

Basic Policy

MSI aspires to respond accurately to increasingly complex and diverse risks associated with its business operations, thus improving the quality of management and fulfilling its responsibilities to customers, shareholders, and all other stakeholders. To this end, MSI positions risk management as one of its top management issues and works to precisely recognize and assess risks before taking appropriate measures in regard to their management.

Risk Management Framework

The entire MSI Group shares basic ideas on risk management issues and takes concerted approaches toward relevant risks under the Basic Policy on Risk Management adopted by MSI's Board of Directors. MSI broadly categorizes risk into insurance underwriting risk, investment risk, and operational risk; MSI's internal regulations and criteria adopted under this Policy facilitate management of risks by means fit for the characteristics of each type of risk. Moreover, the Risk Management Committee Meeting, an advisory body to the Board of Directors, helps promote thorough, efficient, and effective risk management activities. Each operational department manages those risks which are specific to its scope of responsibilities, while the Risk Management Committee

Meeting coordinates comprehensive management and monitoring of risks from a cross-sectional, Group-wide standpoint.

Risk monitoring departments, such as the Corporate Risk Management Department and the Financial Risk Management Department, examine the state of risks and their management as the secretariat for the Risk Management Committee Meeting, while also checking on each operational department. The ALM (Asset Liability Management) Committee Meeting is in place to evaluate market risks in order to appropriately conduct the product design process and asset management. Further, the Internal Audit Department audits the operations of all organizational units as well as Group companies. By assigning each of these functions to horizontally separate units, MSI seeks to monitor and check on risk management efforts in the best way possible, while at the same time promoting efficiency and ensuring management is continually advised of the progress.

In addition, MSI is making further improvements in regard to protection of privacy, especially as related to customer information. MSI has established the Information Security Section and set up the Group-wide Information Security Policy and Information Management Regulations to guide day-to-day business operations.

