



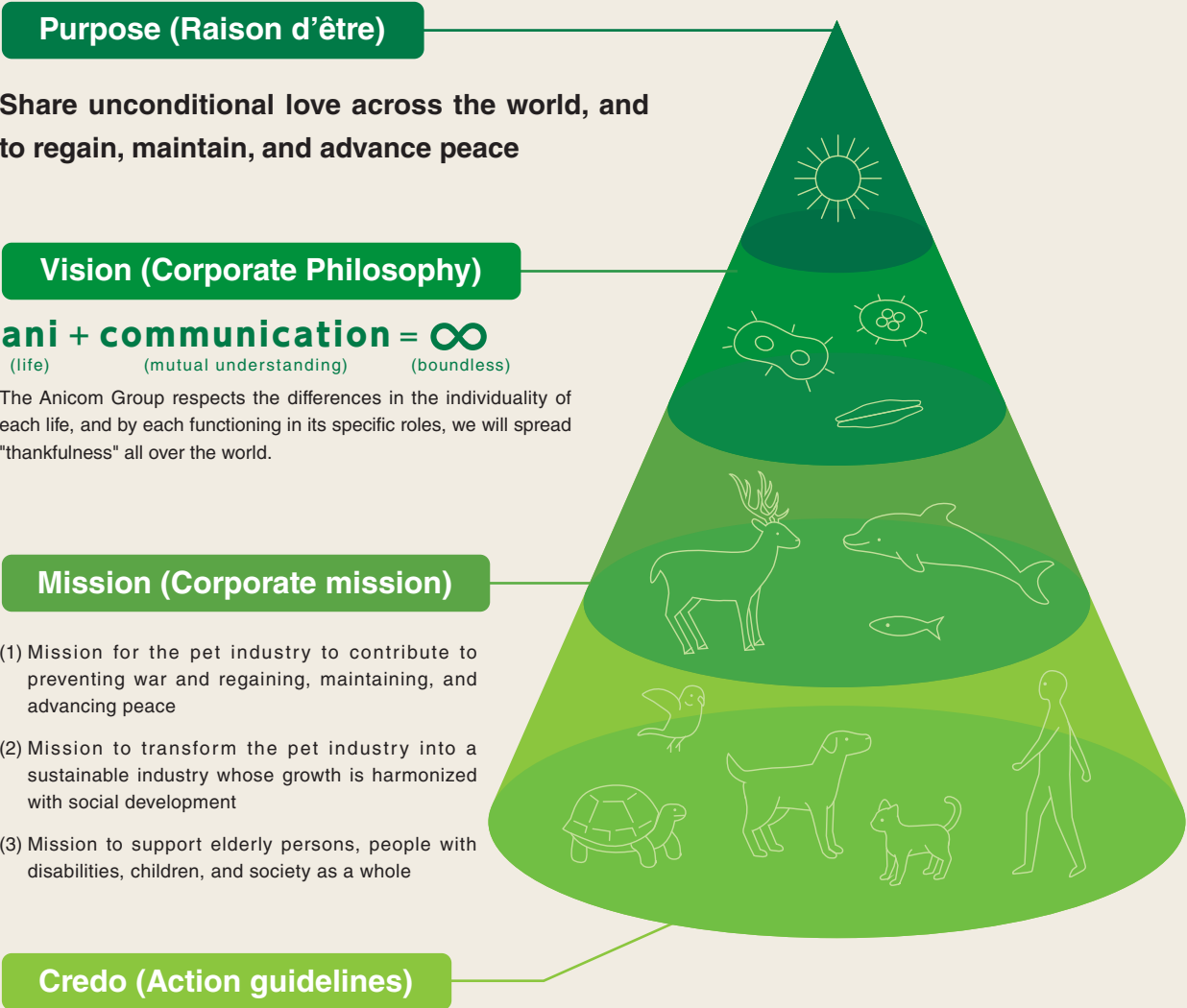
# anicom Integrated Report 2024

For the Future of Pets

# Anicom Group Philosophy Framework

Our Group Philosophy Framework is our highest-order management concept, consisting of our Purpose (raison d'être), Vision (management principles), Mission (corporate mission), and Credo (action guidelines).

Under the new Group Philosophy Framework and principles, we will implement the Mid-term Management Plan and other management strategies to achieve the creation of economic and social value.



- (1) Open oriented

Aim to be a company that is open and receptive to dialogue.

We will strive to ensure that no matter how large our organization becomes, the voices of our customers and stakeholders will reach every corner of the company. This is consistent with our aim to be a company that is open and receptive to dialogue, where our customers and stakeholders feel seen and heard.
- (2) Market-out oriented

We will strive to create new value, and always from the perspective of customers.

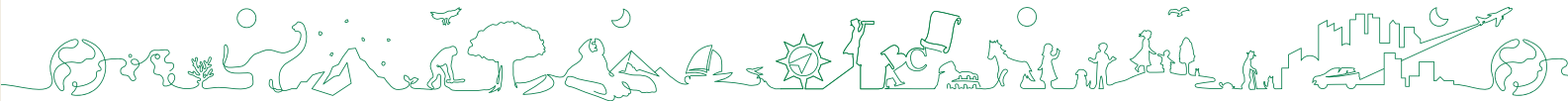
With the perspective of our customers always in mind, we will thoroughly implement management that consciously looks outward toward the market (responding to customers' true needs), creating services that customers want. In doing so, we will strive to realize our customers' wishes and create new value.
- (3) Role Oriented: we each fulfill our roles

Promote dramatic growth of both the individual and the organization by each fulfilling their roles to the best of each's abilities.

By clarifying the roles of each individual and the organization as a whole, and by playing those roles to the best of our abilities, we will continue to take on any and all challenges boldly, constantly absorb new skills, and practice management that promotes dramatic growth.

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Editorial Policy

In editing this report, we referred to the IFRS Foundation's "International Integrated Reporting Framework", and the Ministry of Economy, Trade and Industry's "Value Creation Guidance" to provide an easy-to-understand explanation of the economic and social value we provide to our stakeholders through our value creation process and business model. This report also serves as disclosure material prepared in accordance with Article 271-25 of the Insurance Business Law and Article 210-10-2 of its Enforcement Regulations.



# The Pet Industry's Mission

For over 10,000 years, pets have been humanity's closest companions, sharing life's journey. Through this history, their existence has transcended the concept of animals and has evolved into a unique coexistence of life.

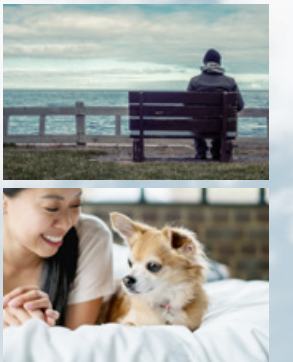
However, Japan is often referred to as a "backward nation in terms of animal welfare," with increasing cases of pet abuse, abandonment, and euthanasia. Addressing such challenges together and ensuring that pets can live with dignity is the mission that we believe the pet industry must fulfill.



## ● Pets are the Cure for Loneliness

In modern society, technological advances have created convenience and freedom, allowing people to live independently. However, this has also led to fewer opportunities to feel the essential connection of being needed and loved, causing people to lose a sense of life and increasing the risk of loneliness.

Pets, offering unconditional love, are the antidote to this loneliness. Pets have a special ability to alleviate the loneliness brought about by modern societal development and rekindle the fundamental vitality of life. The pet industry has become uniquely positioned to address the global issue of loneliness.



## ● The Pet Industry as an Investment Target

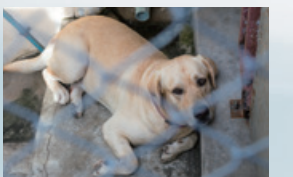
While Japan has endured economic stagnation referred to as "the lost 30 years," the pet industry has steadily grown. In the past, the pet industry was considered a "hobby world" for pet lovers, but now many companies outside of the pet sector have begun to develop businesses that focus on pets as a key element. The pet industry is transforming beyond the boundaries of "pets" into one that can provide new value to society by creating connections with other industries.



## ● Towards Zero Euthanasia

Japan is often labeled a "backward nation in terms of animal welfare." Why is that? Despite the fact that Japan is a peaceful country with low violent crime rates, animal abuse and abandonment are increasing. This can ultimately result in the euthanasia of pets. When people meet their pets for the first time they have no thought or desire for such a tragic end. Additionally, unexpected situations like natural disasters have also increasingly torn people apart from their pets. This tragically, and with no ill intent from the owner, can also lead to euthanasia.

The pet industry must work together to address these challenges and ensure pets can live with dignity. This is the mission entrusted to the pet industry: to care for pets, which are a cure to human loneliness and which provide the joy of being loved.





# Message from the CEO

We aim to bring smiles to both pets and people by providing new value through preventive insurance utilizing insurance and medical data.

Anicom Holdings, Inc.  
Representative Director

小森 伸昭

## Anicom will break the curse of the pet industry.

Recently, we have seen an outburst of inconvenient truths emerging across the world. It has come to light that despite being expected to uphold animal welfare based on the Animal Welfare and Management Act, the pet industry itself has long worked against the principles of animal protection.

There are also inconvenient truths in the history of pets. The most crucial factor for the strength and evolution of life is the prohibition of inbreeding. In fact, the Code of Hammurabi, said to be the oldest legal code created about 3,800 years ago, prohibited inbreeding. Despite this, humans have subjected pets to what can be considered a form of abuse—10,000 years of inbreeding of wolves and wildcats. This has been done to fix traits favorable to people, traits like tameness and cuteness. For instance, inbreeding was repeatedly practiced to establish the unique characteristics of

the dachshund with its long body and short legs. As a result, certain traits have become pronounced compared to other species. With these traits significant genetic vulnerabilities have also been inherited. This genetic fragility, imposed over millennia, cannot be easily undone. The pet industry must face these inconvenient truths head-on and work to resolve them. This, we believe, is the mission of the Anicom Group.

Anicom Group is involved in a wide range of businesses that span the entire lifespan of pets, from upstream to downstream. At the upstream stage, we perform proper breeding to produce healthy pets. In the midstream stage, we identify the likelihood and causes of disease based on breed, age, and other factors, and provide solutions. We believe this is the Anicom Group's assigned role. We are committed to confronting the consequences of what people have done to pets over the past 10,000 years.







Together with "Miitan", the meerkat who is part of the family

## What Anicom aims for as a prevention based insurance company

Statistics show that countries where car insurance is more prevalent also have a higher incidence of accidents. This is because people are assured that insurance companies will cover the costs in the event of an accident. While insurance offers peace of mind by ensuring that individuals don't face large financial burdens after an accident, it can also dull people's caution and give rise to complacency. Ideally, insurance companies should use the data they accumulate to focus more on preventing accidents.

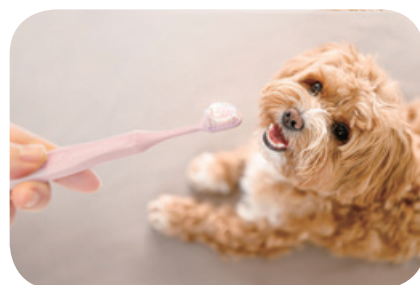
Anicom Group holds a vast array of big data on pets. These data include over 4.3 million annual insurance claim records from Anicom Insurance, medical data from animal hospital chart management systems provided by Anicom Pafe, genetic data obtained through genetic testing services, and

gut microbiome data analyzed in the gut microbiome testing business. By comprehensively analyzing and integrating these data sets, we aim to identify the true causes of diseases in pets and intervene before they develop.

The key factor is immunity. Through the analysis of our big data, we have discovered that the oral and intestinal environments are closely linked to immunity. For instance, it has been found that dogs suffering from periodontal disease (PD) are approximately 1.4 times more likely to develop other diseases compared to those without PD. Similarly, in cats, those suffering from periodontal disease are about 2.7 times more likely to develop other diseases. Thus, we believe it is scientifically proven that "periodontal disease is the root of many illnesses" for both dogs and cats.

In collaboration with Earth Corporation, Anicom Group has developed a pet-specific toothpaste gel called "CRYSTAL JOY."

"CRYSTAL JOY" is the first pet product in Japan to apply the MA-T<sup>®</sup> technology that removes bacteria



and viruses. Bad breath is often a sign of periodontal disease, and more than 70% of users have reported a reduction in their pets' bad breath, demonstrating its effectiveness.

Anicom Group has also developed a "Health Score," an indicator of immunity, based on gut microbiome data. The Health Score quantifies the amount, composition and interaction of bacteria found in the gut. Higher health scores have been linked to lower insurance claim rates.

All forms of life, including people, consume a variety of foods in response to seasonal and environmental changes, which increases gut bacterial diversity and boosts immunity. However, dogs and cats are typically fed dry food every day. This lack of dietary diversity weakens their immunity and, in turn, increases their susceptibility to various diseases.

Anicom Pafe has previously released "Minna no Gohan," a product that accounts for the nutritional needs of each dog breed, and "Kimi no Gohan," a custom-made food based on gut microbiome and genetic test results. This year, we have launched an innovative premium dog food topper called "7DaysFood." "7DaysFood" allows dogs to eat a variety of foods. It contains over 12 ingredients in a day's portion and 55 ingredients over seven days. Reports have shown that gut microbiome diversity has improved as a result of dogs eating "7DaysFood."

Going forward, Anicom Group aims to continue analyzing and examining its vast collection of big data to identify the true causes of diseases and develop preventive solutions. Doing this we will work toward the realization of our vision: "As people become policy holders utilizing our services, their pets become healthier."

## Promote "One patent per employee" strategy to encourage self-growth

In human resource development, we create systems that enable employees to perform their duties based on their own initiative and sense of mission, with the goal of building an organization capable of solving complex societal issues effectively. A diverse workforce with various individual characteristics can generate creative ideas and fully engage in their work. Harnessing the capabilities of each person we develop collective intelligence, leading to the betterment of all.

To make this possible, Anicom Group has implemented a unique system called the "One patent per employee" strategy. This system links the efforts of an Anicom employee's duties and the discoveries that they make that enrich society to those very people who make these discoveries. This gives them the opportunity to be recognized in society through the form of patents. In this way, we are promoting a personnel strategy that will give even more meaning to each employee's life as a working professional. This will be further proof that all employees have overcome challenges, laughing, crying, and

struggling together; turning their efforts into a social legacy in the form of a patent. The intellectual property generated from the diverse ideas of unique individuals contributes to the growth of the Anicom Group and enriches society.

