

Code of Conduct

The Life Insurance Association of Japan

Life insurance business is a highly public business closely related to the stability and improvement of people's life, creation of a sustainable society, economic developments. It also has a social mission to contribute to the enhancement of public and social welfare through its activities.

In order for life insurers to fulfill customers' mandate, societal expectations, and responsibilities, the Life Insurance Association of Japan (LIAJ) shall lay down a code of conduct, consisting of the "Principles of Conduct" and the "Action Guidelines". It aims to establish customers' and society's trust earned by sound business operation, which is fundamental for life insurers.

Each life insurer and its employees shall comply with the code of conduct, and its executives should take initiatives, fully enforcing corporate ethics and encouraging compliance of the code.

I. Principles of Conduct

The LIAJ shall lay down the principles and criteria which should be complied with, by each life insurer and its employees as they operate a company and conduct business as follows:

1. Action based on customer orientation
2. Action based on compliance and high business ethics
3. Action based on social responsibilities

II. Action Guidelines

According to the "Principles of Conduct" stated above, the LIAJ shall lay down the "Action Guidelines" as follows:

1. Encouraging appropriate response to customers throughout the insurance journey

To establish customer's satisfaction and trust, life insurers shall provide quality products which truly meet customer's needs, render services from the customer's point of view, and pay appropriate insurance benefits through customer-oriented business operation.

- (1) Life insurers should adequately recognize customer's needs and strive to develop and provide high quality products that will deliver the "sense of security" to customers.
- (2) Life insurers should develop and publish a solicitation policy as well as take measures to ensure appropriate solicitation. Life insurers should give appropriate and sufficient explanation to allow customers to accurately understand product details to make the best decision.
- (3) Life insurers should provide information related to contract details and each procedure to customers throughout the insurance journey on a timely basis in a comprehensible manner.
- (4) Life insurers should recognize that the payment of insurance benefits is the most important and fundamental function of life insurance business. If life insurers cannot process the payment quickly, accurately, fairly and carefully, they should explain the reason of such situation, and make an effort to gain customers' understanding and acceptance.
- (5) Life insurers should educate their employees to provide appropriate services throughout the insurance journey from the customer's point of view.

2. Promoting mutual understanding with customers and society

Life insurers shall provide information on business activities to customers and society, in an accurate and proactive manner, and shall accept customers' opinions to be integrated into their business management.

- (1) Life insurers should provide information such as, financial conditions and business activities which reflect customers' opinions in an accurate and proactive manner, so that customers will be able to properly understand the life insurance business.
- (2) Life insurers should strive to contribute to the stability and improvement of social lives by actively providing information that serves to enhance people's financial literacy in the context of changing social environment.
- (3) Life insurers should accept opinions from a wide range of stakeholders, especially customers, collected through dialogues, and respond to their voices with sincerity in order to improve business operations, products and services.

3. Ensuring customer information treatment and protection

Life insurers shall recognize the importance (highly confidential and significant nature) of customer information collected in the life insurance business and ensure

appropriate treatment and protection of such information.

- (1) Life insurers should recognize the importance of customers' personal, physical and financial information and ensure its appropriate treatment and protection to assure customer safety to provide such sensitive information.
- (2) Life insurers should also recognize the importance of information of legal entities and organizations obtained through business transactions, and ensure its appropriate treatment and protection.
- (3) Life insurers should appropriately treat personal information based on the Personal Information Protection Law, the guidelines set by the Personal Information Protection Commission, the Financial Service Agency (FSA) and the LIAJ as well as laws and provisions including other relevant guidelines.

4. Conducting fair business activities

In order to establish trust from customers and society, life insurers shall conduct fair business activities by promoting compliance through conforming with basic societal rules, including all relevant laws and regulations, as well as by establishing and making the most of an effective governance framework.

- (1) Life insurers should comply with relevant laws as well as basic societal rules for the protection of life insurance policyholders and customers in order to conduct fair business activities.
- (2) Life insurers should comply with the Anti-Monopoly Act and compete fairly and freely in order to promote the protection of customers' benefits and sound market development.
- (3) In international business activities, life insurers should comply with international rules and laws while respecting local culture. They should also pay attention to any of its impacts on the local society and economy.
- (4) Life insurers should conduct fair business activities by establishing and making the most of an effective governance framework.

5. Ceasing all relationships with anti-social bodies

Life insurers shall cease all relationships with any anti-social bodies that could jeopardize public order and safety.

