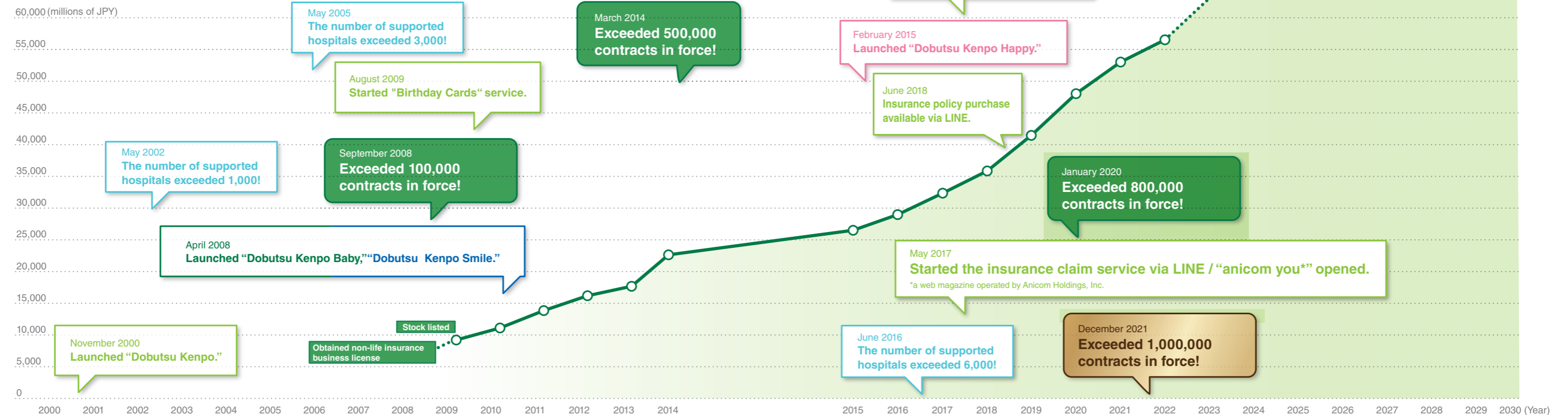


# Past Progress and the Future

The company name "Anicom" is derived from the Latin "ani", taken from the latin word "anima" meaning "life, soul" and "com" from "communication" meaning "mutual understanding". We combined these to express our core idea: "When living beings understand each other and work together toward a common goal, the impossible becomes possible." This is the basis of our business activities. We have achieved sustained growth by transforming ourselves in response to the changing times. We do this as we carry on the ideas that have guided us since our founding. The results of our pursuit to provide added value to our customers and to solve changing social issues have led to the strengths of Anicom today.

■ Indicators of growth trajectory such as ordinary revenues



- July 2000 Established BSP Inc.
- December 2004 Anicom Pafe, Inc. Established
- January 2005 Trade name changed from BSP Corporation to Anicom International, Inc.
- February 2005 Anicom Frontier Inc. Established
- June 2005 Call Center opened
- July 2005 Kinki Branch opened
- October 2005 Hokkaido Branch and Kyushu branch opened
- January 2006 Established Anicom Insurance Planning, Inc. as a preparatory subsidiary for establishing an insurance company
- June 2006 anicom (mutual aid association for pets) files notification of specified insurance provider with the Kanto Local Finance Bureau
- August 2006 Chubu Branch opened
- December 2007 Anicom Insurance Planning, Inc. changed trade name to Anicom Insurance, Inc.
- Anicom International, Inc. acquired certification as an insurance holding company
- Anicom Insurance, Inc. acquired a non-life insurance business license
- January 2008 Anicom Insurance, Inc. starts business
- June 2008 Trade name changed from Anicom International, Inc. to Anicom Holdings, Inc.
- January 2009 Starts online application procedures
- April 2009 anicom (mutual aid association for pets) submits notification of business discontinuation to the Kanto Local Finance Bureau
- March 2010 Anicom Holdings, Inc. listed on the Tokyo Stock Exchange Mothers
- January 2014 Established the Anicom Specialty Medical Institute, Inc.
- May 2014 Tohoku Branch opened
- June 2014 Anicom Holdings, Inc. shares moved to the First Section of the Tokyo Stock Exchange
- October 2014 Chushikoku branch opened
- July 2015 Anicom Capital, Inc. established
- September 2015 Yokohama Laboratory of Anicom Advanced Medical Research Institute Co. established
- April 2016 CellTrust Animal Therapeutics, Inc. established (49% by Anicom Holdings, Inc. and 51% by Fujifilm Corporation)
- March 2017 Hong Kong Anicom Company Limited established
- January 2020 Simnet Co., Ltd. becomes a wholly owned subsidiary
- March 2021 Joint venture agreement with FUJIFILM Corporation is dissolved, and CellTrust Animal Therapeutics Co., Ltd. business is transferred to Anicom Advanced Medical Research Institute, Inc. Anicom Capital, Inc. is dissolved.
- Feb. 2022 Increased the capital of Hong Kong Anicom Company Limited and made it a subsidiary
- April 2022 Moved from the First Section to the Prime Market due to the revision of the market classification of the Tokyo Stock Exchange
- October 2022 Anicom Pafe, Inc. merged with Anicom Frontier, Inc.

## Foundation building period from inception

Anicom was founded in 2000 as Japan's first pet insurance company with the idea of creating a "preventive insurance company. In order to realize preventive insurance, we need data on what kind of pets suffer from what kind of injuries and illnesses. Therefore, from the time of its establishment and during its foundational period Anicom has worked to popularize pet insurance. We were able to increase the number of policies in force to over 750,000 as of the end of fiscal 2018. One effort that has helped to accomplish this has been the health insurance cards issued to all policy holders. These cards are proof of family members (pets), and show the popularization of the over-the-counter payment system. This system allows a policy holder to have their insurance payment applied directly at the animal hospital counter at check out, thus eliminating the need for insurance claim procedures; i.e. no paperwork.

## The second founding period

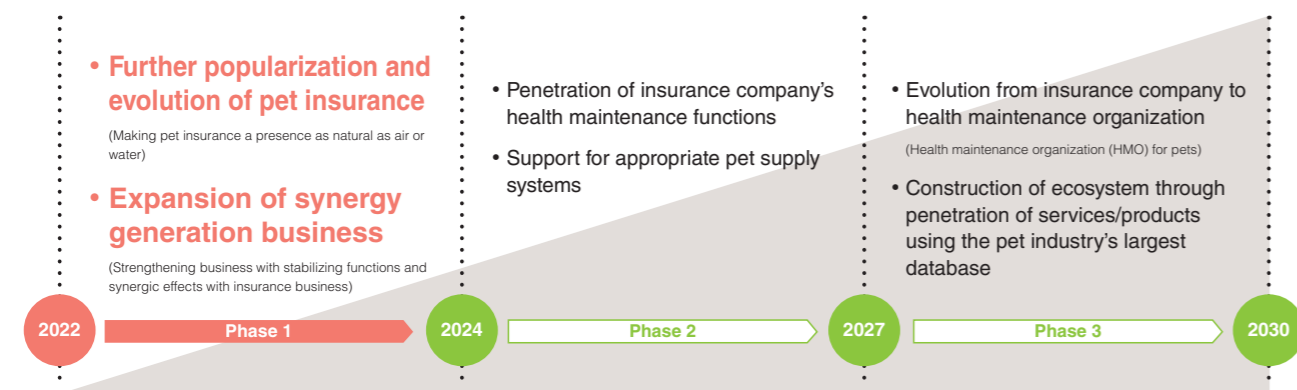
In the second founding phase starting in FY 2019: we aim to promote further dissemination and evolution of pet insurance. We also aim to develop and expand CSV management that creates economic and social value through synergies with synergy-generating businesses outside of, and in addition to the insurance business. As a result of our continued efforts to popularize pet insurance, the number of policies in force has reached 1.1 million as of FY2022, and the annual number of insurance claims has exceeded 4 million. By analyzing injuries and illnesses from insurance big data, we will accelerate our efforts to become a preventive insurance company group that supports health and prevents accidents from happening in the first place.

# Mid-term Management Plan

We have designated the three-year period 2022 to 2024, as the first stage and foundational effort on which to realize our seconding founding phase management vision FY2030. During this first stage we will shift to a mode in which we will balance capital, risk, and return, while also focusing on shareholder returns. Six management indices have been established: consolidated recurring revenues, consolidated recurring profit, consolidated ROE, shareholder returns, sales ratio of synergy-generating business, and non-consolidated solvency margin ratio of Anicom Insurance, Inc. These indicators are also included in the Mid-term Management Plan, and we aim to enhance corporate value through the achievement of these targets.

