

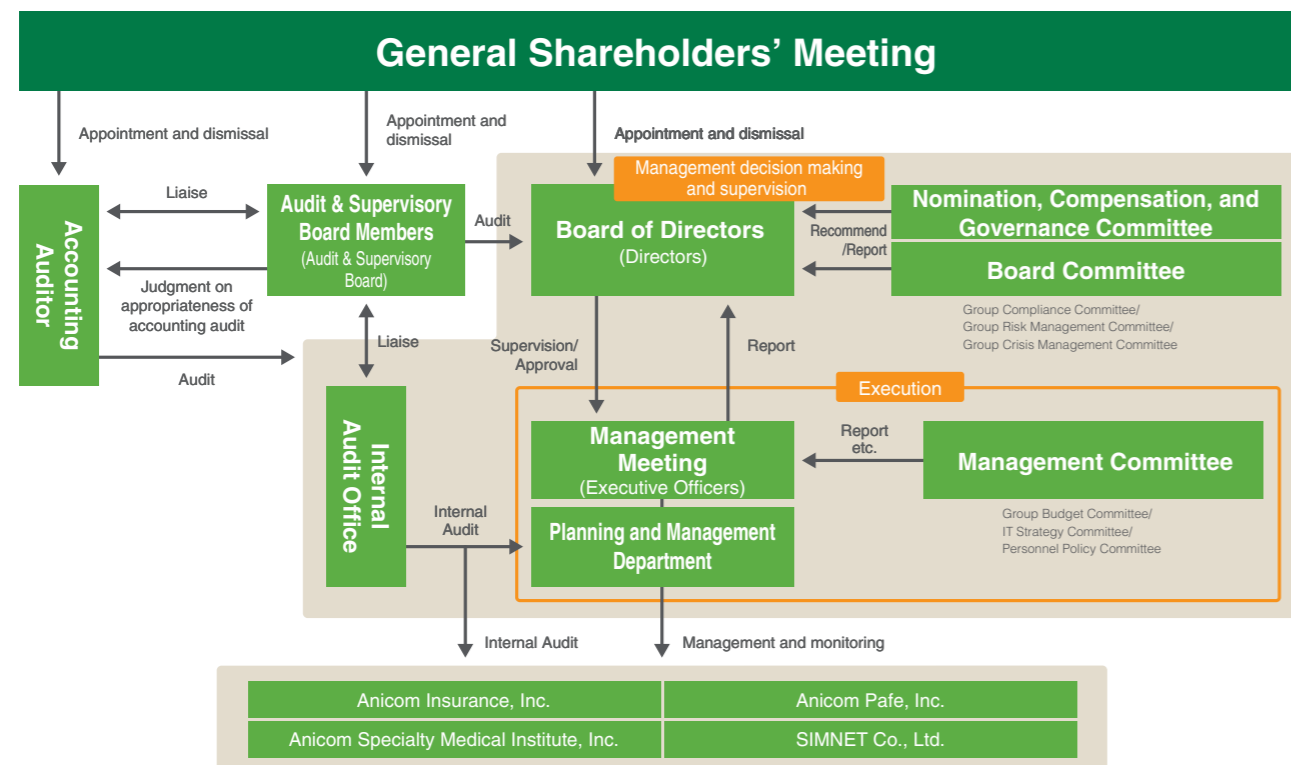
Corporate Governance

Basic Stance on Corporate Governance

The Anicom Group's management philosophy includes "spreading thankfulness" around the world. We "spread thankfulness" through mutual respect for the unique characteristics of each life, and by cooperating in the division of labor." Doing this we will fulfill our duties and commitments to all stakeholders, and fulfill our social mission. In concert with this we also seek to constantly enhance the corporate value of the Group as a whole. To steadily realize these goals, the Anicom Group has formulated the Group Corporate Governance Basic Policy, and is working to maintain and strengthen a sound and highly transparent Group corporate governance system.

1. Reasons for Adoption of Corporate Governance Structure and Overview

Our Company's corporate governance structure is as follows.



(1) Reasons for Adopting a Corporate Governance Structure

We have appointed a Board of Corporate Auditors. The Board of Directors works closely with the Board of Corporate Auditors to make final decisions on important matters, and to strengthen the supervisory function of management.

We have, also established a highly transparent governance system in which the majority of the Board of Directors and the Board of Corporate Auditors are outside directors and outside corporate auditors.

Furthermore, we have introduced an executive officer system to clearly separate the management decision-making and supervisory functions from the business execution functions, thereby strengthening the Board of Directors' check-and-balance and supervisory functions from a governance perspective. In addition to this, and in order to enhance the independence, objectivity, and accountability of the Board of Directors, a "Nominating, Compensation, and Governance Committee" has been established as an advisory body, separate from the Board of Directors. The majority of the members of the "Nominating, Compensation and Governance Committee" are outside directors.

(2) Outline of Corporate Governance Structure

① Board of Directors

The Company's Board of Directors consists of six members: two internal directors (Mr. Nobuaki Komori and Ms. Yumiko Momose) and four external directors (Mr. Eiichi Tanaka, Mr. Katsuo Shoyama, Mr. David G. Litt and Mr. Hiromitsu Takemi). The Board is chaired by Representative Director Nobuaki Komori.

The Company's Articles of Incorporation stipulate that the Company shall have no more than 10 Directors.

The Board of Directors of our Company places importance on maintaining and improving the trust in the Group, makes important

decisions regarding the execution of business, and supervises the business of executive officers. As a holding company, the Company's Board of Directors has functions such as deciding the Group's mid-to long-term strategies and various basic policies, and each director strives to ensure that the Board of Directors fully fulfills these responsibilities and functions.

In addition, Anicom Insurance, Inc., the core company of the Anicom Group, has also adopted an executive officer system, whereby each executive officer carries out his or her duties as determined by the Board of Directors.

Furthermore, in accordance with the Basic Policy for Management Control of Group Companies, the Board of Directors deliberates important management matters of subsidiaries, and supervises subsidiaries by requesting reports as necessary.

The Group Management Committee meets regularly to discuss agenda items related to the execution of group-wide operations with directors and executive officers of our group companies. The Company's Board of Directors makes decisions on important management matters, giving full consideration to the deliberations and recommendations of the Committee.

② Board of Corporate Auditors

The Board of Corporate Auditors of the Company consists of five members: two Corporate Auditors (Mr. Kazuo Suda (full-time) and Mr. Makoto Hanaoka) and three Outside Corporate Auditors (Mr. Koichiro Iwamoto, Mr. Koichi Ito and Mr. Keiji Aoyama).

The Board of Corporate Auditors receives reports on important matters related to audits, discussing and resolving them in accordance with the Regulations of the Board of Corporate Auditors. This is done according to the auditing standards and audit plans formulated by the Board of Corporate Auditors. Each Corporate Auditor attends meetings of the Board of Directors and other important meetings to audit the status of operations and assets, receives reports from the accounting auditors and the internal audit division, and otherwise works closely with one another to supervise the execution of operations by the directors.