- (1) Life insurers, should take appropriate measures as a whole organization, such as refusing unfair demands from anti-social bodies by working with external professional

organizations to cease relationships with anti-social bodies.

- (2) In order to prevent terrorism financing and money laundering, life insurers should take appropriate actions, such as verification at the time of transactions and reporting any suspicious activities.

6. Asset management based on the characteristics of the insurance business

Life insurers shall engage in asset management taking into consideration profitability, safety, liquidity and public nature.

- (1) Life insurers should engage in asset management based on the principles of profitability, safety and liquidity in order to comply with the mandate of customers.
- (2) Given the characteristics of life insurance business, life insurers should engage in asset management with due consideration for its public nature.
- (3) As a major participant in both financial and capital markets domestically and internationally, life insurers should engage in asset management with adequate consideration to the market and economy.
- (4) Life insurers should engage in asset management with due consideration for the environmental, social and governance (ESG) factors to contribute to the solution of social issues with the aim of creating a sustainable society.
- (5) Life insurers should aim to fulfill their stewardship responsibilities to ensure a sustainable growth of the investee company by means of holding purposive dialogues with the investee companies as a responsible investor.

7. Promoting measures against environmental issues

Life Insurers shall address environmental issues voluntarily and proactively while recognizing the significance of these issues are common to all humankind.

- (1) Life insurers should address environmental issues voluntarily and proactively by saving energy and resources in business activities.
- (2) Life insurers should enhance employees' awareness of environmental issues through education and encourage them to participate in environmental conservation activities.

8. Promoting social service activities

Life insurers shall proactively engage in activities contributing to society as a "good corporate citizen" for a healthy and sustainable development of society, which functions as the basic ground for their business operations.

- (1) Life insurers should be aware that they are a member of a local community and should actively engage in social activities as a “good corporate citizen”, to achieve a sound and sustainable development of a safe society.
- (2) Life insurers should contribute to the resolution of social issues as a whole industry along with non-profit organizations, non-governmental organizations and local communities by participating in social service activities.

9. Respecting human rights

Life insurers shall respect human rights of all individuals and act with due consideration on the impact of their action to human rights.

- (1) Life insurers should understand the globally admitted human rights and respect human rights of all individuals.
- (2) Life insurers should interact with customers and all stakeholders including related business entities, with due consideration of the possible impact of their action on human rights.

10. Reforming working practices and enriching the working environment

Life insurers shall ensure an employee-friendly working environment which considers employees' health and safety. Their working practices should be reformed to ensure that employees exercise their full abilities, while respecting their personality, character and diversity,

- (1) Life insurers should ensure a fair working environment without discrimination and harassment, while respecting the human rights and privacy of all employees.
- (2) Life insurers should ensure a vigorous working environment which allows each employee to exercise their full abilities, while enhancing their skills through career formation and competence development.
- (3) Given the acceleration of the aging population, life insurers should achieve a vigorous working environment by supporting employees who are pregnant or have a need to care for a family member, by promoting flexible working styles.
- (4) Life insurers should promote employment of a diverse working force.
- (5) Life insurers should ensure an employee-friendly working environment which considers employees' health and safety.

11. Ensuring robust risk management

Life insurers shall, through appropriate business operations and continuous improvement, establish a robust risk management under the leadership of executives, with the aim to meet obligations and trust from customers.

- (1) Life insurers should, under the leadership of executives, establish a risk management system to identify, assess and address all risks, conduct continuous evaluation and improvement to ensure its effectiveness to ascertain that responsibilities to customers are fulfilled.
- (2) Life insurers should ensure appropriate underwriting, asset management, operational, and systemic risk management.
- (3) Life insurers should have appropriate DMP and a risk management system against large-scale natural hazards, as well as a BCP which includes proper payment of insurance benefits, to be prepared for situations where normal risk management does not suffice.

12. Preventing recurrence of mismanagement and taking accountability

In case of an event which may affect customers or society, life insurers should make an effort to determine the cause, prevent recurrence, and take full accountability to customers and the society, under a solid leadership of executives.

- (1) Life insurers should establish a company structure to promptly and appropriately respond to a situation that may affect customers or society, which may include updating business manuals.
- (2) When an event which affect customers and society occurs, life insurers should investigate the facts and causes of such situation and establish promptly relevant measures and recurrence prevention plans under the leadership of executives. Life insurers should also take accountability to customers and society by providing a clear explanation of the situation.

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