In FY2023, we will transform pet insurance into a sustainable business sector, where the development of the pet industry and society overall are in sync. This will be accomplished by further promoting and evolving pet insurance, and by expanding businesses that create synergy with the insurance business. Businesses with synergy will support the insurance business and strengthen Anicom's stabilizing function. Concurrent to this, we will strive to promote steady profit growth and improve the capital efficiency of the Group. We will further promote the utilization of our data collection platform that supports these efforts. Intellectual property, including patents, will be made a priority in order to achieve sustainable growth over the medium and long term.

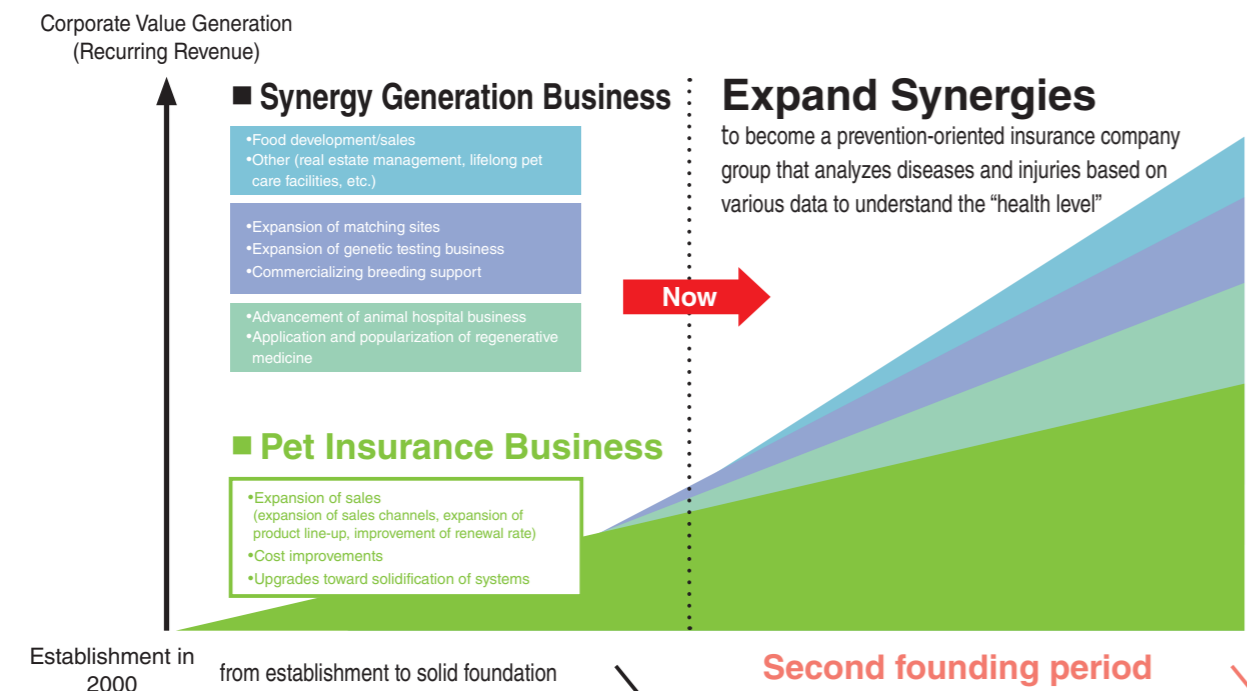
## 2022-2024 Phase in Context of Vision for FY2030



## Realizing the Vision for FY2030

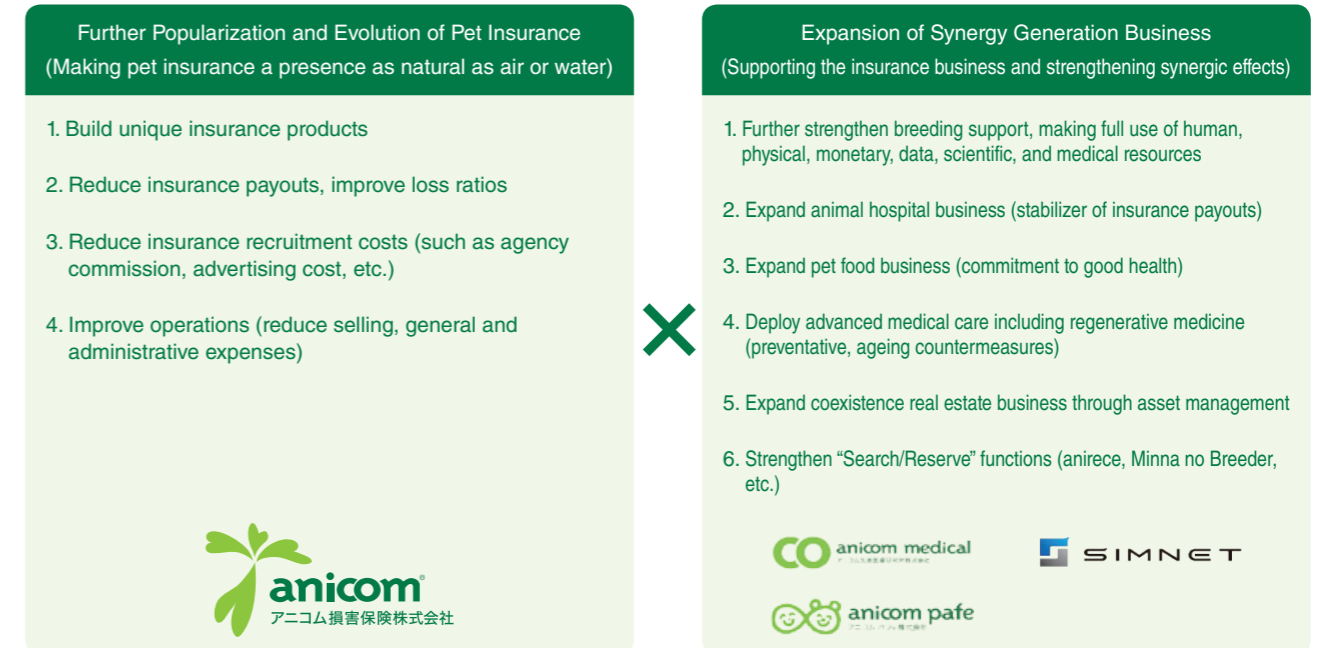
Delivering boundless value to society with infrastructure that connects services from upstream to downstream in a way that contributes to pet industry development

## Anicom's Corporate Value Creation



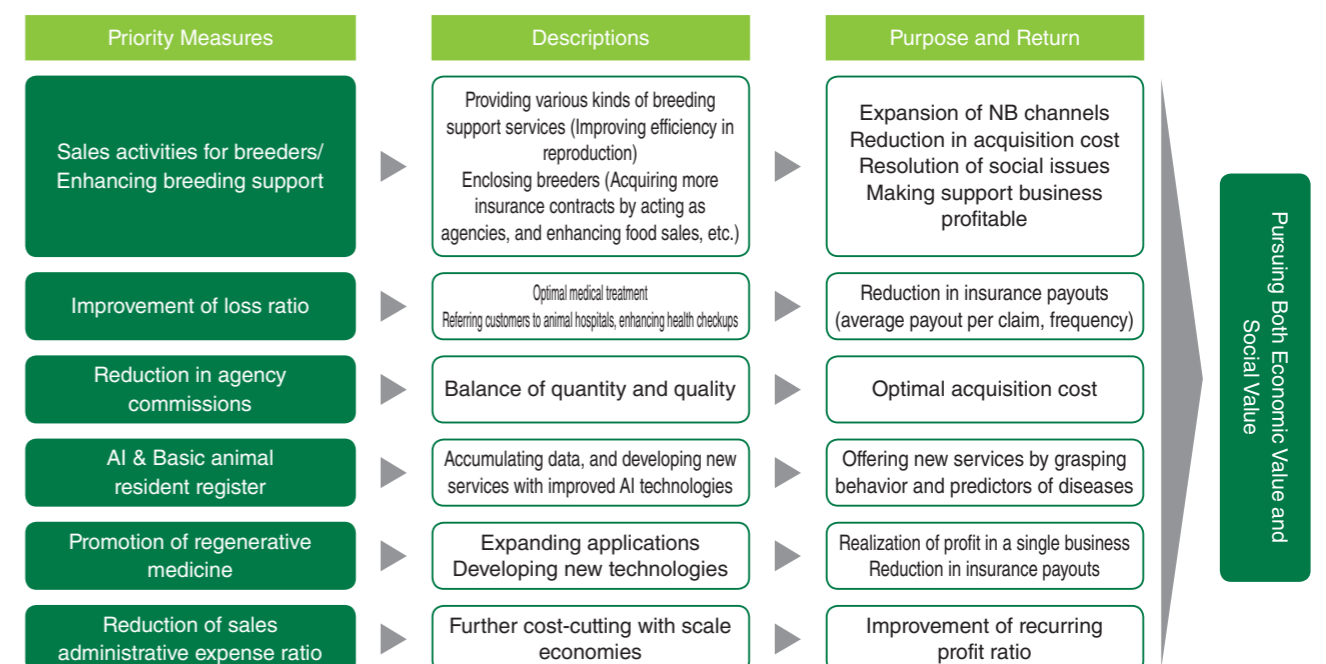
## Basic Strategy Overview

The basic strategy can be described as a "mixture of different strategic measures" that interlinks all individual actions.



