

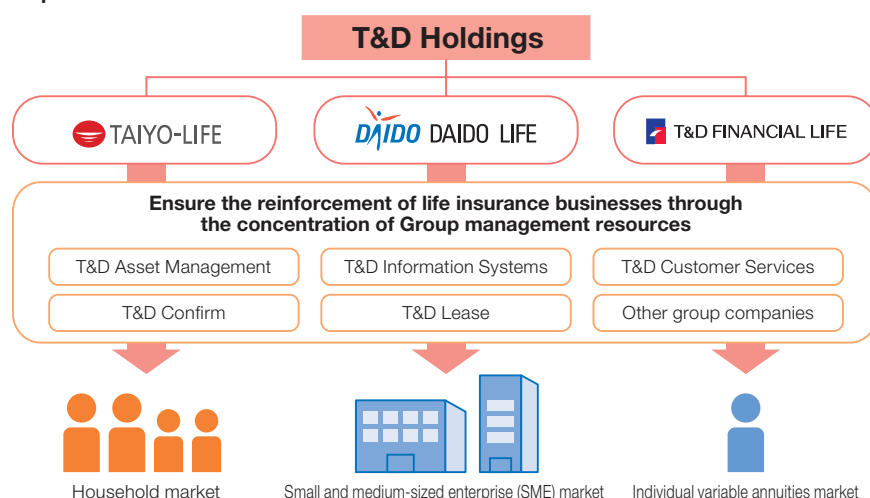
# **T&D Life Group CSR Report 2006**

A Life insurance Group that People Can Trust

# The T&D Life Group Is Supporting People's Living and Business

The T&D Life Group comprises three life insurance companies—Taiyo Life, Daido Life, and T&D Financial Life—under the holding company T&D Holdings. Each of these three life insurance companies have their respective strengths and uniqueness in their own specialist fields, supporting both people's living and business. Taiyo Life specializes in the household market, Daido Life in the small and medium-sized enterprise (SME) market, and T&D Financial Life in the individual variable annuities market.

## Group Structure



## Corporate Data (at March 31, 2006)

GRI 2.1 2.3 2.4 2.5 2.6 2.8 3.18

T&D Holdings, Inc.	
■ <b>Date of Establishment</b>	April 2004
■ <b>Location of Headquarters</b>	1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan
■ <b>Paid-in Capital</b>	¥118.5 billion
■ <b>Number of Employees</b>	79

Daido Life Insurance Company	
■ <b>Date of Establishment</b>	July 1947 as a mutual company (Founded in July 1902 as a joint stock company)
■ <b>Location of Headquarters</b>	<Osaka> 1-2-1 Edobori, Nishi-ku, Osaka 550-0002, Japan <Tokyo> 1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan
■ <b>Paid-in Capital</b>	¥75 billion
■ <b>Number of Employees</b>	Administrative personnel: 3,171 In-house sales representatives: 4,909 8,080 in total

Taiyo Life Insurance Company	
■ <b>Date of Establishment</b>	February 1948 as a mutual company (Founded in May 1893 as Nagoya Life Insurance Co., Ltd.)
■ <b>Location of Headquarters</b>	1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan
■ <b>Paid-in Capital</b>	¥75 billion in total (subscribed capital: ¥37.5 billion and capital reserve: ¥37.5 billion)
■ <b>Number of Employees</b>	In-house sales representatives: 8,963 Customer service personnel: 1,189 Administrative personnel: 2,704 12,856 in total

T&D Financial Life Insurance Company	
■ <b>Date of Establishment</b>	July 1947 (Founded in April 1895 as Tokyo Life Insurance Company)
■ <b>Location of Headquarters</b>	1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan
■ <b>Paid-in Capital</b>	¥62 billion in total (subscribed capital: ¥36 billion and capital reserve: ¥26 billion)
■ <b>Number of Employees</b>	298