## For a society where people and pets can live with "smiles"

The advancement of modern technology has enriched people's lives, freeing them from many hardships such as hunger and disease. However, as a consequence of this advancement social connections have weakened and people have begun to feel more isolated. We believe this has led to issues such as reduced productivity and increased crime rates. Pets are a counterbalance to this problem. The unconditional love that pets provide can enhance their owners' vitality and productivity, and in turn, pets may even become central to economic growth.

Anicom Group has developed a variety of businesses that promote pet health. As a result of efforts in the area of pet insurance, we proudly hold the largest collection of pet-related data in Japan. Anicom Group believes it has a responsibility to treat pet life with sincerity. By exploring philosophical questions related to true biodiversity, the significance of pets, and what it means to love a pet, and by analyzing the accumulated big data scientifically, we aim to provide preventive solutions to society and create a world where people and pets can live with smiles.





## Anicom's Mission

**We explore "prevention" strategies to create a society where people and pets live together with "smiles."**

To fulfill its mission, we believe that it is essential for the pet industry to increase the number of "smiles." As "smiles" are a way pets can communicate their joy. At Anicom Group, we analyze injuries and illnesses from diverse data sources and aim to become a prevention based insurance company group that promotes health through our services, delivering numerous smiles to both pets and their owners.

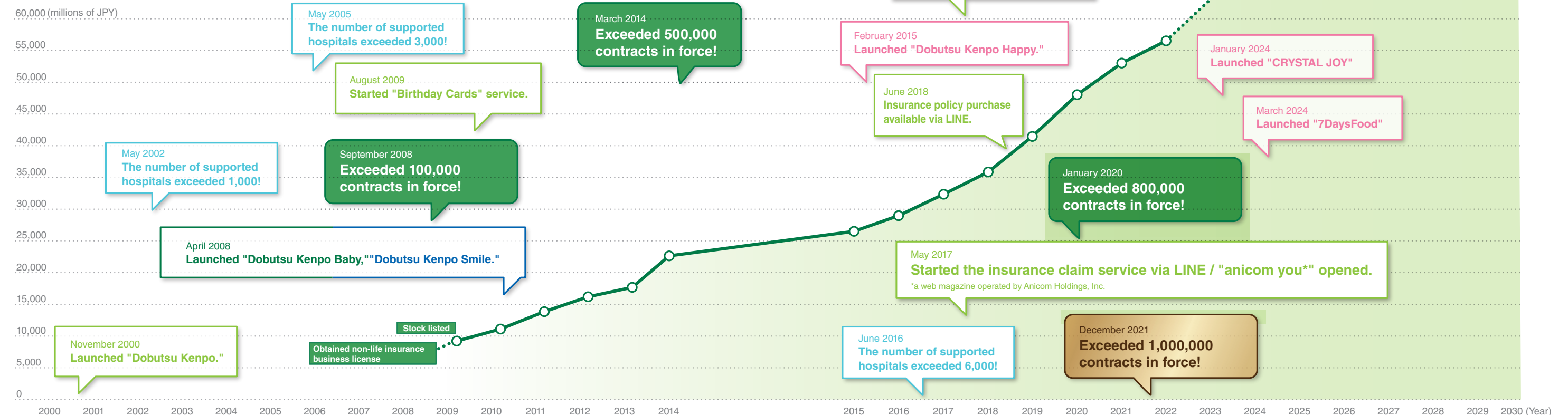




# Anicom's History

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.

February 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.

March 2023 Acquired shares in Flowence, Inc. and made it a consolidated subsidiary.

Foundation building period from inception

The second founding period

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.

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 1.19 million as of FY2023, and the annual number of insurance claims has exceeded 4.3 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.



# Anicom's Business Development

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.

Synergy Generation Business





### 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.

### Healthcare Innovation Business

Using big data from our pet insurance operations we develop products for oral and intestinal care necessary for maintaining the health of pets. The goal of this business is to generate revenue independently while also supporting pet health and thereby reducing the amount paid out for insurance claims.





### 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.





### Breeding Business

We operate a dog and cat breeding business that prioritizes environmental enrichment. By focusing on quality food and regular exercise, we ensure that we deliver healthy and energetic puppies and kittens to their owners.

Anicom Group utilizes its vast data resources on disease, collected through its pet insurance operations in the development of solutions for both congenital and acquired diseases in pets. Specifically, we are striving to eradicate hereditary diseases by expanding our genetic testing services, conducting research and analysis to discover the relationship between oral and intestinal health, and overall health and acquired diseases. Further, we are working to develop and offer health solutions based on these findings. We are also engaged in regenerative medicine, providing new options for diseases previously considered incurable. All of this is being done with the goal of supporting the health and happiness of animals. Leveraging AI and other advances in information technology in these research and service offerings, we aim to deliver new value to society and continue increasing the smiles of animals.



Creation of new value through high-level data analysis of vast data resources



Realizing the Vision for FY2030

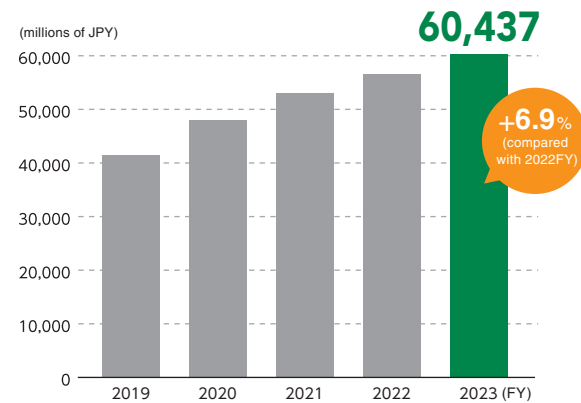
Delivering boundless value to society

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



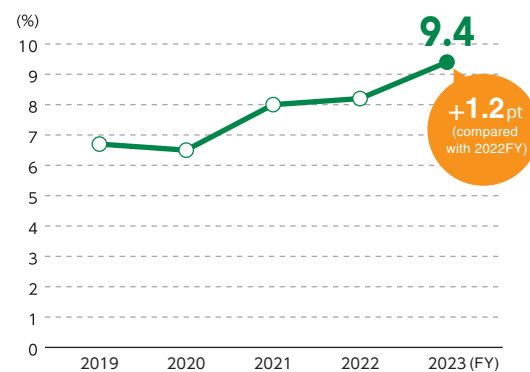
# Financial Highlights

## Consolidated recurring revenue



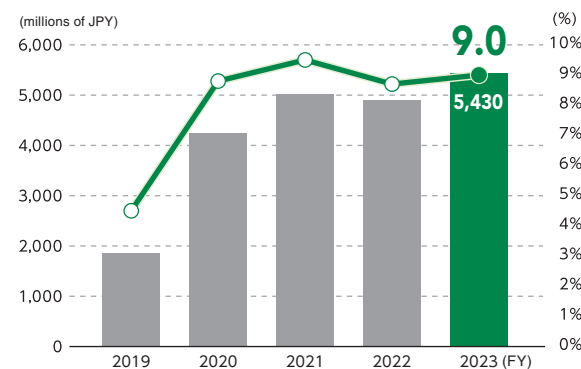
As a result of efforts to link solid pet-owning demands to the acquisition of new pet insurance policies, and efforts to improve policy acquisition costs, consolidated ordinary revenues and consolidated ordinary income reached record highs for both the third consecutive year since the Company's listing and for the fourth consecutive fiscal year.

## Consolidated ROE



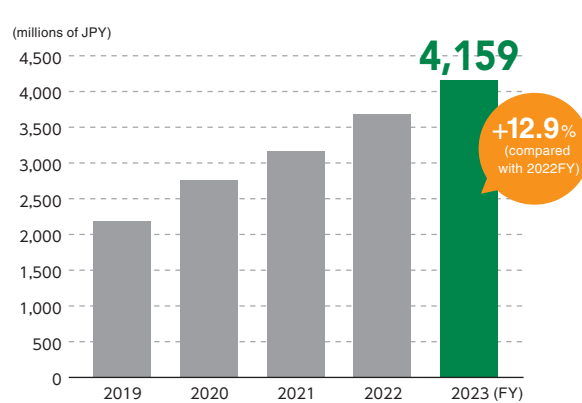
We have improved our capital efficiency, which was lowered by the equity financing in FY 2018, to a level higher than our cost of capital.

## Synergy generation business sales and sales ratio

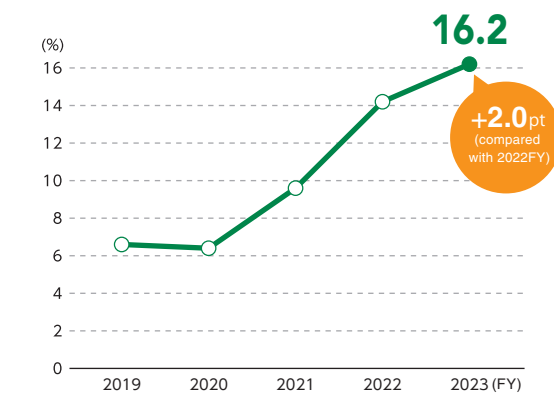


We aim to expand business that has synergy with our pet insurance business. This includes the implementation of mergers and acquisitions to achieve sales growth.

## Consolidated recurring profit

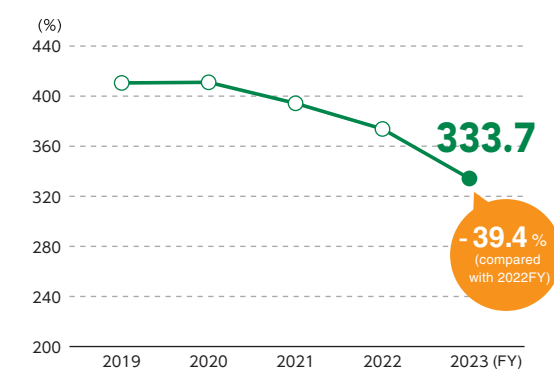


## Dividend payout ratio



We have continued to pay dividends since FY 2015, and we are implementing a phased increase in dividends to improve the dividend payout ratio to the 20% level under the Mid-term Management Plan 2022-2024.

## Solvency margin ratio (non-consolidated)



We will strive to achieve an optimal capital structure going forward. Concurrent to this, discussions related to the review of regulations (risk coefficients) and pertaining to insurance soundness over the medium term are underway.

# Non-Financial Highlights

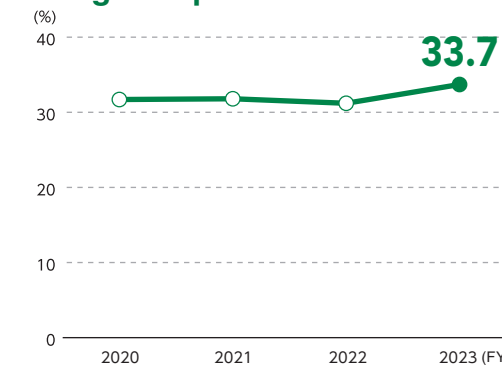
## People

To close the gender gap, we are actively promoting women to management positions and encouraging men to take maternity leave.

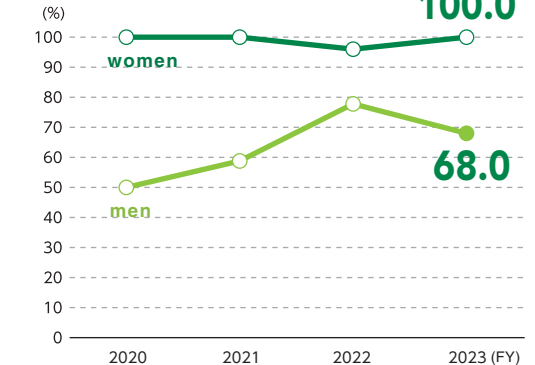
\*1 Calculated for the Company and its consolidated subsidiaries.

\*2 Managers are defined as "those with subordinates, and higher positions. Those who are in equivalent positions even if they do not have "subordinates," excluding "executives" are also defined as managers.

## Percentage of women in managerial positions



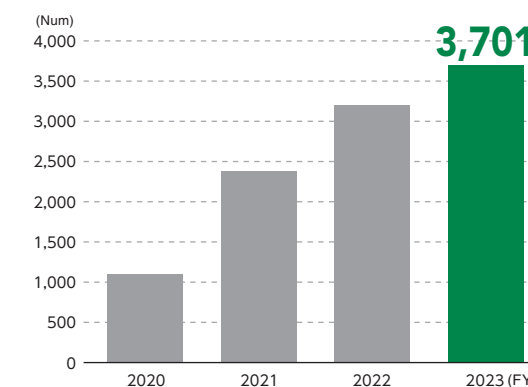
## Rate of maternity leave taken (women and men)



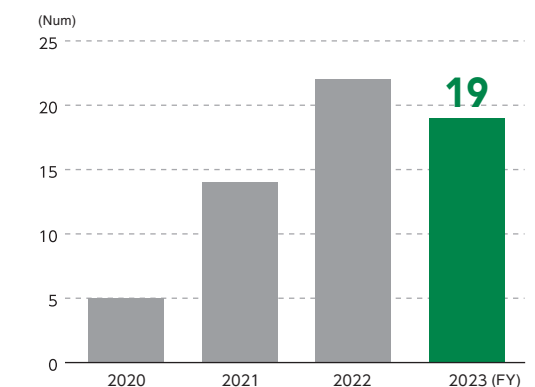
## Pets

Supporting the adoption of shelter dogs and cats, is one of the things we do to solve the culling problem which is an issue in the pet industry.

## Number of adoption through "hugU," a foster parent matching website



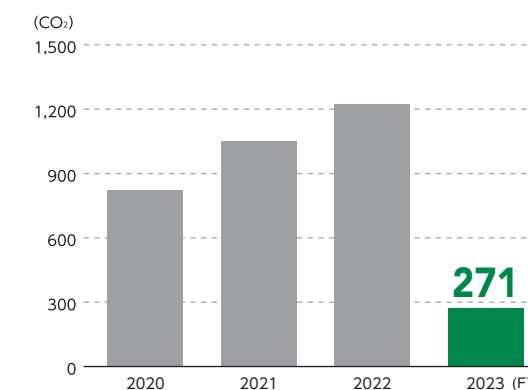
## Number of adoption events assisted



## Environment

To achieve carbon neutrality, we will work to reduce CO<sub>2</sub> emissions.