③ Nominating, Compensation and Governance Committee

Our Company has established the Nominating, Compensation and Governance Committee as an advisory committee to the Board of Directors, consisting of seven members: five outside directors and two inside directors of the Company and Anicom Insurance, Inc. The Committee is responsible for the appointment and dismissal of directors and corporate auditors of the Company and Anicom Insurance, Inc. The Committee also has the responsibility to set the requirements for the appointment of directors and executive officers of the Company and Anicom Insurance, Inc., and to decide the compensation system for directors and executive officers of the Company and Anicom Insurance, Inc., The compensation levels of directors of the Company and Anicom Insurance, Inc., as well as the development and implementation status of various policies and measures related to corporate governance are also the duty of the Committee.

2. Other Matters Related to Corporate Governance

Our Company has established the Basic Policy for "Internal Control System," which is based on a resolution of the Board of Directors, for the development of a system to ensure the appropriateness of operations (hereinafter referred to as "Internal Control System"). In addition, the Company stipulates in its various group policies basic matters concerning management control of our group companies, group compliance, risk management, internal audits, and other matters.

3. Matters Relating to Resolutions of the General Meeting of Shareholders

(1) Requirements for the Election of Directors

The Company's Articles of Incorporation stipulate that resolutions for the election of directors shall be adopted by a majority of the voting rights of shareholders present at a meeting, where shareholders holding one-third or more of the total voting rights of shareholders, who are entitled to exercise their voting rights, are present.

(2) Requirements for Special Resolution of General Meeting of Shareholders

The Company's Articles of Incorporation stipulate that the requirements for special resolutions of the General Meeting of Shareholders specified in Article 309, Paragraph 2 of the Companies Act require that shareholders holding one-third or more of the voting rights of shareholders, who are entitled to exercise their voting rights be present at the meeting, and that two-thirds or more of the voting rights of the shareholders so present shall be used for the resolution. The Articles of Incorporation also stipulate that resolutions for the election of directors shall be adopted by a majority of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders, who are entitled to exercise their voting rights, are present, and that no cumulative voting shall be used. The purpose of these provisions is to ensure the smooth operation of the General Meeting of Shareholders by relaxing the quorum.

(3) Matters That May Be Resolved by the Board of Directors Among Matters to Be Resolved at the General Meeting of Shareholders

Pursuant to Article 165, Paragraph 2 of the Companies Act, the Company's Articles of Incorporation stipulate that the Company may acquire treasury stock by resolution of the Board of Directors in order to enable flexible capital policies in response to future changes in the business environment.

The Articles of Incorporation also stipulate that by resolution of the Board of Directors in accordance with the provisions of Article 454, Paragraph 5 of the Companies Act, the Company may pay interim dividends with September 30 of each year as the date of record. This is to enable the Company to return profits to shareholders with flexibility.

Directors, Audit & Supervisory Board Members



Director **Representative Director, President Executive Officer**

Komori Nobuaki Date of birth May 2, 1969

- 1992 Joined Tokio Marine & Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)
- 2000 Established the Company President and Representative Director of the Company
- 2017 Director of AHB Inc. (current position)
- 2018 Director, Chairman, and Executive Officer of Anicom Insurance, Inc. (current position) Representative Director of the Company (current position)
- 2020 Director of Anicom Specialty Medical Institute, Inc. (current position)
- 2021 Director of Anicom Pafe, Inc. (current position)



Director **Representative Director, Vice President Executive Officer**

Momose Yumiko Date of birth September 8, 1967

- 1991 Joined Tokio Marine & Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)
- 2000 Joined the Company
- 2003 Director of the Company
- 2005 Managing Director of the Company
- 2010 Managing Director of Anicom Insurance, Inc.
- 2015 Senior Managing Director of Anicom Insurance, Inc.
- 2018 Director and Senior Managing Executive Officer of Anicom Insurance, Inc. (current position) Senior Managing Executive Officer of the Company
- 2020 Director and Senior Managing Executive Officer of the Company
- 2022 Representative Director, Vice President Executive Officer (current position)



Director **Outside Director**

Tanaka Eiichi Date of birth November 25, 1953

- 1978 Joined the Ministry of Posts and Telecommunications
- 2007 Director-General of the Radio Department, Telecommunications Bureau, Ministry of Internal Affairs and Communications
- 2008 Director-General for Policy Coordination, Minister's Secretariat
- 2010 Director-General of Minister's Secretariat Director-General for Information and Communications Bureau
- 2012 Vice-Minister for Policy Coordination
- 2013 Adviser of Sampo Japan Nipponkoa Insurance Inc. (currently Sampo Japan Insurance Inc.)
- 2015 Executive Vice President of NTT Communications Corporation
- 2019 Director of Secure Broadcasting Authorization and Research Center (current position) Audit & Supervisory Board Member of GC Story co., Ltd. (current position)
- 2020 Outside Director of the Company (current position)



Director **Outside Director**

Shoyama Katsuo Date of birth February 21, 1955

- 1978 Joined ASAHI BREWERIES, LTD. (currently Asahi Group Holdings, Ltd.)
- 2008 Senior Officer and General Manager of Higashi-kanto Regional Headquarters
- 2011 Corporate Officer and General Manager of Chugoku Regional Headquarters
- 2013 President and Representative Director of LB Co., Ltd.
- 2016 Senior Managing Director of Asahi Group Foods, Ltd.
- 2017 President and Representative Director
- 2021 Company Friend of Asahi Group Holdings, Ltd. (current position)
- 2022 Outside Director of KAMEDA SEIKA CO., LTD. (current position) Outside Director of the Company (current position)



Director **Outside Director**

David G. Litt Date of birth October 10, 1962

- 1988 Judicial Clerk to the Chief Judge Alfred T. Goodwin of the U.S. Court of Appeals for the Ninth Circuit
- 1989 Admission to the State Bar of California
- 1990 Judicial Clerk to Justice Anthony M. Kennedy of the U.S. Supreme Court
- 1991 Admission to the District of Columbia Bar Joined O'Melveny & Myers LLP, Partner
- 2007 Joined Morrison & Foerster LLP, Partner
- 2012 JCEO and Representative Director, Deneb Renewable Energy KK
- 2015 Professor, Keio University Law School (current position)
- 2020 Joined O'Melveny & Myers LLP, Foreign lawyer (current position)
- 2022 Outside Director of the Company (current position)



Director **Outside Director**

Takemi Hiromitsu Date of birth December 16, 1952

- 1975 Joined Japan Development Bank (currently Development Bank of Japan)
- 1982 MBA, University of Rochester, USA
- 1998 Harvard Business School, USA Completed Advanced Management Program
- 2001 Vice Director of Research Institute of Capital Formation, Development Bank of Japan
- 2004 Executive Officer of ShinGinko Tokyo, Limited (currently Kiraboshi Bank, Ltd.)
- 2006 Professor of Graduate School of Accounting & Finance, Chiba University of Commerce (Field of academic interests: Corporate governance and corporate finance)
- 2007 PhD, Graduate School of Policy Studies, Chiba University of Commerce
- 2017 Outside Audit & Supervisory Board Member of the Company
- 2022 Outside Director of the Company (current position)
- 2023 Professor Emeritus and Visiting Professor of Graduate School of Accounting & Finance, Chiba University of Commerce (Field of academic interests: Corporate governance, corporate ethics, finance and economics)