## Focused Policy Delivery in FY2022

In order to achieve the goals of the mid-term management plan, the following priority measures were implemented in FY2022.



# Mid-term Management Plan

## Business-specific Initiatives to Implement the Mid-term Management Plan

### Insurance Business



#### Non-life Insurance Business

Pet insurance is our group's core business, and therefore our priority policy. With this in mind, we constantly strive to improve its profitability. We aim to further increase profitability by promoting the uniqueness and advantages of our insurance products, and by strengthening the sales force of our sales channels. We also aim to improve profitability by improving the loss ratio, reducing policy acquisition costs, and cutting costs through improved operations.

#### Genetic Testing Business

We offer genetic testing to breeders and pet stores. We aim to generate revenue by testing puppies and kittens for genetic diseases, and reduce insurance claims by eradicating genetic diseases. Furthermore, we aim to develop and expand both the market penetration, and testing range of our panel tests. These panel tests measure various potential genetic abnormalities at one time, allowing us to support breeding operations; for example by improving breeding efficiency.

#### Gut Microbiome Testing Business

Gut microbiome diversity, and stabilising the gut environment are fundamentally connected to overall health. We therefore offer gut microbiome testing to check the health of client and partner animals. By offering this service as a part of our insurance offering, we aim to pursue the unique qualities which, our insurance business possesses. This will enable us to expand into the food business. Analysing the pet gut microbiome will allow us to create just the right food to achieve the best gut health for each animal.

#### Food Business

We sell Anicom's two lines of pet food, "Minna no Gohan" and "Kimi no Gohan." These foods were developed by gleaning insights from a combination of our pet insurance big data, data from genetic testing, and gut microbiome test results. We aim to generate revenue in this food business directly, and also increase revenue by reducing insurance claims by providing health support through food.

#### Animal Hospital Business

Medical costs are one of the primary drivers of insurance claims. Our goal is, therefore, to standardize veterinary care by expanding and increasing the presence of our group hospitals and to create a medical cost suppression effect (stabilizer effect). To do this we need to expand the scale of our hospital business in the future. Further, as expansion depends on the results of M&A, we will effectively use our hospital business to generate synergies with our insurance business (e.g., direct our policyholders to our hospitals). We aim to expand the scale of the business in the near term.

#### Regenerative Medicine Business

By providing regenerative medicine to cure incurable diseases, we aim to both reduce insurance claims and generate revenue. In order to generate revenue, we are promoting our business in two axes: 1) therapeutic (utilizing the Animal Regenerative Medicine Technology Research Association) and 2) preventive (improvement of health, prevention of specific diseases, anti-aging, etc.). These measures are being researched at group hospitals and affiliated companies.

#### Matching Service Business

We operate a matching website that connects breeders and potential owners. Through the matching service business, we aim to build a stable supply system for puppies and kittens, and expand our business domain by recommending insurance, products, etc. at the time of in person meetings.



### Synergy Generation Business

## Key Management Targets/KPIs

### (1) Consolidated

In FY2022, we steadily linked solid pet-keeping demand to the acquisition of new contracts and improved contract acquisition costs, resulting in record-high ordinary revenues of 56,528 million yen and ordinary income of 3,685 million yen, in FY2022. Although progress in other areas varied from item to item, the overall situation was in-line with the first year of the mid-term management plan.

	FY2022 Results	FY2024 Targets	Evaluation of Progress	FY2030 Vision
Consolidated Recurring Revenue	JPY 56.52 billion	JPY 65-70 billion	Recurring revenue fell slightly short of the initial plan in the first year of the plan, but has been growing at a solid pace centered in the insurance business and basically as planned.	around JPY 100.0 billion
Consolidated Recurring Profit	JPY 3.68 billion	JPY 4.5-5.0 billion	Recurring profit has been growing as planned toward reaching the target, owing to investment management, reduced operating and general administrative expenses, etc.	around JPY 10.0 billion
Consolidated ROE	8.2% (8.0% in FY2021)	around 10%	ROE is on an improving trend toward reaching the double-digit target. Cost of equity (7.2%) < 8.2% equity spread	12-15%
Shareholder Returns	Dividend payout ratio 14.2% (9.6% in FY2021)	Dividend payout ratio around 20%	Payout ratio has been gradually increasing toward reaching 20%.	DOE around 4%
Net Sales and Percentage of Net Sales in Synergy Generation Business	JPY 4.91 billion 8.7%	JPY 7.8-8.4 billion around 12%	Net sales and the percentage of net sales decreased year on year due to declines in the number of contracts concluded at the breeder matching site and that of generic testing conducted.	20-25%
SMR on a Non-consolidated Basis (Solvency Margin Ratio)	373.1% (393.5% in FY2021)	300-320%	SMR jumped compared to the plan because a tax-effect equivalent amount was not included in the calculation of SMR. Based on this increase and new SMR*, we aim at an optimal capital structure.	—

\*At present, discussions are underway on regulatory changes over the medium term with regard to the financial soundness of insurance companies (e.g., risk coefficient). We therefore currently examine our responses with an eye to the future regulatory changes.

### (2) Insurance Business/Synergy Generation Business

In the insurance business, the loss ratio was slightly higher than planned due to the high frequency of hospital visits and rising unit medical expenses. However, the reduction of selling, general and administrative expenses, such as improvement of acquisition cost of contracts, was successful, and the expense ratio achieved what was planned. As a result, the combined ratio progressed favorably, with the improvement in the expense ratio offsetting the increase in the loss ratio.

As for the synergy generation business, we disclosed new food sales, and although the scale of sales is still small since FY2022 is the first year of sales, we are expanding sales channels and aim to expand sales and achieve profitability toward FY2024.

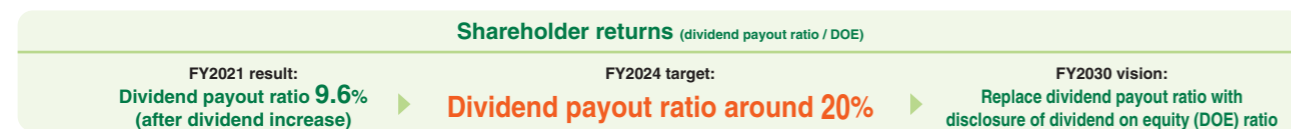
	FY2022 Results	FY2024 Targets	Evaluation of Progress
Insurance Business			
Loss Ratio	58.9% (58.1% in FY2021)	58-59%	The loss ratio remained slightly higher than the plan partly because the frequency of animal hospital visits remained high and medical expenses per visit increased.
Expense Ratio	34.9% (36.7% in FY2021)	35-36%	The expense ratio has been going as planned to achieve the target due to reduced operating and general administrative expenses including improved policy acquisition cost.
Combined Ratio	93.8% (94.8% in FY2021)	93-94%	The combined ratio has been going down steadily as a result of the improved expense ratio covering the increased loss ratio.
Synergy Generation Business			
Profitability of Hospital Business	Before amortization of goodwill: -JPY 70 mill. After amortization of goodwill: -JPY 150 mill.	Positive after amortization of goodwill Toward sales of JPY 3.0 bill.	The amount of recurring loss was reduced year on year, but we need to take more measures to improve profitability.
No. of Genetic Testings	92,000/year	120,000-150,000/year	This number declined year on year due to a decreased number of orders placed by pet shops. We need to increase it from breeders.
No. of Gut Microbiota Measuring	211,000/year	200,000-250,000/year	The number of applicants for gut microbiota testing steadily increased in line with the increased number of policies in force.
Pet Food Sales	JPY 63 mil.	Toward sales of JPY 0.8-1.0 bill.	The amount of net sales was still small as FY2022 was the first year that we started selling pet foods, but are aiming to expand sales channels.