## Scope1+2 emissions



\*1 Calculated for the company and its consolidated subsidiaries, excluding 6.5 gas emissions.

\*2 Scope 1+2 emissions are calculated using the 'adjusted emission factors' for each electricity utility published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

\*3 Achieve 100% Scope 2 renewable energy ratio in FY2023 by purchasing non-fossil certificates.



# The Value Creation Process

Through the investment and optimization of management resources, we are executing our business strategy and seeking the solution of social issues. We aim to realize our long-term vision by building a cycle that enables continuous and sustainable value creation, and by creating a virtuous cycle with our stakeholders.

## Philosophy

Management Philosophy

ani+com=anicom The Anicom Group respects the differences in the individuality of each life, and by each functioning in its specific roles, we will spread "thankfulness" all over the world.

## Vision

Vision for 2030

Provide unlimited value to society as an infrastructure provider that connects upstream to downstream in the animal industry in a progressive manner

## Strengths

### Trust in the Anicom brand

- Insurance policy renewal rate: 88.2
- Dissemination of information through veterinary consultation, lost-pet search service, and owned media
- Fundraising and donations to help those who have suffered as a result of earthquakes in Turkey, Syria, Morocco, floods in Libya and the earthquake on the Noto Peninsula

### Great customer convenience and high operational efficiency with over-the-counter payment system

- Number of animal hospitals supported: 6,879
- Percentage of claims settled over the counter: 87.2%

### Sales force covering the whole country and abundant channels

- Number of pet shops/breeder agents: 4,941
- Number of general agents: 8,435
- Breeders, pet shops, web agencies, insurance companies, banks, local co-ops, etc.

### Creating new value through abundant data and data analysis

- Data on over 4.3 million insurance claims per year
- Total number of applications for intestinal flora measurement: approx. 880,000
- Cumulative number of genetic testing samples: approx. 530,000

### Active promotion of diverse professional human resources

- Veterinary license holders: 106
- Doctor of Medicine/Agriculture/Physical Science/Pharmaceutical Science, Lawyer, Certified Public Accountant, Actuary, Patent Attorney, Designer, etc.

## External Environment

- Special breeding demand due to the COVID-19 disaster appears to be calming down, but remains strong
- Major companies and others entering the pet insurance industry one after another
- Distribution revolution accelerating through the fusion of breeder and pet store businesses following the tightening of regulations under the Animal Welfare Law
- Increasing frequency of animal hospital visits and rising unit medical fees

## A business model for making animals' lives richer and healthier.

Upstream

Before birth - pick up



Life Stages

### Genes

- Genetic testing business

### Mating and Birth

- Matching sites
- Breeding support
- Sperm bank

### Pet Shop

- Providing training services
- Issuing genetic testing certificates

Midstream

Lifestyle



### Daily Life

- Food development and sales
- Cooperation with other companies

### Health Examination

- Gut microbiome measurement business
- Insurance with new services.

### Primary Medical Care (General Medical Care)

- Electronic medical record sales expansion
- Reservation customer transfer business
- Primary animal hospital operation

### Pet Insurance

Downstream

Pet farewell services



### Secondary Care (Advanced Medical Care)

- Providing regenerative medicine
- Secondary animal hospital operation

### Farewell Services

- Introduction to pet cemeteries
- Lifetime care facilities

## Social Value



- Mental and physical health
- Transparency in the supply chain
- Improved status of pets



- Providing a sense of purpose in life
- Contribution to community revitalization
- Fairness in educational opportunities
- Strengthening social functions
- Health and wellbeing



- Reduction of environmental impact
- Biodiversity conservation

See p. 39.

Pursuing both social and economic value

## Economic Value

- Consolidated recurring revenue: **60,437 million yen**
- Consolidated recurring profit **4,159 million yen**
- Consolidated ROE **9.4%**
- Dividend payout ratio **16.2%**
- Synergy-generating business sales ratio **9.0%**
- Solvency margin ratio of Anicom Insurance, Inc. on a non-consolidated basis **333.7%**



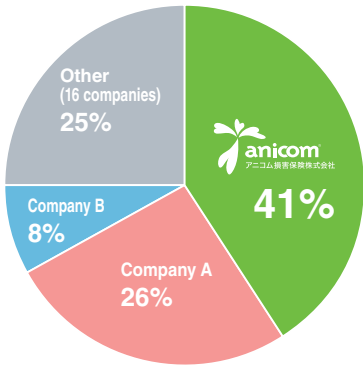
# Our Positioning in the Pet Insurance Industry

## 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 15 consecutive years from 2009 to 2023. We believe the reason for this is the following competitive advantages.

\*Estimated by Anicom Group based on the disclosure magazine of pet insurance companies, financial statements, and the 2024 Pet-related Market Marketing Overview by Fuji Keizai Co., Ltd.  
\*Calculation method changed from FY2023.

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 6,800 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 4.3 million insurance claims filed annually, about 90% 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 4,900 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.

## Value Creation Through Collaboration with Other Companies

Anicom Group, via Anicom Insurance, is advancing collaborations with major life and non-life insurers and companies in other industries. This signifies that the pet industry is entering a phase where it is realizing inter-industry connections that transcend traditional boundaries. Further, this signifies that pets play a crucial role in customer relationships, having significant business importance. As the industry transforms from one of "hobbies" to one of "value creation," we aim to further promote this initiative throughout the entire group.

## Promoting a Group Strategy Centered on "Prevention"

"I want my pet to stay healthy and live a long life." This is a heartfelt wish of all pet owners. Anicom Group provides health solutions that reduce the risk of various diseases. We do this by promoting oral care for periodontal disease prevention and intestinal care to improve gut microbiota diversity, thereby enhancing immunity. By making prevention a part of everyday life, we aim to prevent serious diseases and extend the healthy lifespan of pets. For details, see "Feature: Synergy Creation Business (P.29)."



## Launching the World's Largest Cancer Prevention Project!

Until now, people have focused on "treatment" in response to disease "diagnosis," but our group believes that the focus should now shift to "prevention." As part of this initiative, we began a joint study on "the prevention of all diseases, including cancer, through oral care" on July 20, 2024. For details on the project, please refer to the presentation materials from the "78th Annual Meeting of Japanese Stomatological Society" held on July 20. This is the world's largest project of its kind: over 16 years of pet insurance operations, with data from a cumulative total of 2.06 million insured dogs, 37.52 million medical records (from 12,201 veterinary hospitals), and 507,436 gut microbiota test samples (170,886 with periodontal bacteria).\* \*Based on Anicom's research as of July 2024.

<https://www.anicom.co.jp/news-release/2024/20240723/>



## Promoting a Group Strategy Centered on "Prevention"

Living organisms have resisted constant environmental changes with finite strength. Through breeding, they have ceaselessly combined the base sequences (ATGC) of DNA, often referred to as the blueprint of life, entrusting their hopes to future generations.

The Hammurabi Code, one of the oldest legal codes, even contains prohibitions against inbreeding, indicating that it has been a fundamental taboo since ancient times. Despite this, people have forced pets into inbreeding for over 10,000 years. As a result, pets have become genetically fragile, beings with "0% ability to live alone and 100% ability to love and be loved."

Optimal breeding processes have made it possible to avoid the onset of diseases caused by congenital factors. Despite this, it is still difficult to eliminate all diseases in pets, and therefore prevention of diseases caused by acquired factors is also an important issue. Pets, from a young age, are more likely than people to develop almost all diseases, including cancer. While human diseases are influenced by factors such as diet, alcohol consumption, smoking, and stress from relationships, pets are more strongly affected by diet.

Our group's research has revealed that the lower the diversity of gut microbiota in dogs, the higher the prevalence of all diseases. It is our view therefore that gut microbiota diversity forms part of "immune strength" and that maintaining and enhancing this diversity is a key element of disease prevention.

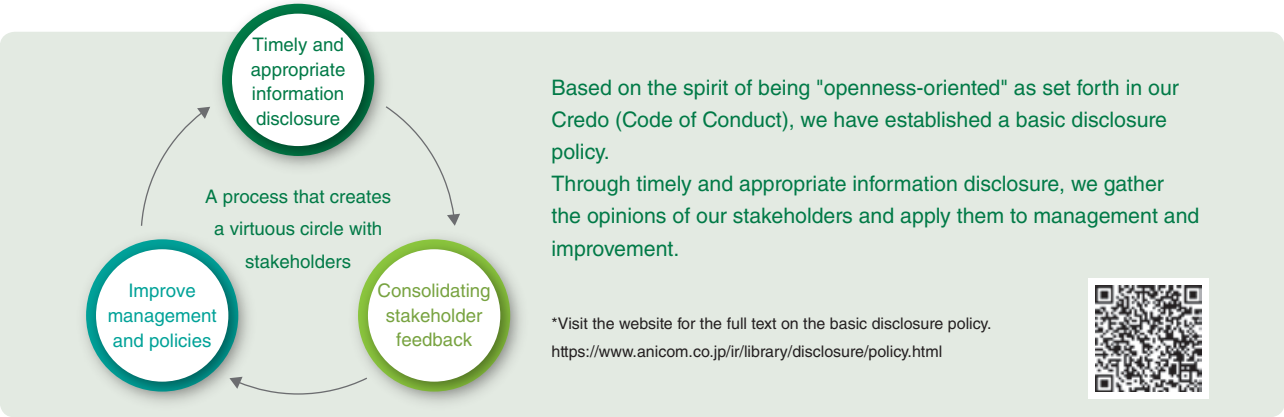
One factor that affects gut microbiota diversity is diet. By incorporating a variety of foods, it is possible to improve gut microbiota diversity. Another factor is periodontal disease. It has been shown that when dogs suffer from periodontal disease, their gut microbiota diversity decreases in the following year. (As the saying goes,) "Periodontal disease is the root of many illness," and it raises the prevalence of all diseases in dogs of every age.






Anicom Group promotes the prevention of all diseases, including cancer. We do this by improving gut microbial diversity through varied diets and by preserving this diversity through periodontal disease prevention. For details, see "Special Feature: Synergy Creation Business (P.29).



# Stakeholder Relations

As a leading company in the pet industry with over 20 years of knowledge and more than 1.19 million policies, we believe that we have a responsibility to contribute to the sound development of the industry. To fulfill this responsibility, we strive to enhance our corporate value and social value through engagement with our stakeholders, aiming to realize a society where humans and animals can live happily together.



	Stakeholder Expectations/Responsibilities		Structure to Meet Stakeholder Expectations and Fulfill Responsibilities
Customers	 <p>Our Group's policy is to "consistently put ourselves in the customer's position and thoroughly manage our business with an awareness of market-out (meeting the true needs of our customers)" to create the services that our customers want. Our action guideline is "We will strive to create services our customers demand."</p>		<ul style="list-style-type: none"><li>01   Efforts to utilize customer feedback in management<ul style="list-style-type: none"><li>Total number of complaints: 14,585, Complaint rate: 1.2% of policies in force, Mini-Market Out Committee meetings: 3 times</li></ul></li><li>02   Provision of products and services suitable for customers</li><li>03   Provision of easy-to-understand information</li><li>04   Prompt and appropriate payment of insurance claims</li><li>05   Appropriate management of conflicts of interest</li><li>06   Efforts toward customer-oriented business operations</li></ul>
Shareholders and Investors	 <p>We aim to build a relationship of trust with our shareholders and investors through active and effective information disclosure and accountability; to ensure timeliness and fairness in information disclosure, to form an appropriate share price that accurately reflects our corporate value, and to shape our social reputation; and to use the feedback of our shareholders and investors to improve our corporate value through two-way communication and by providing feedback to management.</p>		<ul style="list-style-type: none"><li>01   Financial results and business strategy briefings for institutional investors and analysts (4 times)</li><li>02   Conducted individual meetings (146 times) with domestic and foreign investors</li><li>03   Dialogue with shareholders at general shareholders' meetings and encouragement to exercise voting rights</li><li>04   Appropriate information disclosure through website and disclosure materials</li></ul>
Partners	 <p>We believe our various business partners, such as breeders, pet shops, and animal hospitals, to be important partners in creating value. To transform the pet industry into a more sustainable industry, we work together to improve animal welfare and animal protection, and promote fair and equitable transactions based on trust.</p>		<ul style="list-style-type: none"><li>01   Providing Breeding Support</li><li>02   Insurance managers and insurance key person system</li><li>03   Conducting audits for fair and equitable transactions</li></ul>
Employees	 <p>We promote diversity with the aim of encouraging all employees to respect and learn from the relationships between people, thereby promoting their own growth and contributing to the growth of the company and the development of society. We promote diversity with the aim of contributing to the growth of the company and society. We also strive to educate and develop human resources by always providing open and fair educational opportunities, respecting individual abilities and aptitudes while cooperating and freely competing with each other in order to achieve accelerated growth.</p>		<ul style="list-style-type: none"><li>01   Conducting regular employee engagement surveys</li><li>02   Publication of in-house newsletters "Anicom Diary" and "Anico Smile"</li><li>03   Holding weekly morning meetings with group-wide participation</li></ul>
Local Communities	 <p>As a member of local communities, we work in partnership and collaboration with local governments and other organizations throughout Japan to resolve social issues on themes such as animal welfare and disaster prevention. We are also promoting carbon neutral initiatives to address climate change and other social issues.</p>		<ul style="list-style-type: none"><li>01   Implementing animal welfare initiatives in cooperation and collaboration with local governments nationwide<ul style="list-style-type: none"><li>Number of municipalities with which agreements have been concluded: 5</li></ul></li><li>02   Promote initiatives to achieve net zero CO<sub>2</sub> emissions<ul style="list-style-type: none"><li>Scope 1+2 emissions 271 t-CO<sub>2</sub></li></ul></li></ul>

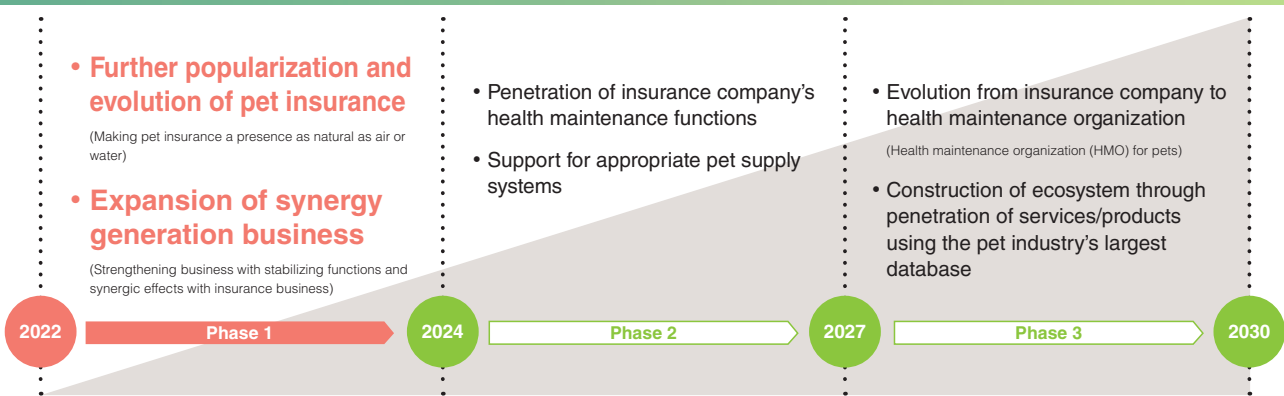


# Mid-term Management Plan

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 FY2024, 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

## Basic Strategy Overview

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





Further Popularization and Evolution of Pet Insurance  
(Making pet insurance a presence as natural as air or water)

1. Build unique insurance products
2. Reduce insurance payouts, improve loss ratios
3. Reduce insurance recruitment costs (such as agency commission, advertising cost, etc.)
4. Improve operations (reduce selling, general and administrative expenses)



Expansion of Synergy Generation Business  
(Supporting the insurance business and strengthening synergic effects)

1. Further strengthen breeding support, making full use of human, physical, monetary, data, scientific, and medical resources
2. Expand animal hospital business (stabilizer of insurance payouts)
3. Expand Health Innovation Business (commitment to good health)
4. Deploy advanced medical care including regenerative medicine (preventative, ageing countermeasures)
5. Expand coexistence real estate business through asset management
6. Strengthen "Search/Reserve" functions (anirece, Minna no Breeder, etc.)