Audit **Full-time Audit & Supervisory Board Member**

Suda Kazuo Date of birth April 21, 1949

- 1974 Joined Tokio Marine & Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)
- 2005 Director and Vice President of Tokio Marine Seguradora S.A.
- 2009 Joined Anicom Insurance, Inc.
- 2010 Director of Anicom Insurance, Inc.
- 2011 Director of the Company
- 2016 Audit & Supervisory Board Member of Celltrust Animal Therapeutics Co., Ltd. Full-Time Audit & Supervisory Board Member of the Company (current position)
- 2019 Audit & Supervisory Board Member of Anicom Pafe, Inc. (current position) Audit & Supervisory Board Member of Anicom Frontier, Inc. Audit & Supervisory Board Member of Anicom Specialty Medical Institute, Inc. (current position)
- 2020 Audit & Supervisory Board Member of SIMNET Co., Ltd. (current position)



Audit **Outside Audit & Supervisory Board Member**

Iwamoto Koichiro Date of birth February 4, 1967

- 1996 Registered as attorney-at-law Joined Miyoshi & Associates Law Firm
- 2005 Opened Iwamoto Takaku & Watanabe Law Office, Lawyer
- 2007 Audit & Supervisory Board Member of QLC corporation
- 2008 Audit & Supervisory Board Member of the Company (current position) Audit & Supervisory Board Member of Anicom Insurance, Inc.
- 2011 Opened The Rights Law and Patent Offices, Lawyer
- 2015 Audit & Supervisory Board Member of Anicom Capital, Inc.
- 2018 Opened Iwamoto Law Office, Lawyer (current position)



Audit **Audit & Supervisory Board Member**

Hanaoka Makoto Date of birth April 3, 1969

- 1992 Joined Tokio Marine & Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)
- 2014 Joined Anicom Insurance, Inc. Executive Officer
- 2018 Director and Executive Officer
- 2022 Director of ATE Co., LTD Audit & Supervisory Board Member of the Company (current position)
- 2023 Director of Value Group Co.,Ltd. (current position) Director of Value Agent Co.,Ltd. (current position)



Audit **Outside Audit & Supervisory Board Member**

Ito Koichi Date of birth December 30, 1969

- 1998 PhD MD, PhD MD Course, Graduate School of Medicine and Faculty of Medicine, The University of Tokyo Research Associate of The Tokyo University of Pharmacy and Life Sciences and Japan Society for the Promotion of Science
- 2000 Research Associate of Kurume University
- 2001 Researcher of The University of Texas Medical Branch at Galveston
- 2005 Assistant Professor of the Graduate School of the University of Tokyo
- 2008 Associate Professor of the Graduate School of the University of Tokyo
- 2015 Project Associate Professor, Graduate School of the University of Tokyo (current position)
- 2022 Audit & Supervisory Board Member of the Company (current position)



Audit **Outside Audit & Supervisory Board Member**

Aoyama Keiji Date of birth February 2, 1949

- 1973 Joined National Tax Agency
- 1987 Consul of Consulate-General of Japan in Hong Kong
- 1998 Director of International Operations Division of National Tax Agency
- 2003 Visiting scholar at New York University School of Law
- 2004 Deputy Commissioner (International Affairs) of National Tax Agency
- 2006 Professor (tax law) at Graduate School of Business Sciences, University of Tsukuba
- 2009 Project Leader of International Taxation Committee of Keidanren the 21st Century Public Policy Institute (current position)
- 2012 Professor (tax law) at Graduate School of Accountancy, WASEDA University
- 2019 Tax advisor of Nomura Institute of Estate Planning (current position) Outside Auditor of Genesis Healthcare Co. (current position)
- 2020 Visiting professor at Graduate School of Accounting & Finance, Chiba University of Commerce (current position)
- 2023 Audit & Supervisory Board Member of the Company (current position)

Executive Officer

Position	Name	Department in charge
Senior Managing Executive Officer	Noda Shingo	Corporate Planning Department, President's Assistant
Executive Officer	Okubo Koji	Finance and Accounting Department

Effectiveness of the Board of Directors

Evaluation of Board of Directors' Effectiveness

We periodically conduct self-evaluation and analysis of the effectiveness of the Board of Directors with the aim of improving its functioning and enhancing corporate value. As a method of this self-assessment and analysis, a questionnaire is sent to the members of the Board of Directors and the Nominating, Compensation, and Governance Committee, and the Committee analyzes, evaluates, and discusses the results based on the responses. The results of the effectiveness evaluation based on this analysis, evaluation, and discussion are reported to the Board of Directors for deliberation. The most recent evaluation was conducted in May 2023, and a summary of the results of that effectiveness evaluation is as follows.

The Company evaluates that the effectiveness of the Board of Directors is ensured, given that the majority of the Board of Directors consists of independent outside directors, and that outside directors actively make comments and engage in free, vigorous, and in-depth discussions and exchanges of opinions. On the other hand, there was a shared recognition that there are issues to be addressed to further improve the functions of the Board of Directors, such as the need to manage the agenda with more awareness of the deliberation time for each agenda item, including the speaker's speaking time, and to further strengthen the diversity of the Board of Directors in terms of expertise and gender.

In the future, the Company's Board of Directors will take into consideration this effectiveness evaluation and, by continuously evaluating its effectiveness, respond promptly to the issues recognized therein after thorough consideration, conduct self-evaluation and analysis on a regular basis, and continue to make efforts to further enhance the functions of the Board of Directors. We will continue to make efforts to further enhance the functions of the Board of Directors.

Expertise and Experience of Outside Directors and Outside Auditors (Skills Matrix)

		Corporate Management	Financial Affairs/ Accounting/ Finance	Human Resource Management	Risk Management	Legal Affairs/ Compliance	R&D/ Life Science	Internationalism
Director	Tanaka Eiichi	●		●	●			
	Shoyama Katsuo	●		●	●			
	David G. Litt	●			●	●		●
	Takemi Hiromitsu	●	●	●				
Audit & Supervisory Board Member	Iwamoto Koichiro				●	●		
	Ito Koichi						●	●
	Aoyama Keiji		●			●		●

Selection Policy for Candidates, Directors and Corporate Auditors

To discuss the Group's management strategy and management issues from an objective and multifaceted perspective, we select managers who have a high level of knowledge in a wide range of fields. The "Group Corporate Governance Basic Policy" stipulates the policies for the appointment of directors and auditors as follows.

(Requirements for Appointment of Directors)

- Directors of the Company and Anicom Insurance, Inc. shall be persons who have a good understanding of the business conditions of the Company, have extensive knowledge necessary for corporate management, and have sufficient judgment to make decisions on important business matters of the Company as members of the Board of Directors.
- In addition to satisfying the requirements stipulated in the preceding paragraph, outside directors of the Company and Anicom Insurance, Inc. shall have a high degree of insight and a wealth of experience in areas such as corporate management, finance, finance and accounting, law, internal control including legal compliance, technological innovation, HRM (human resource management), and, in principle, meet the independence criteria stipulated in Article 14.
- In addition to satisfying the requirements stipulated in Paragraph 1, directors who are engaged in the executive management of Anicom Insurance, Inc. shall be those who have "knowledge and experience that enable them to execute business management of an insurance company accurately, fairly and efficiently" and have "sufficient social credibility" as defined in Article 8-2 of the Japanese Insurance Business Law.

