital, human assets, customer base, etc.).
- Review division of roles by each Group company and strengthen cooperation.
- Promote standardization and sharing (standardization of products and operating procedures, joint claims services system, health and medical products and services, etc.).



② Promote digitalization

- Work on “digitalization”[※] across the entire Group and connect it to transformation of the entire business.
 - Enhance the value of customer experience at each group company and improve business productivity of MS&AD Group at the same time.
- [※]“Digitalization”: An initiative to improve efficiency and convenience of processes and services through digital technology that will lead to the reform of the Group’s business.



MS&AD Garage

MS&AD's innovation project in Silicon Valley!

Employees of MS&AD group companies are dispatched to Silicon Valley to search for startups that have technologies and services that will help solve their companies' issues.



③ Reform portfolio

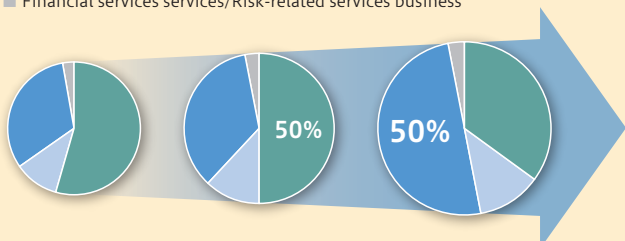
- Reform the Group’s business portfolio and risk portfolio to create a stable earnings base.

Business portfolio

- ◆ Expand earnings in the international business and domestic life insurance business while maintaining earnings in the domestic non-life insurance business; initially achieving 50% of profit from businesses other than the domestic non-life insurance business.
- ◆ In the future, take steps to raise the profit of our international business to 50% of Group profit.

Medium-term aspirations (Group Adjusted Profit)

- Domestic non-life insurance business (excluding gains/losses on sale of strategic equity holdings)
- Domestic life insurance business
- International business
- Financial services services/Risk-related services business



Risk portfolio

- ◆ Appropriate risk control based on cycle management of natural catastrophe risks.
- ◆ Continue reduction of strategic equity holdings (2017-2021 reduction target: total of ¥500bn) and keep weighting vs. consolidated total assets to less than 10% and weighting vs. risk amount to less than 30%.

Group’s risk portfolio

- Domestic non-life insurance business (Asset management: strategic equity holdings)