Utilize data collection infrastructure in support of these strategies (basic animal resident register concept); create intellectual property including patents  
**Turning blood, sweat and tears into diamonds**

## Key Management Targets/KPIs

### (1) Consolidated

In FY2023, we steadily linked solid pet-keeping demand to the acquisition of new contracts and improved contract acquisition costs, resulting in record-high recurring revenue of 60.43 billion yen and recurring profit of 4.15 billion yen. Although progress in other areas varied from item to item, the overall situation was in-line with the second year of the mid-term management plan.

	FY2022 Results	FY2023 Results	FY2024 Targets	FY2030 Vision
Consolidated Recurring Revenue	56.52 bill. JPY	60.43 bill. JPY	66.0 bill. JPY	around 100.0 bill. JPY
Consolidated Recurring Profit	3.68 bill. JPY	4.15 bill. JPY	4.8 bill. JPY	around 10.0 bill. JPY
Consolidated ROE	8.2% (8.0% in FY2021)	9.4%	10%	12-15%
Shareholder Returns (Dividend payout ratio)	14.2% (9.6% in FY2021)	16.2%	20%	DOE around 4%
Net Sales and Percentage of Net Sales in Synergy Generation Business	4.91 bill. JPY 8.7%	5.43 bill. JPY 9.0%	7.2 bill. JPY 11%	20-25%
SMR on a Non-consolidated Basis (Solvency Margin Ratio)	373.1% (393.5% in FY2021)	333.7%	320%	—※

\* 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, Anicom's loss ratio was slightly higher than planned due to the high frequency of hospital visits and rising unit medical expenses. Positively, we were able to reduce general, sales and administrative expenses. For example, we successfully improved the acquisition cost of contracts and our expense ratio aims were achieved. As a result, Anicom's combined ratio progressed favorably, with improvement in the expense ratio offsetting the increase in the loss ratio.

Regarding the Synergy Creation Business, we aim to increase sales of oral and gut care products within the Health Innovation Business and achieve profitability in the hospital business by FY2024.

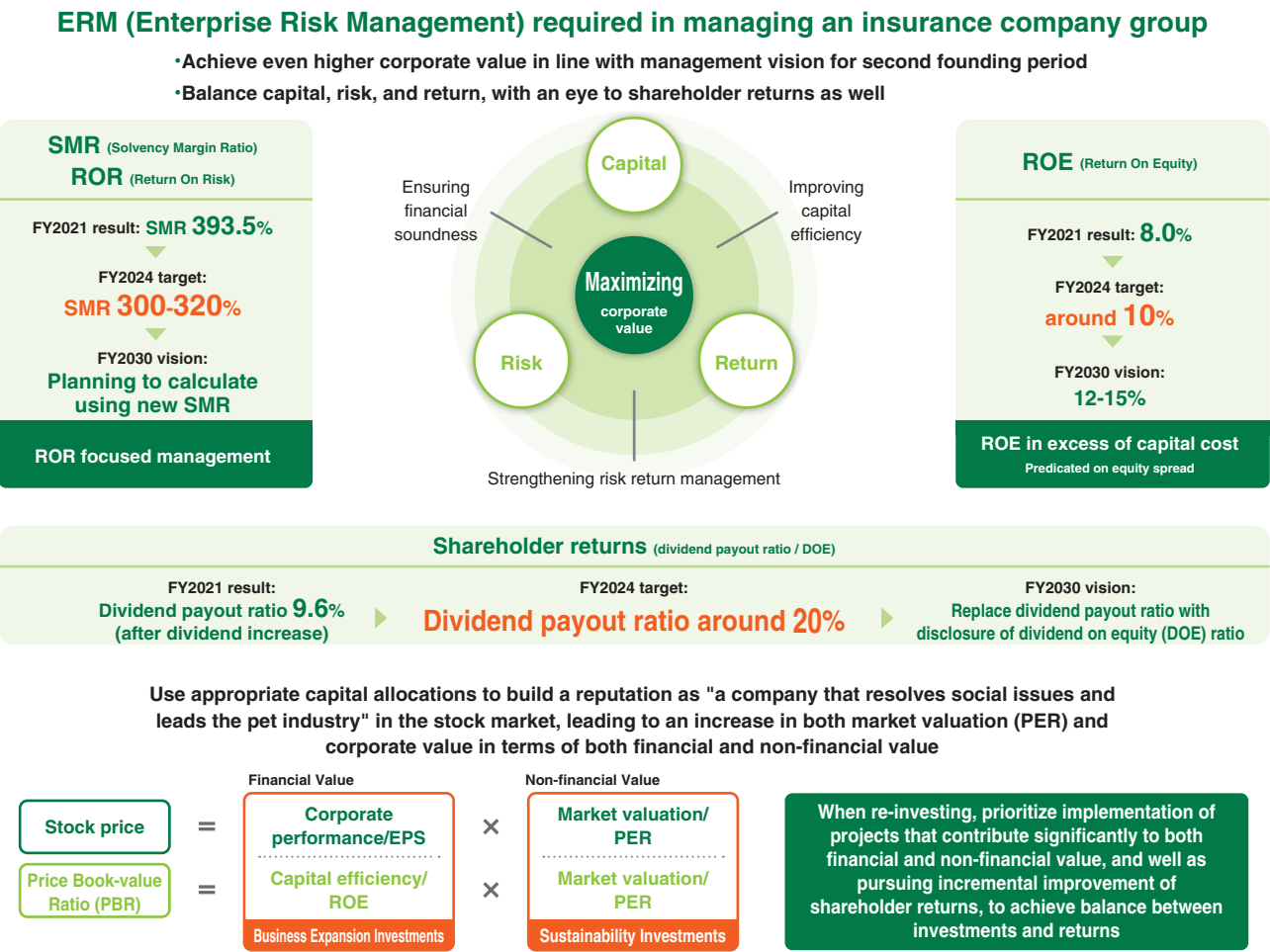
	FY2022 Results	FY2023 Results	FY2024 Targets
<b>Insurance Business</b>			
Loss Ratio	58.9% (58.1% in FY2021)	59.9%	60.9%
Expense Ratio	34.9% (36.7% in FY2021)	33.3%	32.3%
Combined Ratio	93.8% (94.8% in FY2021)	93.2%	93.2%
<b>Synergy Generation Business</b>			
No. of Gut Microbiota Measuring	92,000/year	67,000/year	65,000/year
No. of Gut Microbiota Test Applications	211,000/year	220,000/year	252,000/year
Health Innovation Business Revenue	63 mill. JPY	176 mill. JPY	800 mill. JPY
Hospital Business※	Sales: 1.76 bill. JPY Profit after amortization of goodwill: -0.26 bill. JPY	Sales: 1.87 bill. JPY Profit after amortization of goodwill: -0.17 bill. JPY	Sales: 2.2 bill. JPY Profit after amortization of goodwill: 0.0 bill. JPY

\* Figures are after allocation of indirect departmental expenses, including for past fiscal years



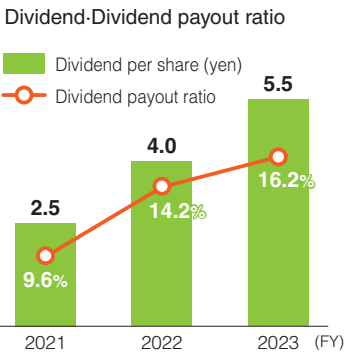
# Financial Policy

## Capital Allocation



## 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. This is done 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 line with the revised shareholder return policy announced in May 2023, and based on the adjusted "Solvency Margin Ratio," we completed the acquisition of approximately 1 billion yen worth of treasury stock in FY2023. For the remaining 3 billion yen, which exceeds the capital level deemed appropriate, we have commenced the acquisition of treasury stock starting in May 2024.



## 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 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.

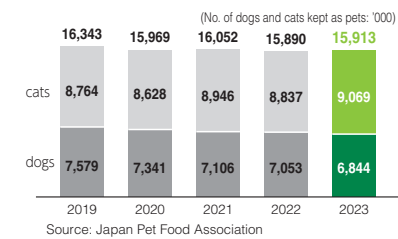


# Insurance Business

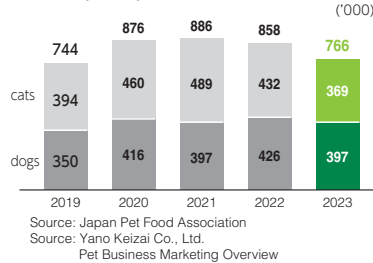
## Environmental Awareness (risks and opportunities)

- 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.

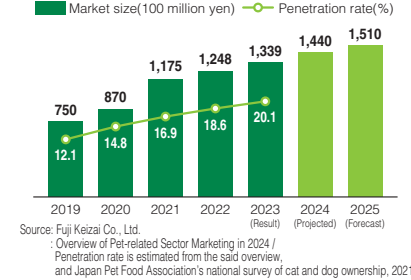
No. of dogs and cats kept as pets



No. of newly acquired dogs and cats kept as pets



Pet insurance market size and penetration rate



## Strengths

- 6,879 hospitals that accept Anicom over-the-counter payments
- Has a high market share in the NB channel
- Has a database of over 1.19 million contracts
- Has had 15 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 **223,000** in FY2023.

As of the end of March 2024, the number of policies in force exceeded **1.19 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 2024, the number of breeder agencies had increased to 1,032, 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**

### Expansion of products and services

Due to the steady increase in "Dobutsu Kenkatsu," the annual renewal rate remained stable and high at **88.2%**.

### Measures to improve loss ratio, contract acquisition efficiency, and selling and administration cost ratio

**Loss ratio (FY23 results: 59.9%) The impact of the coronavirus is subsiding, but insurance claims will continue to be closely monitored.**

Continue to promote measures to improve loss ratio

- Optimization of medical treatment by promoting the dissemination of insurance treatment recommended flowcharts
- Strengthen customer referrals to excellent hospitals using reservation function

**Fees and collection cost rate (FY23 results: 10.0%)**

Continue to improve contract acquisition costs through expansion and diversification of sales channels, etc.

**Selling and administration cost ratio (FY23 results: 26.1%)**

This is an improvement of 1.1 points compared to the previous year, due to improvements in contract acquisition costs and operational improvements, etc.

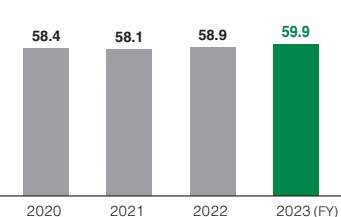
- Reducing the number of direct claims and processing unit costs in claims operations
- Save various procedures and reduce document costs

## KPI

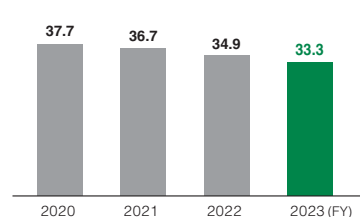
Number of new and in-force policies (Number of contracts)



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 multi-purpose 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

- Promote the "one patent per employee" strategy  
127 Inventors as of March 2024 (13 Inventors as of December 2020)

[Number of Patents by Field] ※ As of March 2024

	Image recognition AI	Genes, food, and gut microbiome	Regenerative medicine	Other	Total
Patents granted	7	6	2	3	18

[Examples of Patents Obtained in March, FY2024]

Patent No. 7330258: "Emotion Determination System and Emotion Determination Method"

Patent No. 7437479: "Insurance Premium Calculation System, Insurance Premium Calculation Method, and Burden Prediction Method"