# Financial Policy

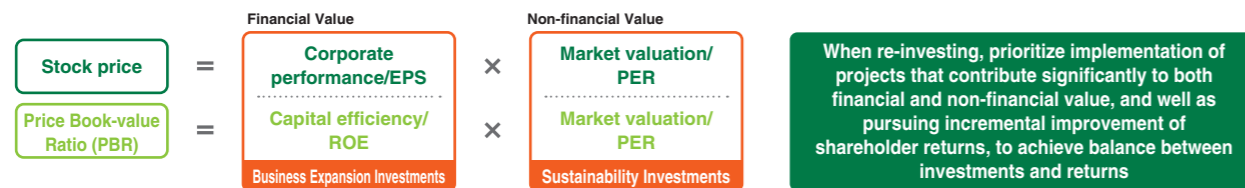
## Capital Allocation

### ERM (Enterprise Risk Management) required in managing an insurance company group

- Achieve even higher corporate value in line with management vision for second founding period
- Balance capital, risk, and return, with an eye to shareholder returns as well



Use appropriate capital allocations to build a reputation as “a company that resolves social issues and leads the pet industry” in the stock market, leading to an increase in both market valuation (PER) and corporate value in terms of both financial and non-financial value

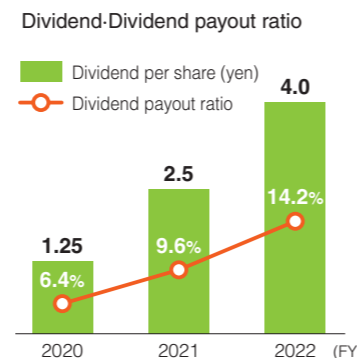


## Shareholder Return

The Anicom Group recognizes that returning profits to shareholders is one of its management responsibilities. Based on this recognition, the Anicom Group's basic policy is to provide continuous and stable profit distribution to shareholders from a mid-to long-term perspective, taking into consideration financial soundness and capital efficiency.

Under the Mid-Term Management Plan for 2022-2024," we aim to achieve a dividend payout ratio of 20% by FY2024, while simultaneously enhancing corporate value in line with the management vision for the second founding period. Further, it is our aim to improve shareholder returns in stages, balancing capital, risk, and return.

In addition, in accordance with the revision of the shareholder return policy announced in May 2023, we will use approximately 4 billion yen, which exceeds the capital level we consider appropriate based on the revised "solvency margin ratio," for share buybacks by FY2024 with the aim of promptly optimizing the amount.



## Growth Investment

We will take into account the improvement of investment returns, the amount of new risk created, capital regulation review and the risk coefficient, as well as reinvestment, business expansion investment + sustainability investments. Reinvestment will be allocated with an emphasis on getting the breeding support, veterinary hospital, food, and other businesses back on track as soon as possible, while seeking to increase corporate value over the mid-to long-term.

## Synergy Generation Business Objectives

We have positioned businesses and services that have synergy effects on our core pet insurance business. We refer to these as "Synergy Creation Businesses." In addition to generating revenue on a stand-alone basis, we expect these businesses to contribute to improving the profitability of the Group as a whole. This synergy will differentiate our pet insurance products from those of other companies, and bring stability to our insurance claims costs. We are working to expand our scale with the goal of increasing our sales ratio to 20-25% of consolidated net sales by FY2030. We are working to expand the scale of our operations.

# Our Positioning in the Pet Insurance Industry

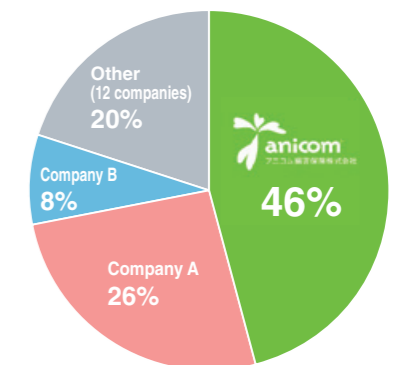
## The Changing Environment of the Pet Insurance Industry

In recent years, Japan's population under the age of 15 has continued to decline. It has slipped to approximately 14 million, while the number of dogs and cats kept as pets is estimated to be 16 million. The market size of the pet industry also grew to 1.7 trillion yen in 2021. As people's anxiety and loneliness increase due to the COVID-19 disaster and Russia's invasion of Ukraine they look more and more to pets as a way to relieve anxiety and loneliness, and the demand for pets is therefore increasing. As a result, pet insurance has been attracting particular attention in the insurance industry, and major insurance companies have entered the pet insurance market one after another.

Against this backdrop, Anicom Insurance has maintained the No. 1 market share\* in Japan for 13 consecutive years from 2009 to 2021. We believe the reason for this is the following competitive advantages.

\*Estimated by us based on disclosure magazines and financial statements of each company for fiscal year 2021

Market share of pet insurance industry: companies (Approximate estimate based on insurance premiums)



## Our Competitive Advantage Structure for Generating Stable Profit through Insurance Business

### Customer Convenience and Operational Efficiency

Similar to human health insurance, the over-the-counter payment system allows customers to simply present their insurance card at the hospital counter and pay their co-payments, and is available at approximately 6,700 animal hospitals, more than half of all veterinary hospitals in Japan. This is one of the greatest strengths of Anicom Insurance, which emphasizes the ease of use of the insurance. This feature of our service is particularly helpful with pet medical care which generally involves low cost care services done often. Even if payment cannot be made over the counter, we have further enhanced the convenience of the insurance by introducing Japan's first "LINE"(an SNS app) claim system, which allows claims to be processed without the need to use standard postal services or other hassles.

In addition, compared to conventional mailed claims, which incur costs (transfer fees, mailing costs, and assessments for each claim) the over-the-counter payment system can significantly reduce administrative costs. Of the more than 4 million insurance claims filed annually, more than 85% are settled over the counter, creating a highly efficient operation.

### Uniqueness

As a service unique to Anicom Insurance, Inc. we offer our pet insurance policyholders "Dobutsu Kenkatsu," a gut microbiome measurement service. An original index is created based on tens of thousands of research data points on the gut microbiome cultivated by our group, and on disease data obtained from insurance claim statistics. This index then allows us to determine the risk of pet diseases. If a pet is determined to be "high-risk," it can receive a free health checkup at a designated animal hospital. This is a unique service; the first of its kind in the insurance industry.

### Sales Force

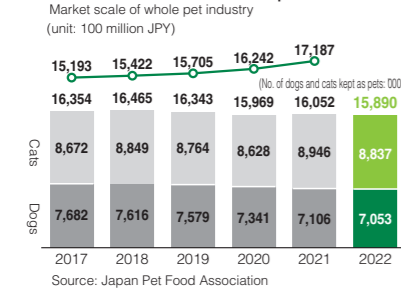
Anicom Insurance's main distribution channel is the "New Born (NB) channel", which is for newborn pets. We have created an environment that enables us to recruit at more than 4,000 outlets through agency contracts with major pet shops and breeders nationwide. We obtain approximately 80% of our annual new policies from the NB channel. The remaining 20% come from the "general channel," which targets dogs, cats, birds, rabbits, and ferrets (about 16 million pets nationwide) that are already owned. For the general channel we offer online contracts via the Anicom homepage, as well as sales through web agents and over the counter sales at financial institutions.

# Insurance Business

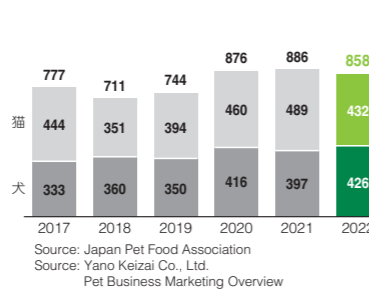
## Environmental Awareness (risks and opportunities)

- Though slowing, demand for breeding due to the COVID-19 disaster remains strong.
- A succession of major companies entering the pet insurance industry.
- The distribution revolution accelerates: the breeder and pet shop businesses merge after the Animal Welfare Law was tightened.
- Increased frequency of animal hospital visits and higher unit medical fees.

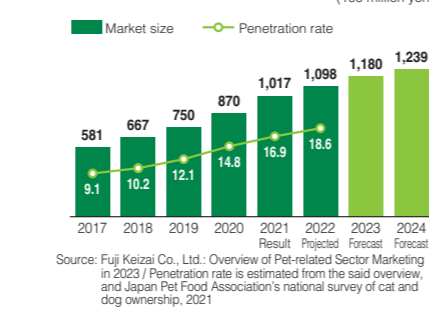
## Market size and number of pets



## (No. of newly acquired dogs and cats kept as pets: '000)



## Pet insurance market size and penetration rate



## Strengths

- 6,789 hospitals that accept Anicom over-the-counter payments
- Has a database of over 1.1 million contracts
- Has a high market share in the NB channel
- Has had 13 consecutive years as No.1 in market share

## Issues

- Loss ratio remains high
- Decline in market share

## Our Initiatives

### Status of new and in-force contracts

The number of new contracts acquired exceeded **218,000** in FY2022. As of the end of March 2023, the number of policies in force exceeded **1.11 million**.

### Expand and strengthen sales channels

- By strengthening cooperation with Simnet, we are increasing the number of new contracts in the breeder channel.