(Requirements for Appointment of Corporate Auditors)

- The corporate auditors of the Company and Anicom Insurance, Inc. shall be persons who can contribute to the establishment of a high-quality corporate governance system that will ensure the sound and sustainable growth of the Company and respond to social trust by conducting high-quality audits, taking into consideration their abilities as corporate auditors, past performance and experience.
- In addition to satisfying the requirements stipulated in the preceding paragraph, the outside auditors of the Company and Anicom Insurance, Inc. shall have a high degree of insight and abundant experience in the fields of corporate management, finance, finance and accounting, law, internal control including legal compliance, technological innovation and HRM (Human Resource Management), and in principle satisfy the criteria for determining independence stipulated in Article 14.
- In addition to meeting the requirements stipulated in the preceding two paragraphs, the corporate auditors of Anicom Insurance, Inc. shall be those who have "knowledge and experience that enable them to execute business management of an insurance company accurately, fairly and efficiently" and have "sufficient social credibility" as defined in Article 8-2 of the Japanese Insurance Business Law.

Criteria for Independence of Outside Directors

In accordance with the requirements and standards set forth by financial instrument exchanges, the "Group Corporate Governance Basic Policy" stipulates the following criteria for determining the independence of outside directors and outside corporate auditors.

The Company's outside directors and outside corporate auditors shall be judged to be independent of the Company if none of the following applies to them

- A person who is an executive of the Company or its subsidiary
- A person who has been a business executor of the Company or its subsidiary for the past 10 years
- A person whose main business partner is the Company or Anicom Insurance, Inc. (a person whose business with the Company or Anicom Insurance, Inc. accounts for 2% or more of its consolidated net sales in the most recent fiscal year) or a person who executes the business of the Company or Anicom Insurance, Inc.
- A person who is a major business partner of the Company or Anicom Insurance, Inc. (a person whose amount of transactions with the Company or Anicom Insurance, Inc. in the most recent fiscal year is 2% or more of the consolidated ordinary income of the Company) or a person who executes the business of the Company or Anicom Insurance, Inc.
- A financial institution or other major creditor on which the Company or Anicom Insurance, Inc. relies indispensably and to the extent that there is no alternative, or a person who executes the business of such a creditor
- A corporation, partnership or other organization that has received donations from the Company or Anicom Insurance, Inc. and the amount of such donations in the most recent fiscal year exceeds a certain amount (10 million yen or 2% of the total income of such organization in the most recent fiscal year, whichever is higher) A person who executes the business of a corporation, partnership, or other organization whose amount of such donation in the most recent fiscal year exceeds a certain amount (10 million yen or 2% of the total income of such organization in the most recent fiscal year, whichever is higher)
- A person who is a spouse or a relative within the third degree of kinship of a director, corporate auditor or executive officer of the Company or its subsidiary
- Consultants, accountants, lawyers, and other professionals who receive remuneration from the Company or Anicom Insurance, Inc. other than remuneration as directors, and the amount of such remuneration in the most recent fiscal year is a certain amount (10 million yen or 2% of the gross income of the corporation, partnership, or other organization to which such professional belongs in the most recent fiscal year, whichever is higher.)
- A person who holds 10% or more of the voting rights of all shareholders of the Company or a person who executes the business of such a person as of the end of the most recent fiscal year.

Succession Plan

In June 2022, the Company's Board of Directors deliberated and formulated a succession plan for the President and Representative Director, following deliberations by the Nomination, Compensation, and Governance Committee. The succession plan stipulates the drafting of a roadmap, the "ideal image of the Company's President" and evaluation criteria, the selection of successor candidates and the formulation and implementation of a plan for their development, and the methods of discernment and decision-making leading up to the decision on successors, and has been in operation since fiscal 2022.

Message from Outside Directors

The Anicom Group appoints highly knowledgeable executives and professionals in a wide range of fields as outside directors for the purpose of discussing management strategies and issues from objective and diverse perspectives.

We have received input from the four outside directors on the following two points.

1. How do you view the challenges to improving corporate value?
2. What are your expectations for Anicom in the future?



Outside Director
Tanaka Eiichi

1. In defining the current mid-term management plan, we have once again clarified the purpose of this company's existence in society as Purpose. And from a future-oriented perspective, we are working on the challenge of a second founding. While keeping pet insurance as our base, we would like to become a company that can accompany pets throughout their lives, from birth to growth, aging, and death. Through this, we also aim to be a company that can contribute to the happiness of pet owners who spend time with their pets. In today's popular terminology, we call this "well-being," and I will be involved as a director of the company from the standpoint of committing to the realization of happiness for both pets and owners.
2. In terms of insurance, we do not want to simply offer low premiums, but would like to increase the number of loyal fans. As we do this, we strive also to firmly maintain Anicom's unique "brand that values life" approach. In addition to insurance, we expect to see (1) a breeding and support business, (2) a healthcare business including food and oral care, and (3) a prevention and treatment business including animal hospitals and stem cell therapy. We believe that these new businesses are areas where the Anicom Group can fully demonstrate its strengths and the results of its past steady efforts in data accumulation, research and development, and other areas. Although it will take a certain period of time for these new businesses to take off as profitable businesses, we intend to develop them steadily, and I will contribute to their realization as a director.



Outside Director
David G. Litt

1. I was appointed to the Board of Directors of Anicom Holdings, Inc. last year. We have outside directors with diverse backgrounds, and we are able to have frank and open discussions about the company's strategies and management not only at the Board of Directors meetings but also at the liaison meetings of independent directors made up of outside directors and auditors. Mr. Komori, our CEO, has many ideas for growing our business based on a true entrepreneurial spirit, and the role of the Board of Directors is to provide perspectives from various fields of expertise to help management select the best balance of risk and return for Mr. Komori's ideas, and effectively execute his vision.
2. Anicom's greatest mission is to support the health of pets that give us unconditional love and endless joy. Anicom has been working to develop the pet health insurance market in Japan. In the next phase, we expect to expand our insurance business even in a fiercely competitive environment by further developing true "preventive insurance" that leads to better pet health. At the same time, we believe that we can sustainably expand our other businesses related to pet health and pet-related services. While there are examples of large companies supporting entire pet health-related ecosystems overseas, there is no precedent for this in Japan. As a pioneer in the pet health insurance business, Anicom has a social role to play in becoming a leading company that can develop a more comprehensive pet health support business based on the experience it has already built up.