Feature: Synergy Creation Business

# Value Creation through Pets, Insurance and Healthcare

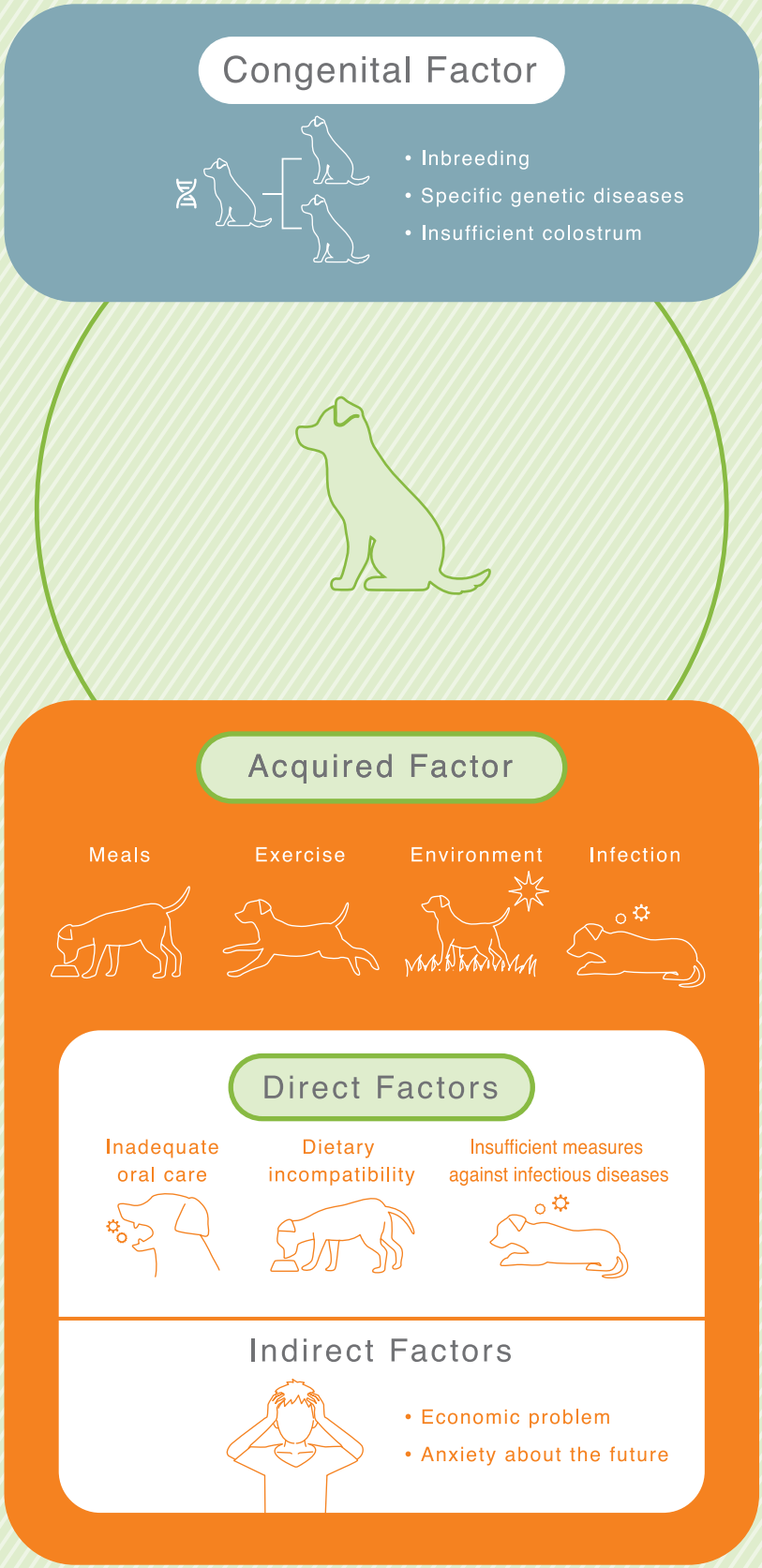
## Affecting Pet Health

We believe that all diseases are caused by the combined involvement of two factors, "congenital factors" and "acquired factors."

Pets have been inbred by people and as a result have become genetically vulnerable. These are "congenital factors."

Pets do not choose their own food or go for walks, and their owners provide the "environment." These are "acquired factors." "Acquired factors" can be further divided into "direct factors," such as incompatible diets and inadequate care, and "indirect factors," such as economic and psychological stress.

Therefore, the Anicom Group aims to focus on "acquired" and "direct factors" that can be addressed in daily life to create value in supporting pet health.





# Approaches to Pet Health on Three Axes

Anicom Group approaches animal health focusing on oral, intestinal and genetic care. Specifically, we strive to improve oral health with the aim to prevent periodontal disease. We promote intestinal health, using the gut microbiome as a barometer of immune strength. We utilize genetic care to mitigate genetic vulnerabilities.

## Oral Care

### APPROACH 1

- The presence of periodontal disease as the root of many illnesses
- Preventive and therapeutic benefits of oral care
- Providing innovative solutions

## Gut Care

### APPROACH 2

- Improving gut microbiome diversity
- Early detection of illnesses and health management
- Pet food, product development and commercialization

## Genetic Care

### APPROACH 3

- Providing regenerative medicine
- Improving quality of life through stem cell therapy

INTESTINE

GENES

ORAL CAVITY



## APPROACH 1

# Oral Care Strategy

Maintaining oral health is generally accepted as vitally important for overall human health. Oral health is equally important for pet health. Periodontal disease in particular is known as the root of many illnesses. We, therefore, believe that oral care from an early age is essential.

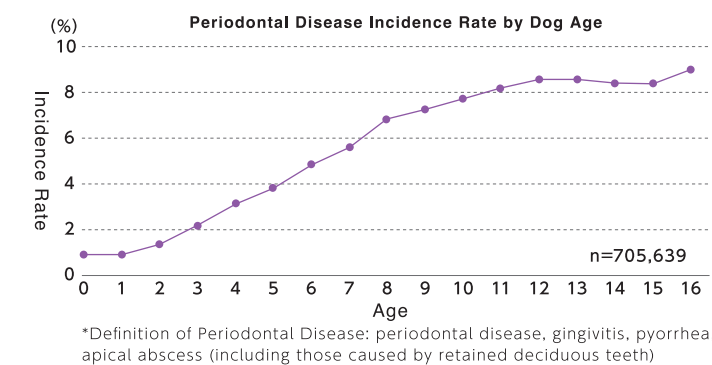
Through daily oral care, we aim to prevent the onset of serious diseases in the future.

## Periodontal Disease is the Root of All Illnesses

"Periodontal disease is the root of all illnesses." This is widely recognized in human medicine, and it is also true for pets.

The bacteria causing periodontal disease can easily enter the bloodstream through swollen gums, spreading throughout the body. The constant circulation of these bacteria and their toxins may lower overall immunity, leading to slower recovery from various diseases or even be the cause of the diseases themselves.

Additionally, pets are more prone to periodontal disease than people are, with cases found in pets even before they are one year old.

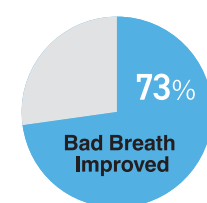
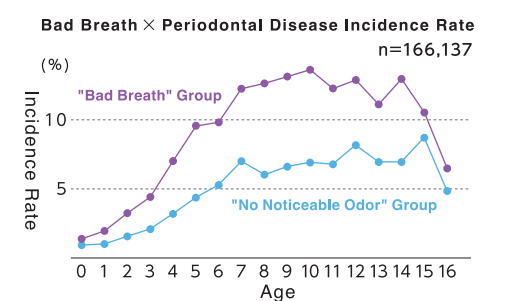
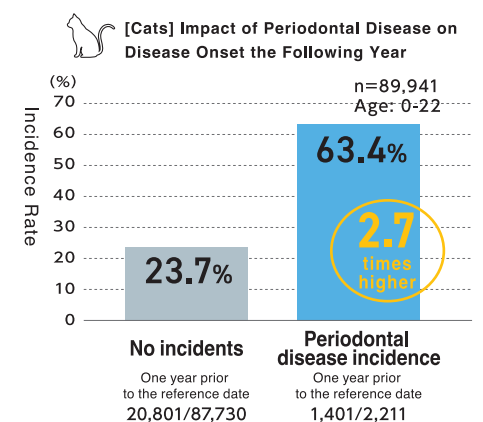
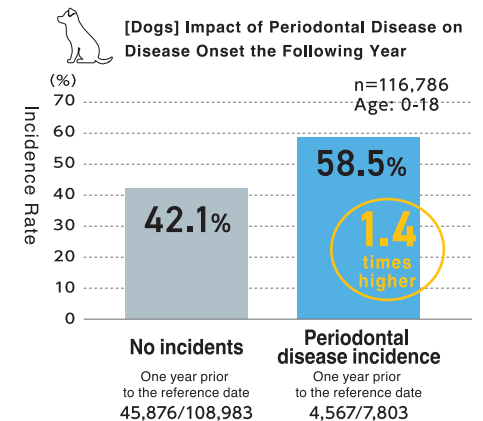


After analyzing data of over 4.3 million Anicom insurance claims, we found that dogs with periodontal disease had an approximately 1.4 times higher incidence rate of all diseases the following year compared to healthy dogs. Similarly, cats with periodontal disease had incidence rates that were 2.7 times higher than healthy cats for all diseases. Thus, "periodontal disease is the root of all illnesses" for both dogs and cats, and daily brushing is crucial for preventing periodontal disease.

Additionally, there is evidence suggesting a correlation between periodontal disease and bad breath, with dogs and cats suffering from bad breath showing a higher incidence of periodontal disease. In other words, bad breath can be a sign of periodontal disease.

To help reduce the risk of serious diseases by preventing periodontal disease, the Anicom Group, in collaboration with Earth Corporation, has developed an oral care gel "CRYSTAL JOY" using innovative oxidation control technology (MA-T®: Matching Transformation System®). Sales have already begun at some animal hospitals, and many customers have reported a reduction in their pets' bad breath.

We will continue to promote the importance of oral care to improve pet health.



\*Results of physically removing plaque using a toothbrush with the gel  
\*Survey on the reduction of bad breath after using "CRYSTAL JOY" conducted via Anicom Insurance's customer survey site (ani voice). Approximately 73% of respondents (n=257) selected "strongly agree," "agree," or "somewhat agree" after two weeks of use.



## APPROACH 2

# Gut Care Strategy

Genes, or what some might call "destiny," are deeply related to disease but they do not determine everything.

One of the most influential among the "acquired and direct factors" that can impact pet health is gut care.

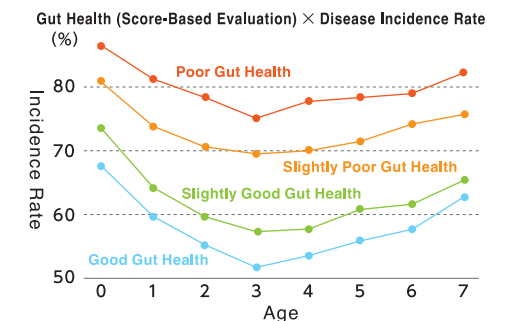
Even if a pet is genetically weak, its overall health can be improved through gut care via diet.

## Gut Health as a Barometer of Immunity

All living beings, including pets, have lived with gut bacteria, enhancing their immunity through the dietary stimulation provided by a diverse diet.

However, many modern pets are fed the same "complete and balanced" diet every day, which, while nutritionally adequate, may lack the necessary dietary stimulation. This can lead to a decline in immunity and an increased susceptibility to various diseases.

Since immunity is crucial for protecting the body from illness, there is a strong correlation between the diversity of a pet's gut microbiome and its susceptibility to diseases. This correlation exists regardless of the dog's breed or age, making gut health a true "barometer of immunity."



<Gut Health (Score) Categories>  
 Poor: Score between "-5 to -1"  
 Slightly Poor: Score between "0 to 4"  
 Slightly Good: Score between "5 to 9"  
 Good: Score between "10 to 15"

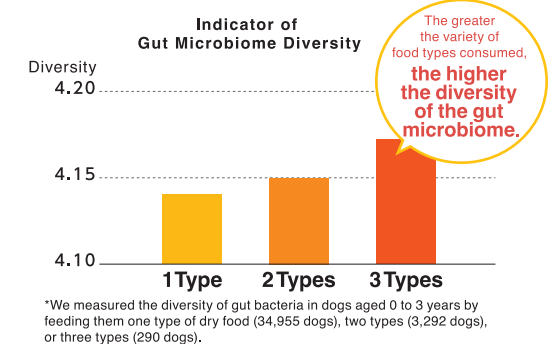
<Conditions>  
 • Among the pets that participated in the Dobutsu Kenkatsu since December 2018.  
 • Contract start dates between March 2021 and December 2023.  
 \*Including pets that suffered from accidental fractures

## Food for Proper Gut Care

All living beings, including people, boost their immunity and adapt to daily environmental changes by incorporating different foods into their diet, according to the seasons and weather. Incorporating a variety of foods also enhances the diversity of the gut microbiome, which in turn improves immunity.

To enhance the dietary stimulation in pets' daily lives, Anicom Group has developed "7 Days Food," a product designed to increase the diversity of gut bacteria. The diverse smells, tastes, textures, and colors of the food stimulate the natural senses of smell, taste, and sight, awakening and restoring the pet's natural immunity by appropriately stimulating gut immunity.

Additionally, Anicom Insurance provides the "Dobutsu Kenkatsu" a gut microbiome testing service that conducts over 200,000 tests annually. Through these services, we continue to offer preventive services that begin with gut health.



12 or more food items per day,  
and over 55 food items in 7 days



## APPROACH 3

# Genetic Care Strategy

Our goal is to achieve "health" through preventive approaches to "congenital factors" and "acquired factors." Even so, it is difficult to completely prevent all diseases. Further, some of these diseases cannot be cured by conventional medicine or treatment methods.

The Anicom Group offers a new option called "regenerative medicine" for such diseases that have been given up as "incurable."

## Aim to promote regenerative medicine

"Regenerative medicine (cell therapy)" using stem cells is attracting attention as a treatment option for diseases that cannot be cured by conventional drugs and therapies. Unlike medicines with chemical components, regenerative medicine treats injuries and diseases by administering living cells directly into the body. Currently, regenerative medicine is being researched worldwide as a new treatment method not only in human medicine but also in veterinary medicine.

The Anicom Group has joined the "Research Association for Animal Regenerative Medicine Technology" at Anicom Advanced Medical Research Institute, Inc. to develop regenerative medicine technologies and services for the purpose of appropriate dissemination and expansion of regenerative medicine. Anicom Insurance, Inc. started the "Regenerative Medicine Cooperation Fund System" in July 2021 to contribute to the expansion of regenerative medicine and promote efforts to reduce the number of pets suffering from illnesses.



**An Example of Regenerative Medicine (Atopic Dermatitis, 12-year-old Shiba Inu)**



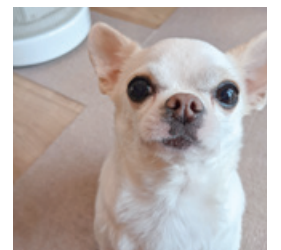
Before Treatment

3 Months After Treatment

### Testimonials from those who have tried regenerative medicine

I had an MRI for my dog and when we received the diagnosis of necrotizing leukoencephalitis, and we could see he was having difficulty swallowing, I was filled with despair. I was told that his condition was only going to get worse. But now, a little over a month after the regenerative treatment, the amount of steroids we have to use has decreased. He is more aware, and his legs and feet are strong. He begs me to take him for a walk. He toddles up hills. He brings toys to me... It's like a miracle has happened, and I cry every time I see him.