Number of breeder agencies:

As of the end of March 2023, the number of breeder agencies had increased to 887, and the insurance coverage rate has also improved. (In September 2020, there were 91 breeder agencies.)

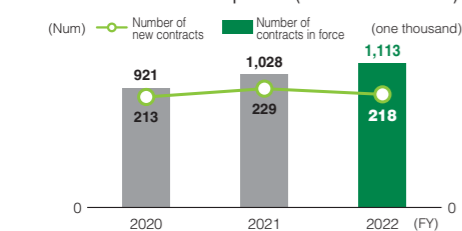
- Promoting further expansion of sales channels centered on corporate agents
- Increased contribution to number of acquisitions due to strengthening of web advertising

Promote improved efficiency and cost reductions in the insurance business by expanding and strengthening sales channels

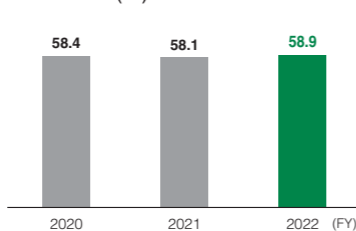
⇒ Acquire contracts efficiently while strongly promoting the fusion of real and online channels

## KPI

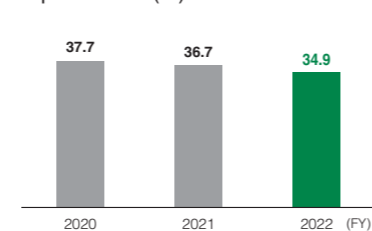
### Number of new and in-force policies (Number of contracts)



### Loss ratio (%)



### Expense ratio (%)



# Investment Management

## Environmental Awareness (risks and opportunities)

- In order to ensure both financial soundness and stable earnings as an insurance company group, we monitor capital market risks (liquidity risk, interest rate risk, price fluctuation risk, real estate risk, foreign exchange risk, and asset concentration risk, etc.), and manage our assets based on our annual investment strategy.
- Marketable securities: as our business is centered in Japan, we have determined that the market environment is attractive from the perspective of ROR (Return on Risk), and therefore warrants a focus on stocks and bonds in Japan. This being the case, we will also invest overseas while controlling exchange rate risk.
- Invest in real estate and businesses that can be expected to generate synergies based on our knowledge of pet insurance and veterinary medicine.

## Strengths

- In real estate management: based on the concept of "creating a sustainable society where people and pets can coexist in harmony," we develop high value-added pet-friendly rental housing and facilities that contribute to society.
- Leveraging data from pet insurance, and utilizing extensive experience and human resources related to animal medical care, we will invest in joint ventures which have synergistic effects for pet medical care, and in ventures which help people living with pets.

## Issues

- It is necessary to mitigate risk in asset management based on the risk management policy as per the transition to the new SMR in 2025. Further, we are working to strengthen the risk management system in asset management. We do this while maintaining financial soundness, and aim to manage assets by taking appropriate levels of risk from the perspective of ROR.

## Our Initiatives

- Investment in HIROTSU Bioscience, a company with which we have formed a partnership for such endeavours as pet cancer testing.
- Opening of Shippo-no-sato [tail's home], a complex facility aimed at promoting animal welfare. (incorporating shelters, breeding spaces, and dog café) In addition to promoting activities to further animal welfare by utilizing the resources of our Group companies, the facility is also used as a place for training and education for future leaders of the pet industry in cooperation with the International Business Academy in Ishikawa Prefecture.
- Anicoflora Higashi-Nakano, a pet-friendly residence, is now fully occupied.



# Other Businesses

## Our Initiatives

- 46 patents filed by the end of March 2023 (an increase of 16 from the end of March 2022)

	Image recognition AI	Genes, food, and gut microbiota	Regenerative medicine	Other	Total
Patents applied for	17	16	3	10	46
Patents granted	4	2	2	1	10

Note: "Patents applied for" include priority claim applications and divided applications, but exclude applications filed overseas.

- Promotion of the "strategy of one patent per employee"

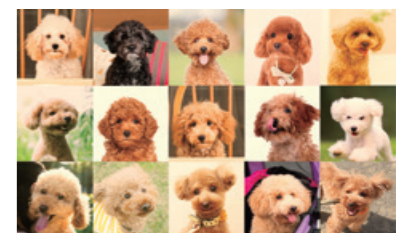
We had 13 registered inventors as of the end of December 2020.

⇒ This increased to **103** by the end of March 2023.

These achievements were the result of developing businesses that touch the heartstrings of each employee; businesses related to image recognition AI, genetics, food, gut microbiome, and regenerative medicine.

- Building AI & Database (Basic Animal Resident Register)

- Data collection to detect childbirth and estrus in breeding program
- Development of AI detection model from videos of installed cameras



# Promoting Sustainability Management

The Anicom Group aims to improve corporate value and realize a sustainable society with management that creates economic and social value.

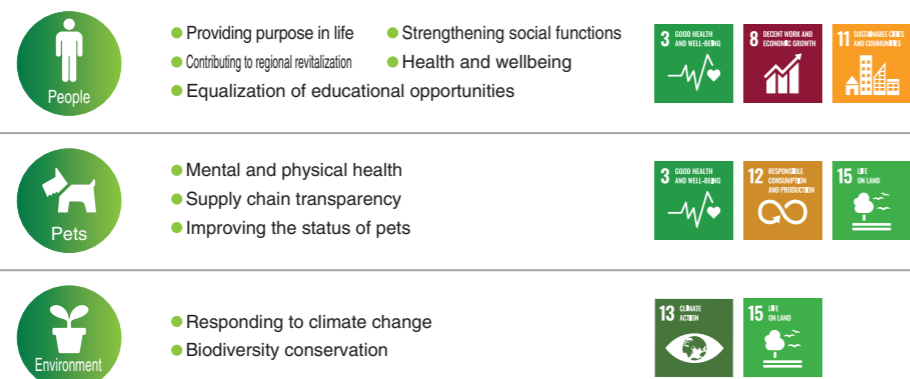
## Basic Policy on Sustainability

The Anicom Group has declared as its purpose to share unconditional love across the world, and to restore, maintain, and advance peace. Inspired by our company name, which is derived from “ani (life) + communication (mutual understanding) = ∞ (boundless),” we will deliver boundless value as an infrastructure provider for animal industries. As we work to do this we will be guided by our corporate philosophy that “by all living things understanding each other and working together toward a common goal,” we make possible what was previously impossible.

The Anicom Group has identified key issues, or “materialities,” related to social challenges and global environment) that the pet industry is able to address. We will conduct initiatives designed to make the following specific contributions to people, pets, and the environment. These initiatives are consistent with our aims to enhance corporate value and realize a sustainable society.

- 1 Contribution to people**  
 Providing people a sense of purpose in life through their co-existence with pets, we will undertake activities that contribute to local revitalization and equality of educational opportunities. Further, through the promotion of our “one patent per employee” strategy, we will leave a social legacy to posterity; a testament to the fact that each and every one of our Group employees has lived on this earth.
- 2 Contribution to pets**  
 To achieve respect for the diversity and well-being of all life, we will undertake activities for physical and mental health, supply chain traceability, animal welfare, disaster relief, and wildlife protection.
- 3 Contribution to the environment**  
 We will undertake activities that respond to climate change, such as reducing our greenhouse gas emissions and reducing and recycling waste. Further we will strive to preserve biodiversity in all we do.

## Materiality



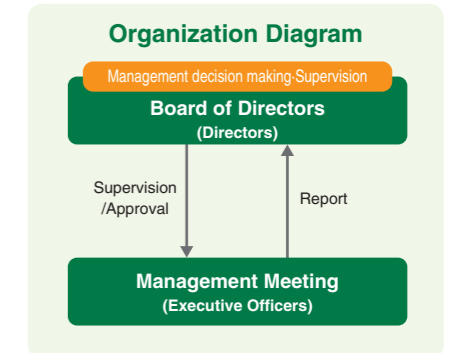
### [Numerical Targets Toward Resolution of the Issues]

- Strategy of one patent per employee ..... Over 100 inventors
- Community events for the elderly, people with disabilities, and children ..... 20 times/year
- Employment support for the elderly and people with disabilities ..... starting gradually (results will be announced as needed)
- Child education support (number of participants in animal hospital experience, etc.) ..... 100 people/year