Outside Director
Shoyama Katsuo

1. We at Anicom are a company that is constantly growing and evolving. In line with this, we need to steer our management accurately and without error in the direction we are aiming for. However, the environment surrounding our society is constantly changing, and the pace of change is accelerating. I am sure you have experienced this firsthand. Our role as outside directors is to ask ourselves, "Is Anicom correctly facing these changes? Are we offering new value to our customers as a top company in the industry? And do those proposals sufficiently satisfy our customers?" We will make judgments from the viewpoints of our stakeholders, discuss how corporate management should be conducted, and improve its effectiveness. With this in mind, we will continue to work toward the current mid-term management plan and the next new mid-term management plan. You can expect great things from Anicom in the future.
2. In recent years, the bond between humans and pets has become deeper and deeper, and we are moving into a different world. The traditional hierarchical relationship between owners and pets has been replaced by that of "partners; as members of the family". This is something that those who live with pets are keenly aware of, isn't this so? We are expected to support each other with love and affection to lead healthy and enriched lives and to be happy together. As a leading company in the industry, our mission at Anicom is to contribute to pets at every stage of their life cycle. To ensure that pets stay healthy from birth to old age, we will pursue effective value propositions through new technologies, and support in various ways, such as in breeding, food, maintenance, and treatment. Please look forward to proposals that only Anicom can provide, utilizing our many years of research and knowledge.



Outside Director
Takemi Hiromitsu

1. To sustain returns in excess of the cost of capital. This is the fiduciary duty of management entrusted with funds by investors. Inversely, from the principle of managerial freedom, its execution sometimes differs from what is expected. One of my responsibilities as an outside director is to ask the execution department to explain why this deviation is necessary for sustainable growth. We are aggressively investing upfront to realize insurance products that help pets stay healthy even in the face of intensifying competition. We are also actively involved in the breeding business, which is the source for ensuring the healthy growth of pets. We believe that further and steadily solidifying this aspect of our business as a social impact company, that contributes to the well-being of pet owners (Social Impact), is one of the factors that will support sustainable growth.
2. We have non-life insurance for pets, hospital support services, clinical disease research, and an online intermediary company for breeders under our umbrella. Further, we aim to leverage their combined expertise to ensure profitable growth for the entire group. While the first priority of each of the group's companies is to achieve its own profit growth in its individual business, mutual complementation and strengthening of the profit growth base will be based on the combination of data generated by each company. The point of digitization is not just to share information. Ultimately, digitization is to make the easy and quick execution of strategic design that leads to real growth. We believe that the enhancement of this design function is what is expected of us. We believe that the role of our group in society is to be involved in the pet industry from upstream to downstream, and to strengthen the industrial infrastructure to further ensure the happiness of pet owners, and to do this by improving the health of their pets.

Establishing Internal Control Systems

With respect to the development of systems necessary to ensure the appropriateness of business operations of a stock company as stipulated in the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company has adopted the following basic policy on internal control systems. Decisions related to this effort were made at a meeting of the Board of Directors. We are working, therefore, to ensure the appropriateness of business operations, and to enhance corporate value by developing internal control systems throughout the Anicom Group. Our efforts to accomplish this include managing group companies, confirming compliance, overseeing risk management and ensuring the effectiveness of audits by the Board of Corporate Auditors.

Basic Policy on Internal Control Systems

1. Systems to Ensure Proper Business Operations by the Anicom Group

- (1) Based on the Anicom Group Management Philosophy, the Company shall, as the holding company that supervises the business operations of the Anicom Group, establish a basic policy concerning the business management of Group companies, and shall establish and maintain a system for the business management of Group companies by establishing a system for reporting to the Board of Directors.
 - 1) The Company shall manage the businesses of Group companies that it manages directly (hereinafter, "Subsidiaries, etc.") through measures such as the conclusion of business management agreements with these Subsidiaries, etc.
 - 2) The Company shall present to Subsidiaries, etc. the Group's management strategies and the various basic policies, etc. of the Group that form the foundation of Group management.
 - 3) Subsidiaries, etc. shall obtain the Company's prior approval for the establishment of important matters such as business strategies and business plans.
 - 4) Subsidiaries, etc. shall report to the Company on matters such as initiatives based on the various basic policies, etc. of the Group and the status of implementation of their business plans.
- (2) The Company shall establish a basic policy on the internal controls associated with the financial reporting of the Group and shall establish and maintain the systems necessary to ensure the appropriateness and reliability of financial reporting.
- (3) The Company shall establish a basic policy on information disclosure by the Group and shall establish and maintain systems to ensure the timely and appropriate disclosure of information on corporate activities.
- (4) The Company shall establish a basic policy on the management of internal transactions and other dealings within the Group and shall establish and maintain systems to manage such dealings.

2. Systems to Ensure that the Execution of Duties Complies with Laws, Regulations, and the Articles of Incorporation

- (1) The Company shall establish a basic policy on compliance within the Group and shall establish and maintain compliance systems.
 - 1) The Company shall establish a department to supervise compliance.
 - 2) The Company shall establish the Group Code of Ethics, and shall thoroughly spread awareness among the Group's officers and employees of compliance as the highest priority in all situations of business activity, in accordance with this code of ethics.
 - 3) The Company shall establish the Group Compliance Manual, implement training for officers and employees concerning the laws, regulations, internal rules, and other standards with which they are expected to comply, and endeavor to thoroughly spread awareness of compliance.
 - 4) The Company shall establish a compliance program each fiscal year and shall endeavor to enhance the framework for compliance through the implementation of this program. Moreover, the Group Compliance Committee shall, at its regular meetings, check the Company's response to possible compliance breaches and scandals and the appropriateness of the Company's policies, etc. based on consultation with external legal counsel.
 - 5) The Company shall establish reporting rules for cases where compliance with laws, regulations, internal rules, etc. has been violated. The Company shall also establish internal and external hotlines (internal whistleblowing system) apart from the usual reporting routes, and make all of the Group's officers and employees aware of how to use them.
- (2) The Company shall establish basic policies for the Group on matters such as customer protection, and establish and maintain systems to ensure a customer-oriented approach and customer protection.
- (3) The Company shall establish a basic policy on the management of information security within the Group and shall establish and maintain systems to manage information security.
- (4) The Company shall establish a basic policy on the Group's response to antisocial forces, etc. Moreover, in addition to establishing and maintaining systems to respond to antisocial forces, etc. the Company shall cooperate with legal counsel, the police, and others to sever all relationships with antisocial forces, etc. and refuse unreasonable demands, and shall take a firm and resolute stance against antisocial forces, etc. as an organization.
- (5) The Company shall establish an internal auditing department independent from the departments to be audited, establish a basic policy on internal auditing within the Group, and establish and maintain an effective internal auditing system for the Company and Group companies.

3. Risk Management Systems

- (1) The Company shall establish a basic policy on risk management within the Group and shall establish and maintain systems to manage risk.
 - 1) The Company shall establish a department to supervise risk management.
 - 2) The Group Risk Management Committee shall, at its regular meetings, examine the progress and effectiveness of the establishment and maintenance of the risk management framework, and shall report important matters to the Board of Directors.
 - 3) Risks shall be classified into risk categories for risk management purposes. A process shall be established for the identification, assessment, control, the formulation of emergency response plans, monitoring, and reporting.
 - 4) The Company shall ensure that each of Subsidiaries, etc. engages in risk management that is appropriate for its business type, risk characteristics, and other factors.
- (2) The Company shall establish a policy on integrated risk management within the Group for the purpose of enhancing corporate value in a sustained and stable manner while ensuring management soundness, thus contributing to protecting the interests of insurance policyholders and other stakeholders.
- (3) The Company shall establish a basic policy on crisis management within the Group and shall establish and maintain systems to manage crises.