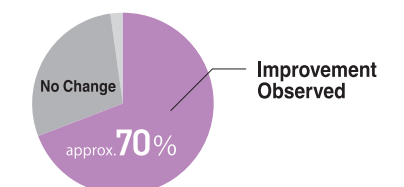
I am so grateful to the people who made regenerative medicine available to dogs, to the vet who made it available to my dog, and to everyone at Anicom. I hope our experience will give hope and encouragement to someone else."



## Extension of Healthy Lifespan Through QOL Improvement

A decline in quality of life as people and pets age is inevitable. However, we have high hopes that stem cell therapy will help pets regain their vitality and lead healthy lives. Anicom Specialty Medical Institute, Inc. is conducting research into the effect of stem cell therapy on improving QOL. An improvement in QOL has already been seen in approximately 70% of pets.

[QOL Improvement Monitoring Results]



The results of 101 responses (average age 10.7 years) were collected from dog owners who participated in the QOL improvement monitoring after stem cell administration.

\*The number of dogs listed in each QOL category refers to those who exhibited symptoms before administration.





# 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 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.



### 2 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.



### 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]



Pets

- Mental and physical health
- Supply chain transparency
- Improving the status of pets



People

- Providing purpose in life
- Contributing to regional revitalization
- Equalization of educational opportunities
- Strengthening social functions
- Health and wellbeing



Environment

- Responding to climate change
- Biodiversity conservation

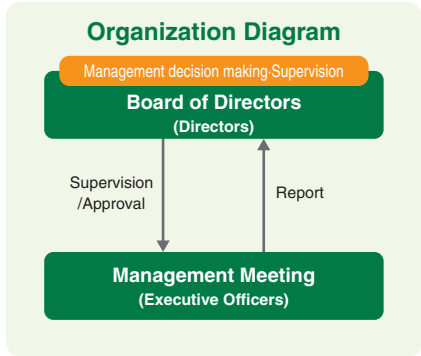


### [Numerical Targets Toward Resolution of the Issues]

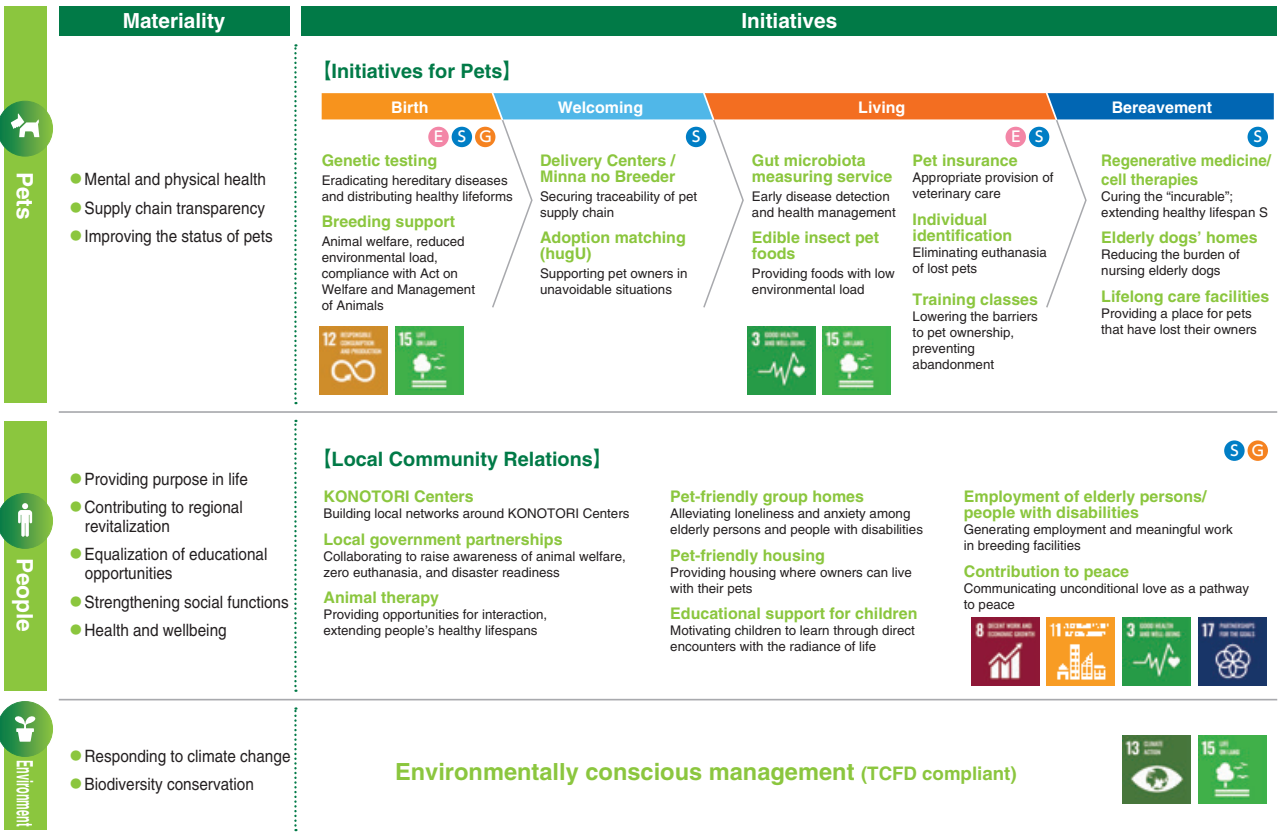
- Strategy of one patent per employee ..... Over 100 inventors
- Community events for the elderly, people with disabilities, and children ..... 20 times/year
- Employment support for the elderly and people with disabilities ..... starting gradually (results will be announced as needed)
- Child education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



### Basis for value creation

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



# Preservation of Animal Dignity

## Preservation of Animal Dignity

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.

## Anicom Group Initiatives

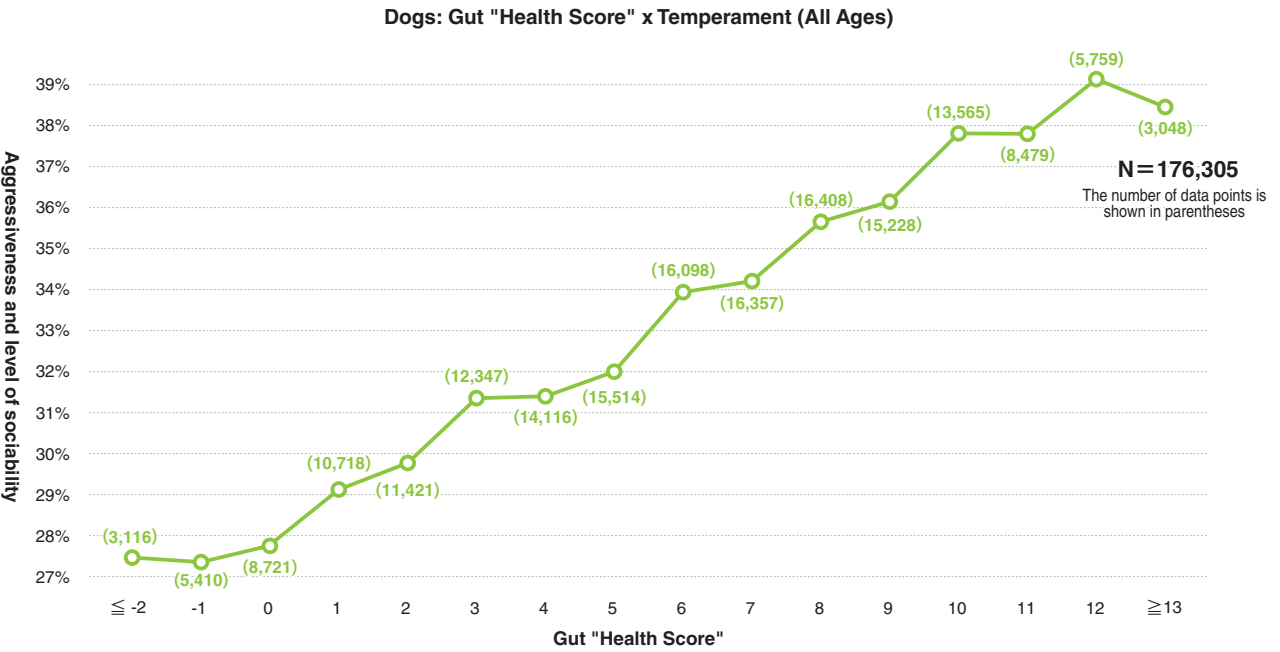
### ●Aiming for the Health of All Animals

At Anicom Group, we offer solutions focused on maintaining the health of animals, centered on three key areas: oral care to prevent periodontal disease, gut care focusing on gut health as a barometer of immunity, and genetic care to compensate for genetic vulnerabilities. For more details, refer to "Feature: Synergy Creation Business (P.29)."

### ●Towards Zero Animal Euthanasia

According to a survey by the Ministry of the Environment, approximately 12,000 dogs and cats were euthanized in 2022 after being taken in by government facilities. These dogs and cats were stray or lost, abandoned, or considered difficult to care for. Anicom Group believes that the most important thing is to prevent the birth of such animals. For example, one of the reasons leading to abandonment is the inability to train pets due to aggressive behavior. Research by Anicom Group has shown that dogs with a high "Health Score\*" for their gut tend to be less aggressive and more sociable.

\*Health Score  
The Health Score is an index devised by the Anicom Group that incorporates parameters such as the count, composition and interaction of gut bacteria in its quantification of gut health.



We believe that making animals healthier will ultimately lead to a reduction in the number of animals that are euthanized. Anicom Group will continue to aim at preventing the birth of animals that are likely to be euthanized.

## Anicom Group Initiatives

### ●Shelter Operations

Since April 2022, we have been operating an animal shelter called "ani TERRACE" at the resort facility VISON in Taki Town, Mie Prefecture. There we connect dogs and cats with new families. While animal shelters are often associated with being "dark," "lonely," and "pitiful," ani TERRACE is designed with the concept of being "bright," "warm," and "happy." The aim is to attract not only those already interested in animals but also those who may not have been before.



### ●Operation of the Foster Parent Matching Site "hugU"

We operate a foster parent matching site called "hugU." We connect animals like dogs, cats, and small animals, that can no longer be kept due to various reasons, with potential adopters. The purpose of hugU is to create as many opportunities as possible for animals and potential foster parents to find a good match, ensuring that animals can live happily with their new owners.



### ●Support for Adoption Events

Driven by the desire to find families for as many rescue dogs and cats as possible, we collaborate with other groups including animal welfare organizations. We provide venues and other support for adoption events. Utilizing Anicom Group facilities that allow pets, such as Anicom Insurance's branch offices and the Anicom Advanced Medical Research Institute's animal hospitals and labs, we continue to work towards creating happy connections for dogs and cats without owners.



### ●PAW (Project of Animal Welfare)

We are working to improve animal welfare by building a better environment for them. In fiscal 2012, we launched a Group-wide project called PAW (Project of Animal Welfare). Consequent to this we have been carrying out activities that contribute to animal protection and welfare, such as awareness-raising activities during Animal Welfare Week.



## Indicators and Goals

No.	Item	Results				
		FY2019	FY2020	FY2021	FY2022	FY2023
1	Number of hugU Adoptions	336	1,104	2,377	3,200	3,701
2	Number of Adoption Support Events	11	5	14	22	19
3	Number of Adopted Rescue Dogs and Cats*	—	—	—	18	74

\*FY2022 figures include only those from "ani TERRACE"; FY2023 figures include those from adoption support events as well.



# 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
		FY2021	FY2022	FY2023	FY2030
1	Percentage of female employees	61.2%	60.9%	61.4%	50~60%
2	Percentage of females in managerial positions*2	31.8%	31.2%	33.7%	50~60%
3	Acquisition rate of childcare leave (men)	58.8%	77.8%	68.0%	100%
4	Acquisition rate of childcare leave (women)	100%	96.0%	100%	100%
5	Ratio of paid leave days taken*3	62.7%	64.6%	75.0%	80%
6	Voluntary turnover rate*4	12.3%	11.8%	13.4%	10%
7	Total training cost	12,350,455 Yen	12,784,247 Yen	14,137,183 Yen	—
8	Average training cost per person	14,581 Yen	14,364 Yen	16,119 Yen	15,000 Yen
9	Number of inventors	51 (cumulative 66)	37 (cumulative 103)	24 (cumulative127)	per year 60
10	Senior citizens, people with disabilities, and children interaction events	—	—	3 Times	20 Times
11	Children's education support (Number of participants in animal hospital experience, etc.)	—	—	12	100



\*1. The scope of calculation covers Anicom Holdings, Inc. and consolidated subsidiaries. excluding paid leave rate(No.5) before FY2022  
\*2. The 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."  
\*3. Excluding SIMNET CO., Ltd. before FY2022  
\*4. The 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 selfdevelopment 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

Improving one's skills	Career enhancement	General
<div>Post-employment training</div> <ul style="list-style-type: none"><li>• New employee training (3 weeks after joining the company)</li><li>• Mid-career employee training (2 weeks after joining the company)</li><li>• OJT by department</li><li>• Subsidy for the cost of taking the non-life insurance salesperson qualification exam</li><li>• New graduate OJT trainer (SP) system/Junior employee training</li></ul>	<div>Self-development support</div> <ul style="list-style-type: none"><li>• In-house study abroad system</li><li>• 360 degree feedback</li><li>• Goal challenge system</li><li>• Job rotation system</li><li>• General Managers Meeting/ Management Meeting Observation Opportunities</li></ul>	<div>General training</div> <ul style="list-style-type: none"><li>• Morning meeting (once a week)</li><li>• Compliance training (6 times a year)</li><li>• All employees test (twice a month)</li><li>• Harassment training (twice a year)</li></ul> <div></div>
<div>Self-improvement</div> <ul style="list-style-type: none"><li>• E-learning (Benefit Station)</li><li>• Special courses organized by employees (formerly Anicom University)</li><li>• Cover the costs to attend veterinary conferences</li><li>• Training for new recruits</li><li>• Cover costs for attending General Insurance Institute of Japan courses</li></ul>	<div>Hierarchy-specific training</div> <ul style="list-style-type: none"><li>• Follow-up training (for employees hired directly out of University who are in their 1st to 3rd year of employment with Anicom)</li><li>• Mid-level leader development training (selected)</li><li>• Next-generation manager training (selected)</li><li>• New manager training (general manager/section manager)</li><li>• External training for executive candidates</li></ul>	

# 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.

### VOICE



Yoshie Ogoshi  
R&D Department  
Anicom Insurance, Inc.