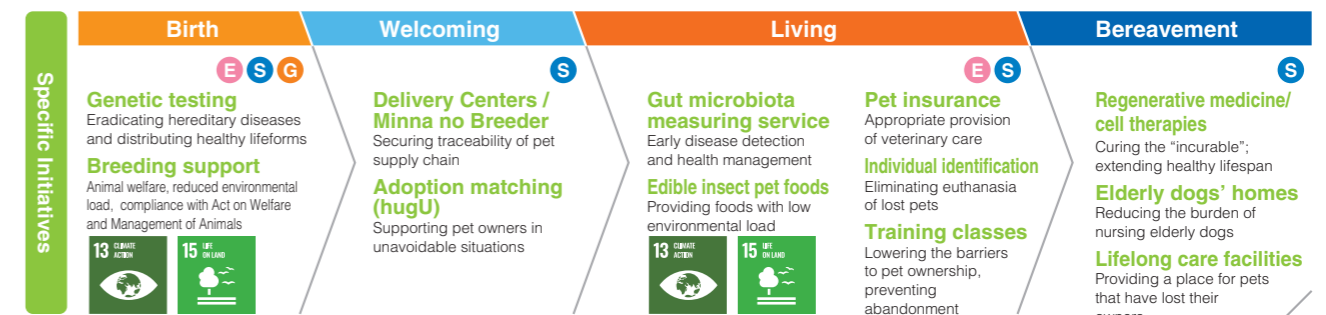
## Sustainability Promotion System

In order to promote stable governance across the entire group, Anicom has set up a group management system. This system is purposed to enhance discussions on leadership decision-making and on controlling the management situation under the supervision of the Board of Directors; the decision-making body. The progress of measures which promote company stability, are discussed and reported to the Board of Directors about once every six months. The Group Management Committee consists of full-time directors, executive officers of Anicom Insurance, Inc. and presidents of other operating subsidiaries.

The Board of Directors receives reports on the content of discussions at the "Group Management Meeting", and considers policies and action plans for the Group's sustainability initiatives.



## [Anicom's CSV Activities in the Value Chain (Responses to ESG/SDGs)]



## Environmentally conscious management (TCFD compliant)

### Basis for value creation

Development of ERM structures, compliance, information security, human resource and organizational management, internal auditing, strengthening of risk management systems

# Human Capital

We view human resources as "capital," and we are taking the following steps to maximize their value. We aim for human capital management that will lead to mid- to long-term corporate value improvement.

## Human Resource Development Policy and Internal Environment Development Policy

Both the policy for human resources development, and policy for internal environment improvement are established in Article 3 of the "Group Basic Policy on Personnel Management" as follows.

### (Basic Philosophy) Article 3.

#### (5) Human Resource and Skills Development

- ① Each company in the group shall strive to develop human resources and skills with the aim of achieving accelerated growth through cooperation, and free competition with each other. This will always be done while providing open and fair educational opportunities, and while respecting the abilities and aptitudes of each individual.
- ② Each company in the group shall strive to foster an organizational culture in which employees train for all situations, and achieve personal growth through courageous practice. The development of true professional human resources will also be achieved.

#### (7) Benefits and Welfare

To help support the healthy and prosperous lives of employees and their families, each group company shall provide a welfare program that meets individual values, lifestyles, and diverse needs.

## Indicators and Targets

No.	Items*1	Results			Targets
		FY2020	FY2021	FY2022	FY2030
1	Percentage of female employees	58.6%	61.2%	60.9%	50~60%
2	Percentage of females in managerial positions*2	31.7%	31.8%	31.2%	50~60%
3	Acquisition rate of childcare leave (men)	50%	58.8%	77.8%	100%
4	Acquisition rate of childcare leave (women)	100%	100%	96.0%	100%
5	Ratio of paid leave days taken*3	58.2%	62.7%	64.6%	80%
6	Voluntary turnover rate*4	11%	12.3%	11.8%	10%
7	Total training cost	8,234,516 Yen	12,350,455 Yen	12,784,247 Yen	—
8	Average training cost per person	11,038 Yen	14,581 Yen	14,364 Yen	15,000 Yen
9	Number of inventors	4 (cumulative 15)	51 (cumulative 66)	37 (cumulative 103)	per year 60

\*1The calculation scope covers Anicom Holdings, Inc. and consolidated subsidiary, excluding paid leave rate(No.5)

\*2The definition of manager is "a person who has a subordinate position or higher, and a person of equivalent rank without a subordinate position," excluding "officers."

\*3Excluding SIMNET CO., Ltd.

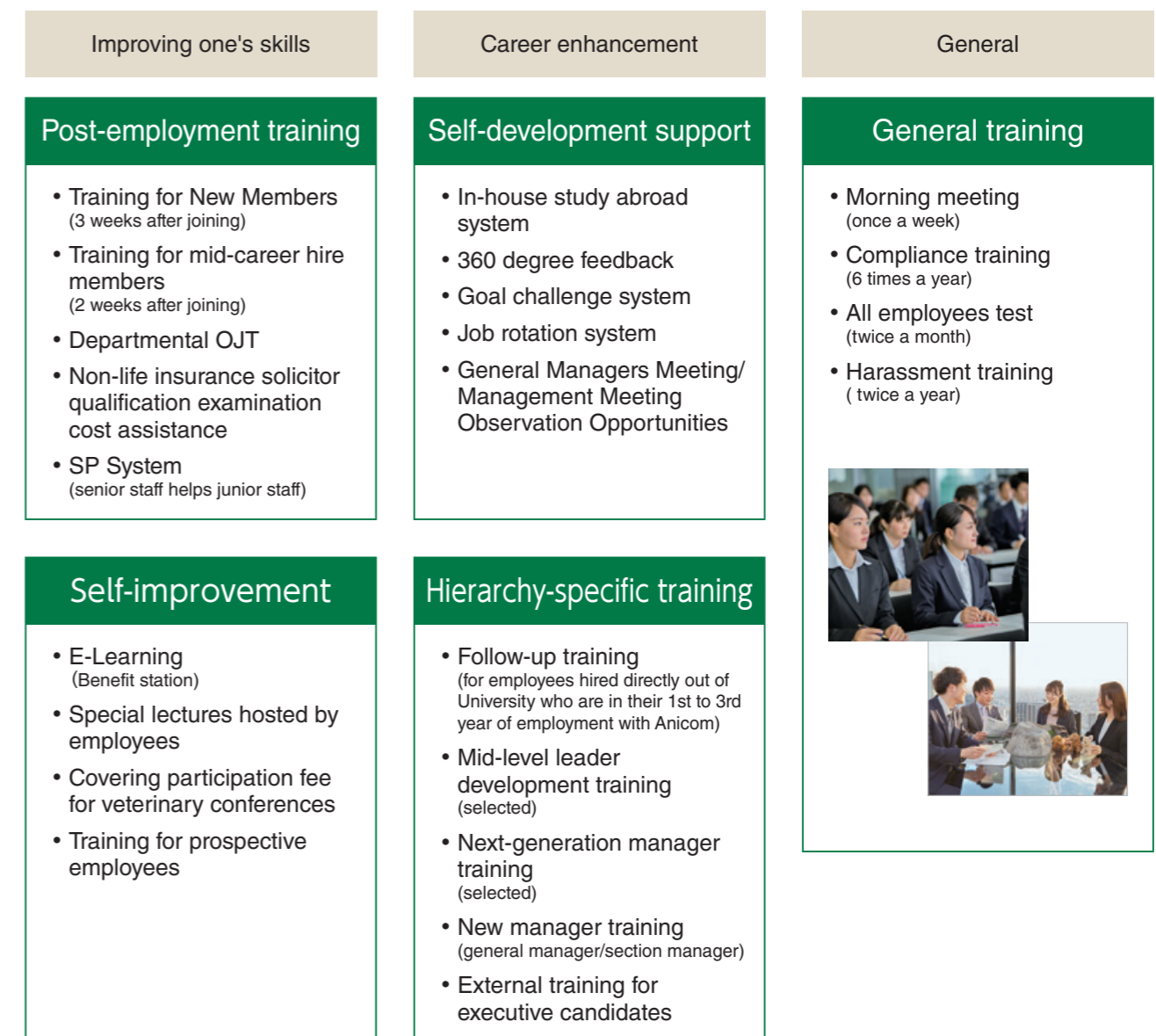
\*4The turnover rate is calculated based on the number of personnel who quit voluntarily, excluding the age-limit retirement.

## Human Resource Development

We have established an education system called "Anicom University." Anicom University is a place that always provides open and fair educational opportunities. In addition to training to acquire the necessary skills and attitudes for one's job level, we also conduct self-development seminars for employees. Additionally, through job rotation, in which employees are strategically reassigned and transferred for the purpose of skill development, we are developing human resources with a managerial perspective, and creating new businesses by allowing employees to engage in a wide range of work without being limited to a single field.

For veterinarians and other specialists, we promote skill development aimed at the early growth of true professionals. Our skill development efforts include working on case studies across group hospitals, surgical training, subsidies for participation in academic conferences, and other programs.