4. Systems to Ensure the Efficient Execution of Duties

- (1) The Company shall formulate medium-term management plans and fiscal year plans (including numerical targets) for the Group.
- (2) The Company shall establish rules on authority to achieve the efficient execution of business through the division of duties and the designation of chains of command, and build an appropriate organizational structure to achieve business goals.
- (3) The Company shall establish the Management Meeting Regulations and set up the Management Meeting composed of Directors and others to discuss and report on important management matters.
- (4) The Company shall establish the Nomination, Compensation, and Governance Committee as an advisory body to the Board of Directors. The committee shall deliberate on the following matters and report back to the Board of Directors.
 - 1) Election and dismissal of Directors and Audit & Supervisory Board Members of the Company and Anicom Insurance, Inc.
 - 2) Requirement for the election of Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and Anicom Insurance, Inc.
 - 3) Evaluation of the performance of the Directors of the Company and Anicom Insurance, Inc.
 - 4) Compensation structure for the Directors and Executive Officers of the Company and Anicom Insurance, Inc.
 - 5) Compensation levels for the Directors of the Company and Anicom Insurance, Inc.
 - 6) Status of establishment and implementation of policies, measures, etc. concerning corporate governance
- (5) The Company shall establish a basic policy on the Group's human resources and endeavor to enhance productivity and corporate value by improving employees' work satisfaction and their sense of being rewarded and ensuring thoroughly transparent and fair human resources management.
- (6) In addition to (1) to (5) above, the Company shall establish and maintain systems to ensure that duties are executed efficiently at the Company and Group companies.

5. Systems for the Preservation and Management of Information Associated with the Execution of Duties by Directors and Executive Officers

The Company shall establish rules on the preservation of documents and other information. Important documents, etc. that include information on the execution of duties by Directors and Executive Officers, such as the minutes of important meetings and other information, shall be appropriately preserved and managed in accordance with the provisions of these rules.

6. Personnel to Support Audit & Supervisory Board Members in Their Duties

- (1) The Company shall establish the Audit & Supervisory Board Members Secretariat under the direct control of the Audit & Supervisory Board Members to assist Audit & Supervisory Board Members in their auditing duties. The Company shall assign to the Audit & Supervisory Board Members Secretariat dedicated personnel with the necessary knowledge and capacity to assist in auditing duties, as requested by Audit & Supervisory Board Members.
- (2) Personnel assigned to the Audit & Supervisory Board Members Secretariat shall engage in the duties ordered by Audit & Supervisory Board Members and the support duties necessary for the implementation of audits, and shall have the authority to gather the necessary information.
- (3) The consent of the standing Audit & Supervisory Board Member shall be obtained for the performance evaluation, changes, and disciplinary actions of these personnel.

7. Systems for Reporting to Audit & Supervisory Board Members

- (1) Officers and employees shall report regularly to the Audit & Supervisory Board Members regarding the status of matters such as management, finance, compliance, risk management, and internal auditing. Officers and employees shall also immediately report to Audit & Supervisory Board Members upon the discovery of any serious violation of laws, regulations, or internal rules, or any fact that may cause significant damage to the Company related to the execution of duties at the Company or Group companies.
- (2) The Company shall establish and maintain systems for officers and employees of Group companies, or persons who have received reports from officers and employees of Group companies, to report to the Company's Audit & Supervisory Board Members upon the discovery of any serious violation of laws, regulations, or internal rules, or any fact that may cause significant damage to the Company related to the execution of duties at the Company or Group companies.
- (3) The Company shall establish and maintain the necessary systems to ensure that any person who makes a report to an Audit & Supervisory Board Member at the Company or Group companies as in (1) or (2) above is not treated unfavorably because they made such report.
- (4) Officers and employees shall report regularly to Audit & Supervisory Board Members on the operational status of the hotline (internal whistleblowing system) and the matters reported or consulted upon.

8. Other Systems to Ensure Effective Audits by Audit & Supervisory Board Members

- (1) In addition to attending meetings of the Board of Directors, Audit & Supervisory Board Members shall be able to attend and express opinions at the Management Meeting and other important meetings or committee meetings.
- (2) Audit & Supervisory Board Members shall be able to view the minutes of important meetings, important approval documents, and other documents decided by Directors and Executive Officers, at any time.
- (3) Audit & Supervisory Board Members shall coordinate closely with the Audit and Supervisory Board Members of subsidiary companies, including actively engaging in communication and information exchange with them, to enhance audit efficiency.
- (4) Audit & Supervisory Board Members shall hold regular meetings of the Management Council with the Representative Director to share information and exchange opinions.
- (5) Officers and employees shall provide briefings on matters relating to the execution of duties whenever requested by Audit & Supervisory Board Members.
- (6) The internal auditing department shall strengthen coordination with the Audit & Supervisory Board Members through cooperation with audits, etc.
- (7) The Company shall pay all expenses and other outlays associated with the execution of duties by Audit & Supervisory Board Members, except where the Company has proved that the outlays are unnecessary for the execution of duties by Audit & Supervisory Board Members.

Promoting Compliance

The Company has established the Group Compliance Basic Policy, which specifies the basic concepts of compliance and the roles of the Company and its group companies. In addition, the Company's Board of Directors deliberates and decides on important compliance-related matters in order to further ensure compliance at Group companies.

Anicom Group Basic Policy on Compliance

1. Compliance with Laws, Regulations, and Rules

We shall obey laws, regulations, and internal rules, engage in fair and free competition, and undertake honest and appropriate corporate activities.

- (1) Compliance
Compliance refers to obeying laws, regulations, internal rules, etc. and undertaking honest and appropriate corporate activities. It is only by correctly understanding and strictly obeying all rules related to corporate activities that we can undertake appropriate corporate activities.
- (2) Fair and free competition
We shall comply with the Insurance Business Act, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, and other relevant laws and regulations in the execution of business. We shall never engage in collusion, cartels, or other acts that impede fair and free competition; nor shall we ever use our bargaining power to unjustly coerce a counterparty to accept unfavorable conditions.
- (3) Preventing conflicts of interest
We shall manage transactions that risk unjustly damaging the interests of customers or other Group companies as "transactions with potential conflicts of interest" in accordance with the relevant laws and regulations. We shall never tolerate actions intended to achieve one's own benefits or that of third parties in conflict with the rightful interests of the Company.
- (4) Protecting intellectual property rights
We shall pay adequate attention to avoiding any violation of intellectual property rights such as copyrights, patents, or trademarks.
- (5) Workplace environments
We shall comply with laws, regulations, and other rules related to labor and employment, and endeavor to maintain safe and healthy workplace environments.

2. Relationships with Society and Politics

We shall maintain appropriate relationships with society and politics.