I have developed an AI\* program for the individual identification of pets and have obtained a patent for it. In our company, speed is essential, so interactions with project members are frequent. In AI development, training data is crucial, and collecting these data is often the first major hurdle. However, when we solicit data, other department employees also contribute, which is incredibly reassuring.

In the development process, it is necessary to continuously evaluate and incorporate new methods. I feel that in our company, we not only utilize our current skills but also work on acquiring higher-level skills while performing our duties. Moving forward, I aim to launch the developed AI as a service and contribute to society.

\*Patent No. 7360489

## Improvement of Workplace Environment

At the Anicom Group, 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 and is so doing maintain a safe, healthy, and comfortable working environment.

### ●Engagement Survey

In order to increase employees' sense of growth and make Anicom a stronger and more attractive organization, we have been conducting an employee engagement survey targeting all employees annually since 2023. We analyze the results and use them to improve the work environment.

### ●Remote-work System

A home-based remote-work system is available to employees. We are striving to create an environment that is receptive to flexible work styles and which 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.

## 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 Human Capital

The Anicom Group has 106 employees with veterinary qualifications (as of March 31, 2024). 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," 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 gut 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 of medicine/agriculture/science/pharmacy, lawyers, certified public accountants, actuaries, data scientists, 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, 2024)

### VOICE



Chieko Iseki  
Corporate Planning Department,  
Public Relations Planning Section  
Anicom Insurance, Inc.

Currently, I am working on a reduced schedule due to child-rearing, but even within this framework I am actively engaged in my work, leveraging my expertise in graphic design. Our company strongly recognizes the importance of design. We are involved in various initiatives, including those related to insurance, which is an intangible product, the animal hospital business, food business, and participation in pet events, all of which emphasize design. This environment, where design plays a crucial role in all aspects, allows me to engage broadly as a designer, making my work very rewarding. Utilizing my previous design experience, I am also involved in the creation of integrated reports that visually communicate the company's direction and vision.

### ●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 is assigned as necessary, tailored to individual circumstances.

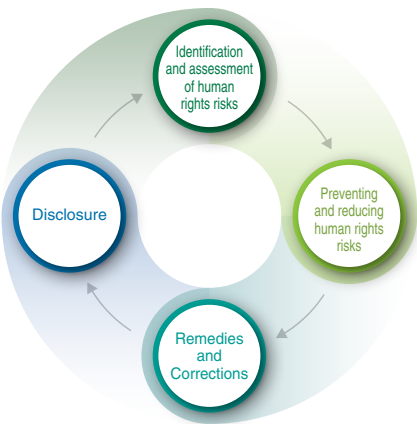


# Respect for Human Rights

## 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	The loss of human resources due to 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.

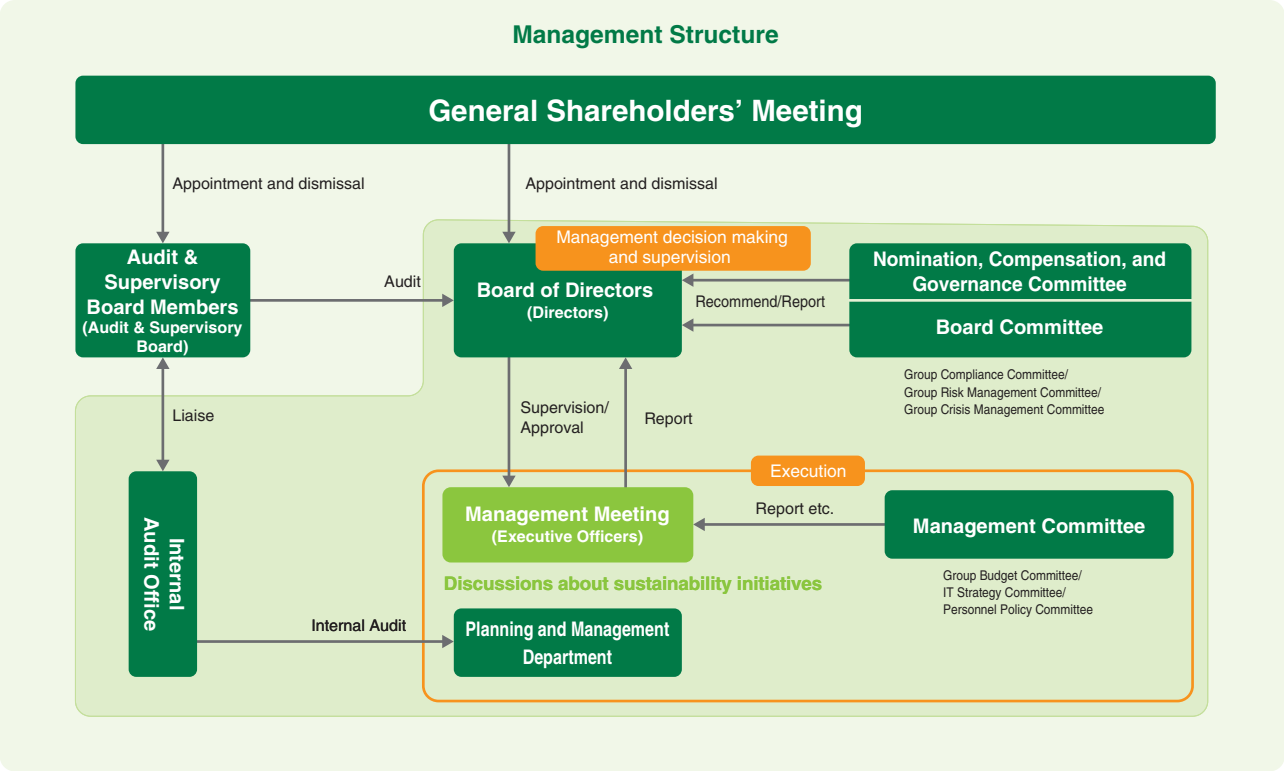
# Climate Change Initiatives

## 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. The "Group Management Committee," discusses the progress of sustainability initiatives once every half year and reports to the Board of Directors. This serves to promote sustainability management across the Anicom Group. 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 considers Anicom 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 Anicom 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

Anicom 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.

Anicom 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

Anicom 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 Management Plan 2022-2024," we have set a target of reducing Scope 1+2 real greenhouse gas emissions by 50% in FY2023 and 100% in FY2024, using 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.

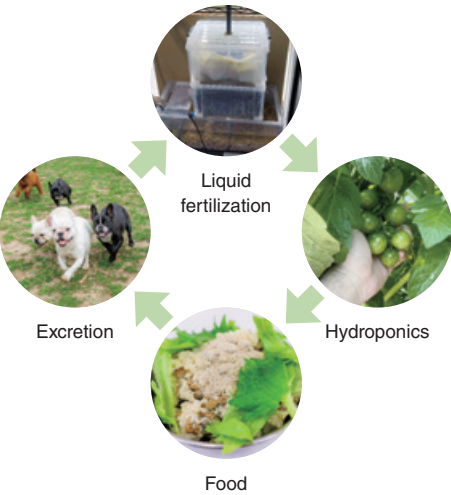
	Unit	FY2020 (Base year)	FY2021	FY2022	FY2023	FY2024 (Target)
Scope 1+2 GHG emissions	t-CO <sub>2</sub>	824	1,050	1,225	271	0

(note)1. We use our company and its consolidated subsidiaries as the calculation base.  
2. Certain group veterinary hospitals that do not have a data collection system in place are excluded from the calculation up to FY2022. From FY2023, the average emissions by hospital size are included.  
3. 6.5 gas is excluded from the calculation.  
4. Emissions are calculated using the "adjusted emission factors" for each electric power company published by the Ministry of the Environment and the Ministry of Economy, Trade, and Industry.  
5. In FY2023, we achieved a 100% renewable energy ratio for Scope 2 by purchasing non-fossil certificates.

Other Initiatives

Regenerative Agriculture

At Flowence Inc., a subsidiary of the Anicom Group, we place great value on raising healthy and lively dogs and cats. We therefore, are expanding their food repertoire, allowing them to enjoy their meals. We are experimenting with regenerative agriculture within our breeding facilities to provide a stable supply of pesticide-free fresh food.



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 ondemand media.



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.





Directors, Audit & Supervisory Board Members



Director

Representative Director, President Executive Officer

**Komori Nobuaki**

Date of birth May 2, 1969

Term of Office

23 years and 11 months

Attendance Record

Board of Directors (15/15)

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

Term of Office

3 years and 9 months

Attendance Record

Board of Directors (15/15)  
Nomination, Compensation, and Governance Committee (2/2 meetings)

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

Term of Office

3 years and 9 months

Attendance Record

Board of Directors (15/15 meetings),  
Nomination, Compensation, and Governance Committee (2/2 meetings)  
Independent Directors Meeting (3/3 meetings)

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

2012

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)

2020

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

Term of Office

1 year and 9 months

Attendance Record

Board of Directors (15/15 meetings),  
Nomination, Compensation, and Governance Committee (2/2 meetings)  
Independent Directors Meeting (3/3 meetings)

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)

2022

Outside Director of the Company (current position)



Director

Outside Director

**David G. Litt**

Date of birth October 10, 1962

Term of Office

1 year and 9 months

Attendance Record

Board of Directors (15/15 meetings),  
Nomination, Compensation, and Governance Committee (2/2 meetings)  
Independent Directors Meeting (3/3 meetings)

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

1991

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

Term of Office

1 year and 9 months

Attendance Record

Board of Directors (15/15 meetings),  
Nomination, Compensation, and Governance Committee (2/2 meetings)  
Independent Directors Meeting (3/3 meetings)

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

Term of Office

8 years and 9 months

Attendance Record

Board of Directors (15/15 meetings),  
Audit Committee (15/15 meetings)  
Independent Directors Meeting (3/3 meetings)

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

Term of Office

15 years and 7 months

Attendance Record

Board of Directors (15/15 meetings),  
Audit Committee (15/15 meetings)  
Independent Directors Meeting (3/3 meetings)

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

Term of Office

1 year and 8 months

Attendance Record

Board of Directors (15/15 meetings),  
Audit Committee (15/15 meetings)  
Independent Directors Meeting (3/3 meetings)

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

Term of Office

1 year and 8 months

Attendance Record

Board of Directors (14/15 meetings),  
Audit Committee (14/15 meetings)  
Independent Directors Meeting (3/3 meetings)

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

Term of Office

9 months

Attendance Record

Board of Directors (11/11 meetings),  
Audit Committee (11/11 meetings)  
Independent Directors Meeting (3/3 meetings)

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	Responsibility
Senior Executive Officer	Shingo Noda	Assistant to the President
Managing Executive Officer	Hiroyuki Takahashi	Group General Data Strategy Department
Executive Officer	Hiroataka Kawano	Corporate Planning Department, Finance and Accounting Department
Executive Officer	Makiko Nagai	Compliance Promotion Department
Executive Officer	Katsutoshi Tamura	Corporate Planning Department (Health Innovation Business)



## 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.

Four outside directors shared their thoughts on the Anicom Group's management strategies and challenges to improve its corporate value.



Outside Director  
Tanaka Eiichi

This past year, we feel that society recognized and appreciated our company's philosophy of bringing joy to the lives of pets and happiness to their owners who share their lives with them. For example, many financial institutions have started selling our insurance products through business partnerships. We have collaborated with other organizations in healthcare research and development, producing, for example, an oral care gel 'CRYSTAL JOY.' This innovative oral care gel uses oxidation control technology (MA-T®: Matching Transformation System®). We have progressed in various areas, including in making a significant impact on animal welfare. Looking at the numbers and as we come to the close of the final year of our 'Medium-Term Management Plan 2022-2024', we see that we are steadily on track to achieve our aims.

Going forward, we will further strengthen and accelerate the initiatives mentioned above. Additionally, the formulation of the next medium-term management plan will be informed by our vision of a comprehensive program for the monetization of our synergy businesses. The individual elements for this are already coming together within the group, so from Anicom Holdings' perspective, I am excited about the challenge of presenting a bold vision to society, discussing this openly with the group's officers and employees, and of determining how to allocate investments and personnel to achieve these initiatives. I am also excited about creating ways to link insurance and non-insurance businesses, and about developing synergetic connections between individual elements within the Anicom Group.

Lastly, I am committed to making my humble contribution to ensuring that all employees of the group and various stakeholders, who are walking this path with us, can create even happier lives.



Outside Director  
David G. Litt

One of President Komori's strengths in leadership is his passion for improving pet health in Japan, which has become a core mission of the Anicom Group. Of course, Anicom Insurance has a strong incentive to make pets healthier because it provides insurance that covers costs related to pet illnesses. Preventive care, such as oral care and gut care through appropriate and diverse diets, greatly contribute to extending pets' lifespans, improving their health, and making them better companions for people. This kind of care should help reduce insurance claims and contribute to the profitability of the insurance business. Anicom Group has many tools to implement strategies which improve pet health. These include a host of veterinarians on staff, animal hospitals, genetic testing services, advanced treatment options, and a large database of pet health information. To this impressive list of health tools the Anicom Group has added oral care products and pet food offerings.

The company's stock price has underperformed the Nikkei and TOPIX in recent years. Nonetheless, I highly value the management team's response to competitive pressures. Despite the many new entrants to the Japanese pet insurance market over the past two years and the disruptions among pet shops and breeders (due to issues related to non-compliance with the Animal Welfare Management Act) the company was able to achieve its major financial targets in the most recent fiscal year. As we formulate the next medium-term management plan, I believe it is necessary to secure the growth of the core insurance business, develop synergy businesses related to improving pet health, and balance capital management to reward shareholders.