## Anicom University



# Human Capital

## One Patent Strategy for All Employees

In order to create an organization that can effectively solve difficult social issues surrounding sustainability, we are building a system that enables employees to carry out their work based on their own spontaneous spirit of inquiry and sense of mission. We believe that this will enable a diverse workforce with various personalities to work more freely and earnestly, and thus further draw out the power of human collective intelligence.

The Anicom Group's unique system for making this possible is different from conventional organizations in that it is based on a "Strategy of one patent (e.g. thesis papers) per employee," in which individual efforts, and discoveries made through the performance of ones duties are linked to the life of each individual, widely recognized, communicated to society, and left behind to enrich society. Through this system, we will promote a human resource strategy that will give even more meaning to the life of each individual employee, so that all employees can leave behind a sociological legacy; the proof of having lived through this era of laughter, tears, and troubles together.

## Diversity & Inclusion

The Anicom Group respects diversity in accordance with its management philosophy. We are committed to promoting an environment in which capable human resources, regardless of gender, nationality, race, or work experience, can maximize their abilities, and play an active role in the company.

### ● Employment of Veterinarians and Other Specialists

The Anicom Group has 148 employees with veterinary qualifications (as of March 31, 2023). Anicom therefore, has one of the largest concentrations of veterinarians employed in Japan. Taking advantage of this group of specialists, we are working to improve the quality of our insurance underwriting and underwriting systems in a way that other companies cannot. Additionally in order to connect our brand of "trust," created by our collection of veterinarians, to our customer service, we are developing additional programs. For example, customers can consult with veterinarians by phone or by "LINE"(an SNS service in Japan). Furthermore, we contribute to the development of the veterinary industry through our expertise in extracting and analyzing disease statistics, conducting research on genetics, and intestinal bacteria, through publishing papers and making presentations at conferences, writing for specialized journals, and conducting seminars for veterinarians. We also actively employ a wide variety of other professionals, including doctors, doctors of medicine/agriculture/science/pharmacy, lawyers, certified public accountants, actuaries, patent attorneys, and designers.

### ● Promotion of Female Employees

In accordance with the "Group Human Resources Management Basic Policy," we are working to promote the advancement of women by providing an environment where people of ability can exercise their abilities to the fullest and play an active role in the company, based on mutual respect and without regard to gender.

In the long term, we aim to achieve the same ratio of women in management positions as the ratio of women employees in the total number of employees. The ratio of female employees in the entire group is approximately 60%, and the ratio of female employees in management positions is approximately 30%. (As of March 31, 2023)

### ● Childcare Support

We encourage employees of both genders to actively take childcare leave. Almost all women who have given birth have taken maternity or childcare leave, and more than half of men have taken childcare leave.

In addition, the maximum age of childcare leave can be extended up to the care for a 3 year old child. This exceeds the legally mandated age. After returning to work, employees can continue to work shorter hours until their child completes the sixth grade of elementary school, also exceeding the legally mandated limit. The company supports employees in balancing work and childcare by allowing them to use the shortened working hour system until their child completes the sixth grade of elementary school, which exceeds the legally mandated age limit.

### ● Employment of Persons with Disabilities

The Human Resources Department takes the lead in actively promoting the employment of people with disabilities. We have adopted a mentor system in which a "support person" is assigned to the department to which the employee with disabilities is assigned, to assist the employee as needed. The company has adopted a mentor system in which a "support person" is assigned to the department to which the employee is assigned as necessary, and has established a support system tailored to individual circumstances.

## Improvement of Workplace Environment

The company and its employees stand on equal footing, and cooperate with each other based on mutual understanding and trust. In order to promote the sound development of the company, improve the social and economic status of employees, and to maintain normal labor-management relations, we comply with labor-related laws and regulations, thus maintaining a safe, healthy, and comfortable working environment.

### ● Engagement Survey

The Anicom Group has decided to conduct an employee engagement survey of all employees from 2023 onward, with the aim of enhancing employees' sense of growth, making Anicom an attractive and stronger organization. The results will be analyzed and used to improve the workplace environment.

### ● Remote-work System

A home-based remote-work system has been available to employees since FY2017. We are striving to create an environment that is receptive to flexible work styles and aims to further improve work-life balance.

### ● Special Leave for Family Members, Including Pets

In addition to maternity, paternity, and nursing care leave, we also offer special leave for "family members" including pets. These include marriage, maternity, and family support leave, birthday leave (leave for employees, family members up to the second degree, and pets), pet congratulation leave for new pets, and condolence leave for the death of a pet. We place great importance on this system.



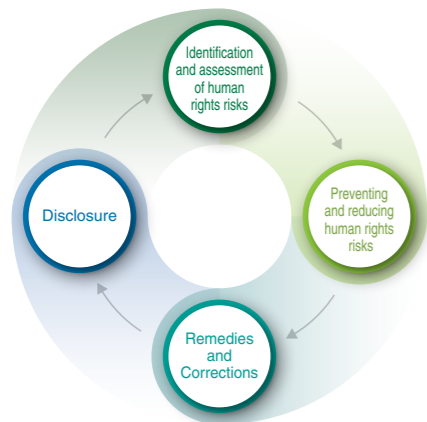
# Respect for Human Rights

## Basic Policy for Human Rights

The Anicom Group has established a basic human rights policy and strives to raise awareness of human rights internally and externally. Further, Anicom Group works hard to create a favorable work environment. Specific initiatives include compliance with human rights norms based on national laws and international standards, prohibition of discrimination and harassment, and appropriate management of personal information. Furthermore, we have established an internal reporting system (hotline) with internal and external contact points to resolve human rights issues.

Click here for full text ▶ ( <https://www.anicom.co.jp/company/human-policy/> )

## Human Rights Due Diligence



Human risk management regulations define human risks as risks arising from unfairness and discriminatory behavior. Anicom formulates and revises internal rules and regulations to mitigate this risk. Furthermore we carry out education so that employees thoroughly understand the company's approach to mitigating unfairness and discrimination. The results of regular inspections, and the monitoring and the occurrence of serious problems are reported to the Group Risk Management Committee. Corrective actions are then taken. We also disclose related information on our website as necessary.

## Potential Risk and Countermeasures in Our Business Model

Stakeholders	Risks	Countermeasure
Customer	Discriminatory treatment in insurance contracts	Expansion of spousal coverage
Partners	Personal information being leaked and occurrence of human rights issues at contractors, for example at insurance agencies	Continuous auditing/guidance and application of internal reporting system
Employees	Increase personnel retention by mitigating/eliminating unfairness, injustice, harassment, etc.	Internal reporting system, expanded spouse coverage, human rights awareness training, harassment prevention training

## Our Initiatives

### ● Whistleblower system (hotline)

In order to resolve human rights issues such as harassment, we have established an internal reporting system (hotline) with internal and external contact points to create a more comfortable working environment for officers and employees. The hotline is also available to retired employees and workers of businesses that have a contractual relationship with the Group.

### ● Expansion of spouse coverage

Anicom Insurance's policy conditions for pet insurance stipulate that "the spouse of the insured person" included in the "insured person" includes common-law relationship and same-sex partners. The employment regulations also clearly state that the scope of spouses eligible for special leave includes same-sex partners.

# Preservation of Animal Dignity

## Declaration on the Dignity of Animals

As a company involved with animals, the Anicom Group considers "animal dignity" to be the axis of its CSR activity policy, and has adopted the "Declaration on the Dignity of Animals." The Declaration states that "all animals have dignity" and "no animal shall be mistreated." Based on this Declaration, the Anicom Group is implementing specific initiatives in animal welfare, disaster relief, and wildlife protection. The preservation of animal dignity is also clearly stated in the Group's Basic Human Rights Policy, and the entire Group is involved in activities related to respect for animal dignity.

## Our Initiatives

### ● Animal welfare

In FY2012, we launched the "PAW (Project of Animal Welfare)." This is a project across our Group companies which contributes to animal welfare and animal protection. Educational activities during Animal Protection Week is one example of this project's undertakings. PAW (Project of Animal Welfare), a project across Group companies, was launched in FY2012.



### ● Eliminating euthanasia

Animals that live with us (humans) give us the power to live just by being around them; we can call them "power plants of the heart." However, many unclaimed animals are still being killed in Japan. In order to solve this social problem as a company involved with animals, our group operates shelters, manages the "hugU" foster parent matching website, and provides support for animal adoption events.



### ● Disaster support

That Japan often suffers from natural disasters is well-known. Equally clear is that these natural disasters can cause extensive damage to our lives. Against this backdrop, our group provides disaster support, and this, mainly for pets and their owners. Specifically, we operate a website where pet owners can access various information they need to know in preparation for disasters. Additionally, Anicom holds seminars on disaster prevention, and dispatches animal medical vehicles in the event of a disaster to help those affected.