- (1) Attitude to antisocial forces
We shall maintain a firm attitude to antisocial forces such as crime syndicates and corporate racketeers, and shall not submit to their pressure.
- (2) Attitude to suspicious transactions
We regard the implementation of money laundering and terrorism financing countermeasures as a key management issue. We recognize and understand the importance of these countermeasures, and we shall engage in building a framework for internal control.
- (3) Political activities and political funding
We shall firmly maintain a fair attitude regarding elections, political activities, political funding, etc., in compliance with the relevant laws, regulations, and other rules.
- (4) Bribery, business entertainment, gifts, loans, etc.
We shall never use our business position to engage in bribery, the exchange of money or goods, or other actions to gain unfair benefits; nor shall we provide or accept socially inappropriate business entertainment or gifts. As officers or employees, we shall not engage in lending or borrowing money with trading partners or other business associates or with other officers or employees.

3. Appropriate and Highly Transparent Management

We shall strive for appropriate business operations, engage in timely and appropriate information disclosure, and endeavor to ensure highly transparent management.

- (1) Timely and appropriate information disclosure
We believe that the timely and appropriate disclosure of various forms of management information is crucial. This is also true from the perspective of enhancing customer trust. We shall endeavor to actively disclose various information, including information submitted to regulatory authorities, to facilitate reasonable decision-making by shareholders, investors, customers, and others.
- (2) Accurate information preparation and management
We shall prepare accurate records of management information and strictly manage these records to enable timely and appropriate information disclosure. We shall also cooperate honestly and sincerely with internal and external audits and investigations.
- (3) Handling of confidential information
We shall strictly manage the various types of confidential information in accordance with internal rules and never disclose such information to, or use such information with, anyone except the persons concerned.

4. Respecting Human Rights

We shall respect the basic human rights of customers, Group officers and employees, and all other people.

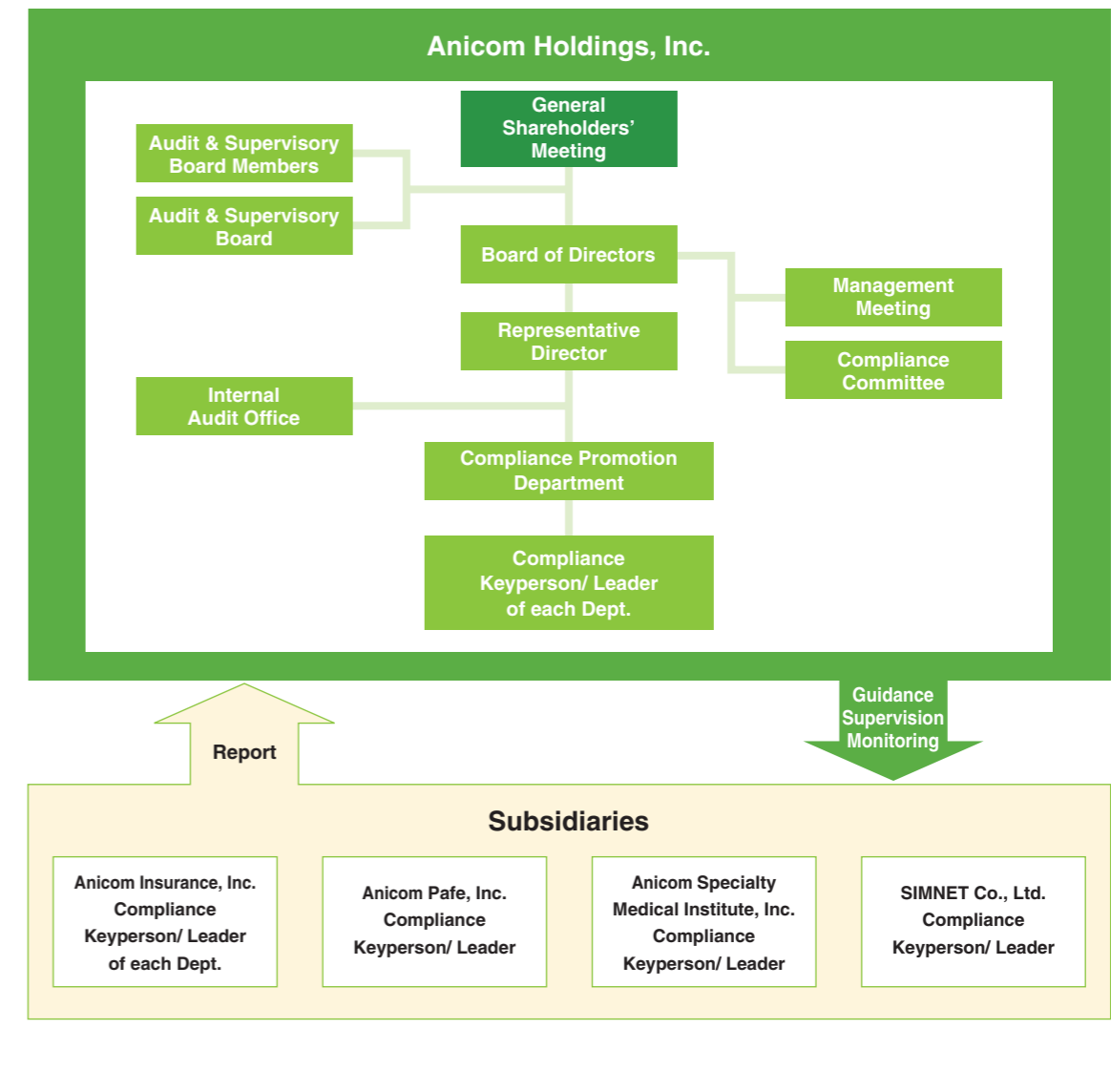
- (1) Prohibition of discrimination
We shall mutually respect diverse values, individuality, and privacy, and shall never tolerate discrimination or human rights violations for any reason, such as gender, age, occupation, nationality, race, sexual orientation, disability, ideology, beliefs, religion, social status, or family background.
- (2) Prohibition of harassment
We shall not tolerate any form of harassment, such as sexual harassment or abuse of authority.
- (3) Handling of personal information
We shall obey the relevant laws and regulations, as well as the privacy policies established by each Group company, to avoid any violation of personal privacy. We shall exercise due caution in the management of customer information and other personal information, and shall never use this information for any purpose not necessary for business operations.

<Compliance Promotion System>

The Management Committee and the "Group Compliance Committee" formulate measures to promote compliance. Further these committees inspect and confirm the status of compliance implementation. The Compliance Key Person (KP), who is the person in charge (President and General Manager) at each organizational unit of the Group companies and divisions, and the Compliance and Risk Management Leaders are assigned to each organizational unit. The Company's Compliance Promotion Department plays a central role in ensuring that all employees are fully aware of compliance issues.

In the event that a compliance problem (including suspicious cases) is discovered, it must be immediately reported to the Compliance Promotion Department and other relevant departments. Furthermore, if the discoverer determines that reporting through normal channels is not appropriate, a system is in place that allows for reporting and consultation through the Group's internal and external whistle-blowing system (hotline).