Outside Director  
Shoyama Katsuo

With your support, Anicom has been the market leader in the pet insurance industry for many years. Understanding this, we must still grow and strive to be a company that can contribute to shareholders, customers, and all other stakeholders, as well as society as a whole. To achieve this, enhancing corporate value itself becomes the most critical issue. Anicom's basic philosophy is to support the lifelong health of pets, who are members of our customers' families. We are engaged in various operations to accomplish this. These efforts include offering pet insurance and services for animal hospitals, supplying various pet health tests (genetic, gut microbiota, etc.), contributing to the development of advanced medical care, providing matching services between breeders and customers, and making available various other services via the internet. We have set concrete goals in our 'Medium-Term Management Plan 2022-2024,' and the current year, 2024, is the final year of this plan. In the next medium-term management plan, we will formulate a vision for even greater growth and deliver results that meet your expectations.

As an outside director, my responsibility is to ensure that Anicom's philosophy and strategies are on the right track, that the tactics for realizing them are being correctly and properly executed, to evaluate the outcomes, and to determine what the next steps should be. This is of particular importance in an environment where the pace of change is accelerating and the needs and wants of customers are also rapidly changing. It is crucial to see the current situation accurately. With this in mind, I will monitor Anicom Group and its activities to ensure we are heading in the right direction and to know whether our organization is structured to respond quickly and appropriately to the demands of stakeholders and society, and if necessary, I will provide support and help to make adjustments. Please look forward to the next stage of the Anicom Group.



Outside Director  
Takemi Hiromitsu

Sustaining returns above the cost of capital while accurately understanding and reflecting market expectations in our business; these two elements together determine the level of stock valuation. Unfortunately, we cannot say that we are currently receiving high evaluations. In formulating the next medium-term management plan, it seems necessary to enhance dialogue with the market to understand the evaluation criteria.

We have already attempted various synergy creation businesses, and from the perspective of our intention to provide infrastructure for the pet industry, the need for further business diversification is increasing. On the other hand, this difficult situation with stock valuation is closely related to the concept of a conglomerate discount. We have not yet clearly seen the effect of 1+1>2 in terms of the profitability of each business. This includes the insurance business, which is the main pillar of revenue, while also taking in to account the capital cost of each business. When formulating the next management plan, it seems necessary to set KPIs that promote dialogue with the market, such as the synergy effect on market share expansion in the pet insurance market (and withdrawal criteria). Fortunately, with the addition of breeding businesses to the synergy creation business group in relation to the upstream part of the pet industry value chain, it seems that we can, in dialogue with the market, more proactively clarify the overall value chain we envision, which includes insurance that 'makes pets healthier upon entry.'

Leadership succession planning can never be done too early, though it can be done too late. It is believed by many that AI will have an impact on the entire industrial world comparable to or greater than that of the steam engine, which triggered the industrial revolution. Successors in leadership will be required to manage business under such a paradigm shift. Therefore, the qualities and knowledge required will differ significantly from those in the past. Darwin said, 'It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.' Therefore, it seems crucial to make the candidates for succession aware that the flexibility they feel they possess may only be based on their experiences and knowledge within a rigid environment (especially in regulated industries), where smooth operations within that scope have been seen as flexibility. It is also predictable that a single individual may find it challenging to respond to the three phases of the shift: leading up to, during, and after the shift. Therefore, as in baseball, securing flexibility in the form of a starter, middle reliever, and closer should be considered during the development process.



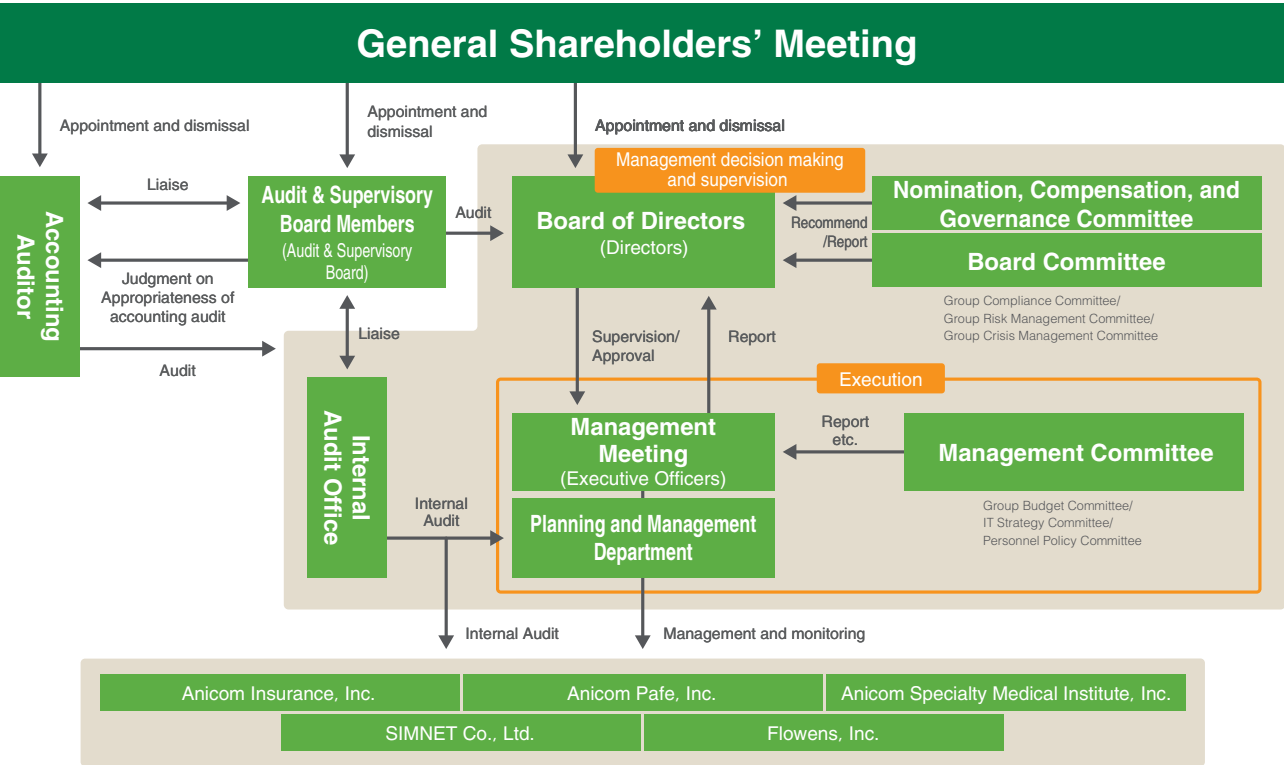
# Corporate Governance

## 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 Nomination, 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, auditors 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.

# 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.



# 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]

Anicom Holdings, Inc.

Audit & Supervisory Board Members

Audit & Supervisory Board

General Shareholders' Meeting

Board of Directors

Representative Director

Internal Audit Office

Compliance Promotion Department

Compliance Keyperson/ Leader of each Dept.

Management Meeting

Compliance Committee

Report

Guidance Supervision Monitoring

Subsidiaries

Anicom Insurance, Inc. Compliance Keyperson/ Leader of each Dept.

Anicom Pafe, Inc. Compliance Keyperson/ Leader

Anicom Specialty Medical Institute, Inc. Compliance Keyperson/ Leader

SIMNET Co., Ltd. Compliance Keyperson/ Leader

Flowens, Inc. Compliance Keyperson/ Leader

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# 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 monitors the overall risk situation and verifies the comprehensiveness of the risk profile, including the contagion risk within the Group.

## [Concepts of risk, return, and capital]



## (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.

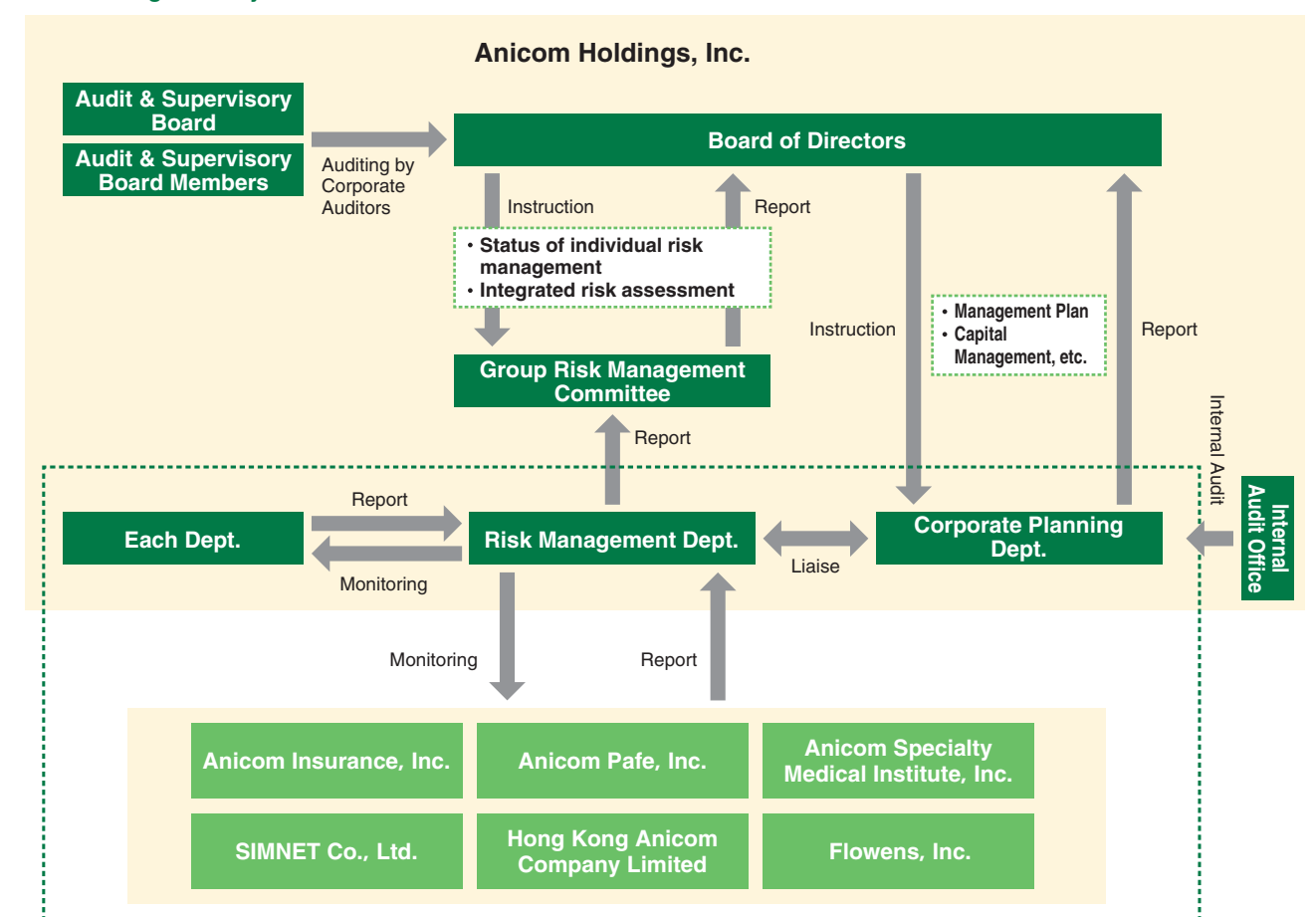
## ■ Efforts Toward a New Solvency System

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]



# Overview of Anicom Group

## Outline of Anicom Holdings, Inc. (as of July 1, 2024)

Anicom Holdings, Inc. is an insurance holding company under Article 271-18 of the Japanese Insurance Business Act, and is responsible for formulating management strategies and business plans for the entire group. In addition to this Anicom Holdings, Inc. is responsible for the management of subsidiaries, with Anicom Insurance, Inc at the core. By maximizing each company's ability to create added value, we aim to realize unlimited value creation for the entire group.



Company name Anicom Holdings, Inc.  
Date of establishment July 5, 2000  
(Established as BSP Corporation)  
Address of head Office 8-17-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-0023, Japan  
Sumitomo Fudosan Shinjuku Grand Tower 39F, 8-17-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo  
Sumitomo Fudosan Shinjuku Grand Tower 39F  
Telephone number 03-5348-3911  
Capital stock 8,202 million yen  
Major shareholders Please refer to page 79.  
Business Management of subsidiaries

## Subsidiaries (as of July 1, 2024)



Our goal is to be a preventive insurance company that reduces tears and creates smiles.



We support the healthy lives of animals and people through animal hospital and owner support.



Bringing a brighter future to animal medicine through research and clinical practice.



Through the web, we deliver "change and happiness."



We aim to achieve next-generation breeding operations, grounded in environmental enrichment for each dog.

### 〈Non-life Insurance Business〉

Anicom's pet insurance can be used in the same way as medical insurance for people, through its "over-the-counter payment system". Anicom's insurance benefit is automatically applied at the time of check out. Anicom's policy holders simply present their Anicom card and pay the difference. No paperwork.



Company name Anicom Insurance, Inc.  
Date of establishment January 26, 2006  
(Established as Anicom Insurance Planning Co., Ltd.)  
Establishment January 10, 2008  
Capital stock 6,550 million yen  
Shareholders Anicom Holdings, Inc.(100%)

### 〈Animal Hospital Support Business〉

We have developed and sell "Ani-Rese Cloud (anicom receptor cloud)," a medical record management system for animal hospitals. This system also provides various services for pet owners and researchers.



Company name Anicom Pafe, Inc.  
Date of establishment December 24, 2004  
Capital stock 50 million yen  
Shareholders Anicom Holdings, Inc.(100%)

### 〈Clinical and research projects in the field of animal medical care〉

We are engaged in the promotion of basic research in the field of animal medical care, the establishment of medical treatment methods based on scientific evidence, and clinical trials for the development of advanced medical care.



Company name Anicom Specialty Medical Institute, Inc.  
Date of establishment January 24, 2014  
Capital stock 50 million yen  
Shareholders Anicom Holdings, Inc.(100%)

### 〈Planning, development and operation of online services related to pets〉

We are a company that plans, develops, and operates online services related to pets. Among these services is "Minna no Breeder," a website that supports the matching of breeders and customers. "Minna no Breeder" is one of the largest of its kind in Japan.



Company name SIMNET Co., Ltd.  
Date of establishment March 2, 2001  
Capital stock 100 million yen  
Shareholders Anicom Holdings, Inc.(100%)

### 〈Breeding Business〉

We conduct breeding operations with a focus on providing the dogs with "environmental enrichment," ensuring that they can enjoy life. The dogs are given spacious areas for play, interaction with people and great food to enjoy.



Company name Flowens, Inc.  
Date of establishment April 15, 2020  
Capital stock 100 million yen  
Shareholders Anicom Holdings, Inc.(74.18%)