### ● Wildlife protection

We support the activities of WWF, a public interest incorporated foundation that works to protect the environment. We believe that our feelings for the pets we live with, and our feelings for wildlife and the natural environment are the same as our feelings for life overall. In addition to supporting activities such as the "Kingdom of Wild Cats Campaign" and the "WITH STAMP Campaign," we also publicize their activities through in-house seminars and on-demand media.



# Climate Change Initiatives

## Response to TCFD Recommendations

Environmental issues such as climate change have become increasingly serious around the world. Climate change has affected Japan as well, becoming one of the most significant social issues, with many large-scale natural disasters occurring due to abnormal weather conditions.

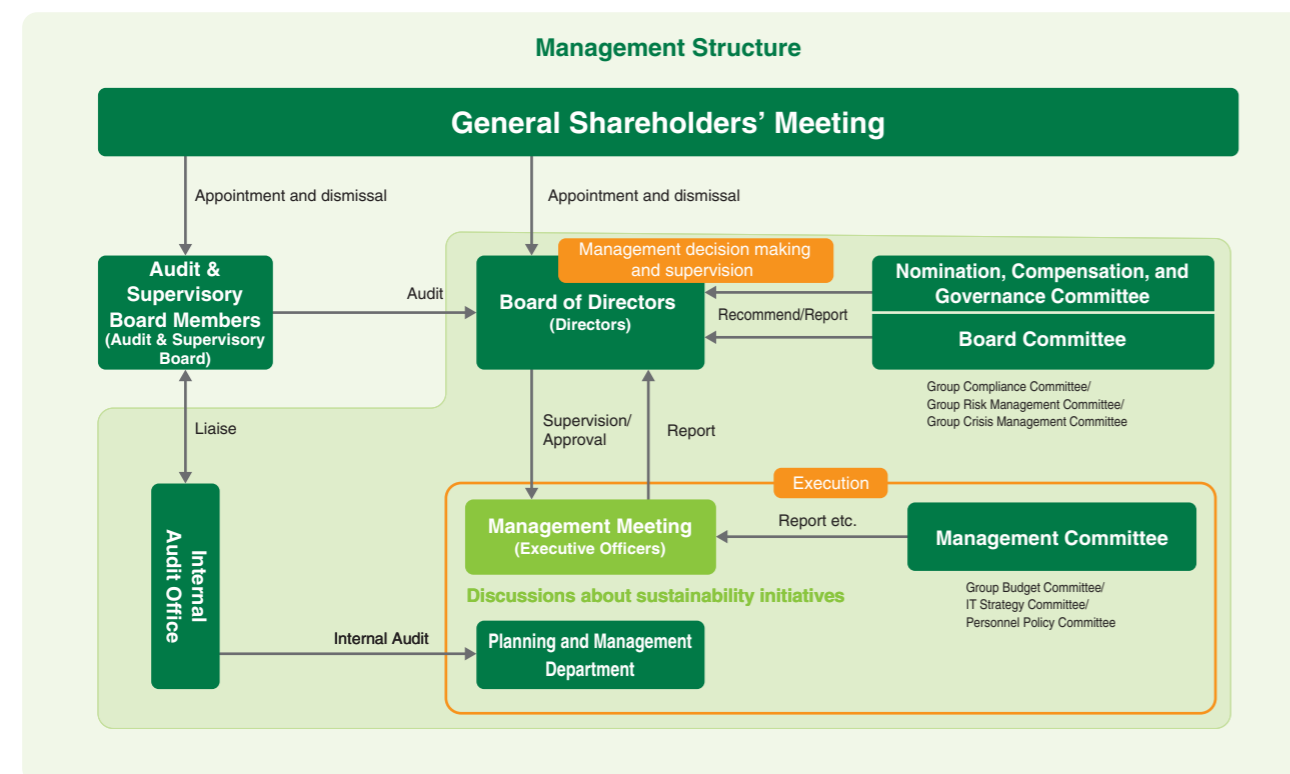
However, as our Group's main business is pet insurance, and does not compensate for natural disasters, we do not expect to be affected by such disasters in the way other non-life insurance companies are. Therefore, the direct impact of climate change on the Group's business activities is considered to be limited. Nevertheless, we recognize that addressing climate change is indispensable for realizing a sustainable society, and is an issue that our Group must address. In the "Basic Policy on Sustainability" established in June 2022, we have designated "contribution to the environment" as a priority issue. Towards these ends we are working on activities to address climate change and to promote the conservation biodiversity. For example the "Basic Sustainability Policy" includes initiatives that focus on reducing greenhouse gas emissions, and activities which promote waste reduction and reuse.

In April 2023, we expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We believe that disclosures based on the TCFD recommendations will be beneficial in promoting our efforts to address climate change, and have therefore taken steps to disclose information in four areas: Governance, Strategy, Risk Management, and Indicators and Targets.

### ① Governance

Governance related to climate change is managed in tandem with governance in the promotion of sustainability.

To promote sustainability management across the entire group, the "Group Management Committee," discusses the progress of sustainability initiatives about once every half year and reports to the Board of Directors. The "Group Management Committee" consists of directors and executive officers of our group companies responsible for business execution under the supervision of the Board of Directors, the management decision-making body. The Board of Directors receives reports on the discussions at the "Group Management Meeting" and discusses the Group's policies and action plans for addressing environmental issues.



### ② Strategy

We identify and evaluate the impact of climate change risks on our group by identifying risk events, and anticipating changes in the external and business environment that may occur as a result of the manifestation of climate change risks. The main climate change risks and opportunities for our Group's business are as follows:

	Type	Impact of climate change on the Group: both risks to the Group and opportunities created for the Group
Transition risk	Policies and Regulations	Increased energy costs due to introduction of policies and tighter regulations to curb greenhouse gas emissions
	Reputation	Reputation damage due to insufficient low-carbon initiatives
Physical risk	Acute	Damage to the Group's business locations caused by natural disasters Increase in insurance claims due to increase in natural disasters
	Chronic	Higher loss ratio and lower profitability due to increased pet health risks
Opportunity	Market	Increased demand for pet insurance due to increased pet health risks
	Products/Services	New services which offer support before, during and after disasters: help for those evacuating with pets, assistance during disasters, recovery support for disaster hit areas, and pet disaster prevention related services

### ③ Risk Management

Our Group, whose main business is pet insurance, does not compensate for natural disasters, and does not expect to incur losses as other non-life insurance companies do. Therefore, our group recognizes that the direct impact of climate change on the Group's business activities will be limited. On this basis, we manage risks related to climate change in an integrated manner with risk management utilized in the promotion of business stability.

The Group has established the "Group Risk Management Basic Policy" and strives to foresee and control risks that may affect the Group's governance, and is constantly preparing response activities that anticipate environmental changes, with regard to business stability and profitability. We do this with the aim to maintain the quality of products and services, and to ensure business continuity even in unforeseen circumstances. Further, we are working to build a risk management system to achieve these very aims. The Group Risk Management Committee discusses the status of specific risk management issues of the Group, and includes discussions on business stability initiatives, as well as the integrated assessment of risk status. The findings of this committee are reported to the Board of Directors, thereby promoting risk governance efforts in management.

Additionally the "Group Code of Ethics" clearly states that it is essential to establish a risk management system, and to develop internal controls for the purpose of insuring business stability, and further, that we must do our utmost to achieve this goal. In order to correctly identify the risks that our Group faces, we have developed a comprehensive risk profile that includes emerging risks (possible risks, which may have a significant impact on our Group's operations). We regularly prepare a risk profile that includes risks related to business stability.

### ④ Indicators and Targets

Our Group is working to reduce greenhouse gas emissions to realize the aims stated in the Paris Agreement. We have designated Scope 1+2 real greenhouse gas emissions as indicators for managing climate-related risks and opportunities.

In line with the "Mid-term Corporate Strategy 2022-2024," we have set a target of reducing Scope 1+2 real greenhouse gas emissions by 50% in FY2023 and 100% in FY2024, with FY2020 as the base year. Additionally, we will work to identify Scope 3 targets, calculate and disclose emissions, and aim to reduce total emissions, including Scope 3 targets, by at least 50% by 2030 compared to FY2020. Anicom Group will work to achieve carbon neutrality by 2050.

	Unit	FY2020 Base year	FY2021	FY2022	FY2023 Target	FY2024 Target
Scope 1+2 GHG emissions	t-CO <sub>2</sub>	824	1,050	1,225	412	0

(note)1. We use our company and its consolidated subsidiaries as the calculation base. Some animal hospitals are excluded due to inadequate data collection systems.

2. 6.5 gas is excluded from the calculation.

3. Calculations here use "adjusted emissions" based on the "emission coefficients by electricity provider" as per the Ministry of the Environment and the Ministry of Economy, Trade and Industry.