[Compliance Promotion System Chart]



Group Risk Management System

We have established a basic policy for group risk management, with which we strive to foresee and control risks that may affect the management of the Group. We constantly prepare response initiatives assuming environmental changes, and provide services even in the event of unforeseen circumstances. We are striving to build a risk management system to maintain the quality of our products and services, and to ensure business continuity.

■ Promotion of ERM

At our company the Corporate Planning and Risk Management Departments, under the leadership of the Board of directors, are leading efforts to promote ERM (Enterprise Risk Management). The Board of Directors has established an ERM framework in the Group Risk Management Basic Policy, which is communicated to all Group companies, and specific arrangements are stipulated in the Group ERM Regulations. In addition, the Group Risk Selection Policy sets targets for soundness and profitability, and serves as the foundation for the mid-term management plan.

The Group Risk Management Committee (consisting mainly of full-time directors and executive officers of the Company and Anicom Insurance, Inc.) discusses both the status of the Group's risk management with regards to its individual companies, and also the status of comprehensively evaluated risks. The Group Risk Management Committee reports regularly to the Board of Directors.

(1) Risk Profile

In order to correctly recognize our group's risk exposure, we have created a risk profile based on a comprehensive identification of risks, including potentially significant

emerging risks. We regularly create risk profiles of this kind. Additionally, the Risk Management Department verifies the comprehensiveness of various risks, including ones that cannot be handled by individual Group companies. Examples of this kind of risk would be spillover risks within the Group, which the Risk Management Department quantitatively evaluates, monitoring the risk situation.

(2) Solvency Assessment by Internal Model

Using our track record as a basis, we have created an internal model to measure such things as risk, capital adequacy, and to evaluate our company's solvency. We are working to improve our model based on the analysis of various risks.

(3) Stress testing

The Risk Management Department periodically conducts stress tests, which include running hypothetical scenarios, reverse stress tests, and sensitivity tests in order to predict and manage risks that are difficult to identify through methods (1) and (2). This is important as these risks, should they occur, could have a serious impact on the Group's management. The Company analyzes the impact on the Company's capital adequacy and other factors. In the event that a serious impact is anticipated, we are prepared to promptly consider and implement countermeasures.

(4) Risk Selection Policy and Capital Allocation

The Corporate Planning Department formulates the Group's mid-term management plan based on the Group Risk Selection Policy. The Corporate Planning Department also allocates capital, and sets risk limits for each subsidiary, with the aim of ensuring management stability, and periodically monitors compliance with the limits (limit management). In the event of a potential violation of the limits, the Company is prepared to promptly consider and implement countermeasures such as risk reduction, reallocation, and capital reinforcement.

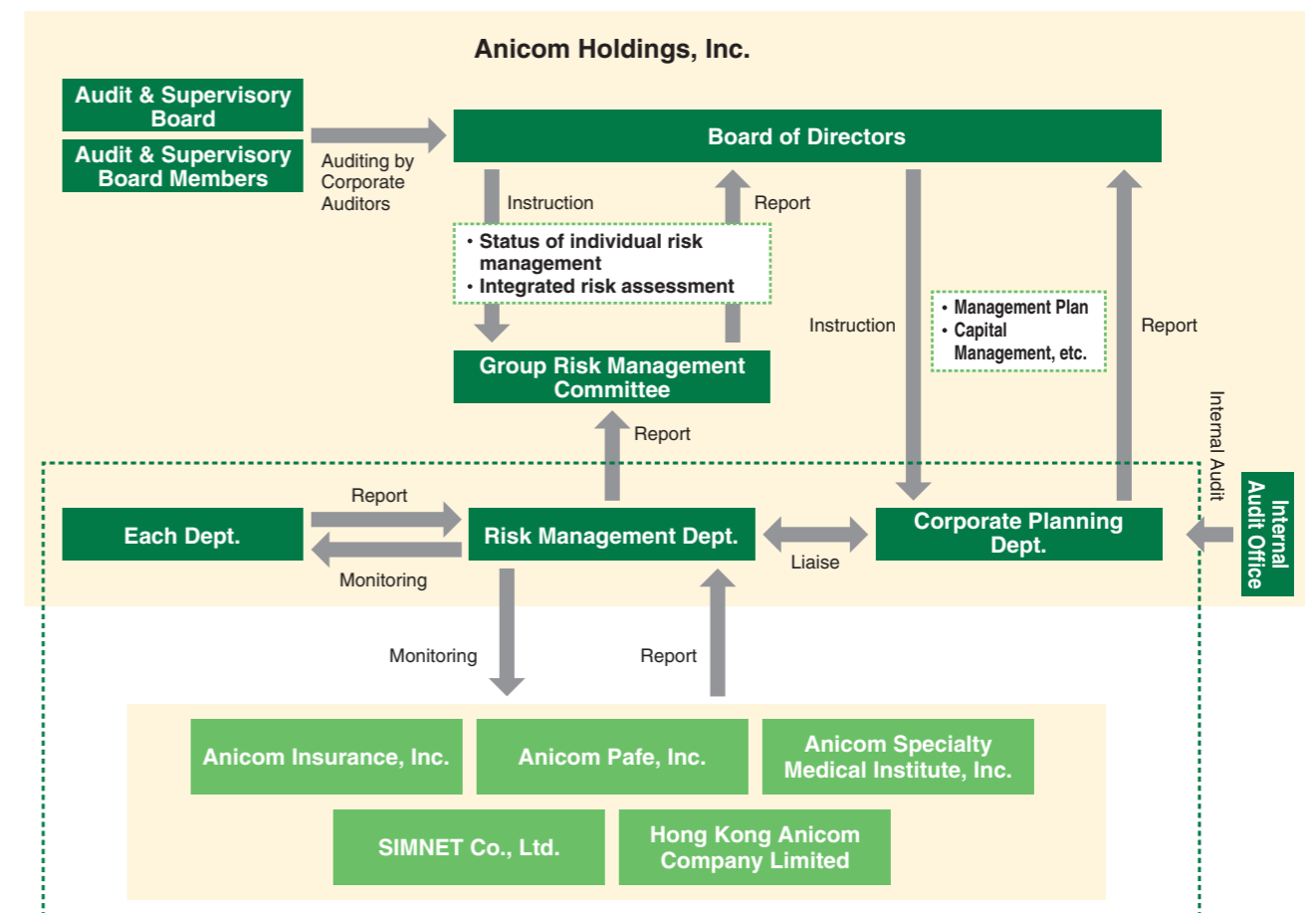
■ Efforts Toward a New Solvency System

The Financial Services Agency is the main actor considering the introduction of a new solvency system starting in FY2025. Under current solvency regulations, there is no category for "pet insurance" and it is classified as "other." "Pet insurance" will be added under the new system.

We believe that this will result in an assessment more in line with our actual situation. In addition, we will conduct a risk and solvency self-assessment (ORSA: Own Risk and Solvency Assessment).

We are also promoting ORSA (Own Risk and Solvency Assessment) and working to improve our internal model.

[Risk Management System]



[Concepts of risk, return, and capital]