## Financial Data

GRI 2.8 ECI EC3

	(Hundred millions of yen)		
Years ended March 31	2004	2005	2006
<b>Operating Results</b>			
Ordinary Revenues	26,356	23,167	24,442
Ordinary Profit	1,339	1,088	1,368
Net Income	413	371	355
<b>Financial Position</b>			
Total Assets	131,097	130,434	139,862
Shareholders' Equity	5,390	5,823	10,800
<b>Per Share Figures (in yen)</b>			
Net Income per Share	170.55	155.41	146.19
Shareholders' Equity per Share	2,231.68	2,410.76	4,384.93
Cash Dividends Applicable to the Year	27.95	45.00	55.00
<b>Management Indicators</b>			
Policy Amount in Force	585,084	595,735	602,650
New Policy Amount	75,680	75,449	72,938
Core Profit	1,417	1,298	1,272
Return on Equity (%)	9.7	6.6	4.3
Embedded Value	11,178	11,983	19,928

### Notes:

1. The figures for operating results, financial position, and management indicators for the period ended March 2004 are based on the aggregate non-consolidated business results for Taiyo Life, Daido Life, and T&D Financial Life. The per share figures for the period ended March 2004 are calculated using the aggregate non-consolidated business results for Taiyo Life, Daido Life, and T&D Financial Life and the number of outstanding shares (241,500,000) for T&D Holdings as of April 1, 2004.

The figures for operating results, financial position, per share figures, and ROE among the management indicators for the periods ended March 2005 and March 2006 are based on the consolidated and non-consolidated business results of T&D Holdings. Management indicators other than ROE are based on the aggregate non-consolidated business results for Taiyo Life, Daido Life, and T&D Financial Life.

2. The policy amount in force and the new policy amount include individual insurance and individual annuities.

## About This CSR Report

GRI 2.11 2.12 2.13 2.17 2.20 3.15

This report was compiled to communicate in a readily comprehensible manner the T&D Life Group's basic stance towards corporate social responsibility (CSR) and to describe the activities we have initiated in response to that responsibility.

- The 2002 Sustainability Reporting Guidelines form the basis of this report. These are international guidelines on sustainability reporting prepared by the Global Reporting Initiative (GRI). In this report, we use the **GRI** mark to indicate the sections of the Guidelines we referred to<sup>Note 1</sup>
- We asked Ms. Mariko Kawaguchi, who is chief researcher at the Daiwa Institute of Research, to give us her comments and advice on the details in this report from an independent viewpoint.
- For detailed information on the T&D Life Group, you may also refer to our Financial Disclosure Report and Annual Report, both of which are available on the following websites:  
[http://www.td-holdings.co.jp/ir/financial\\_info/discloser/index.shtml](http://www.td-holdings.co.jp/ir/financial_info/discloser/index.shtml)  
[http://www.td-holdings.co.jp/e/ir/financial\\_info/annual/index.shtml](http://www.td-holdings.co.jp/e/ir/financial_info/annual/index.shtml)
- We enclose a questionnaire at the end of this report. We would appreciate it if you would write any opinions, comments, and requests you may have on the form and send it back to us.
- **Period Targeted by the Report**  
 Fiscal 2005 (from April 2005 to March 2006)  
 Some activities after April 2006 are included.
- **Scope of the Report**  
 T&D Life Group (T&D Holdings, Taiyo Life, Daido Life, T&D Financial Life, and other group companies)<sup>Note 2</sup>
- **Previous Publication**  
 October 2005
- **Next Publication**  
 September 2007 (planned)
- **Organization to Which the Three Life Insurance Companies Belong**  
 The Life Insurance Association of Japan

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### Notes:

1. Please refer to page 56 for a list of the sections of the GRI Guidelines referred to in this report.
2. Please refer to page 58 for a list of the T&D Life Group's subsidiaries and affiliates.
3. "Stakeholders" refers to the T&D Life Group's interested parties.

# Our Goal Is to Become a Widely Trusted Insurance Group that Contributes through our Business to People and to Society.

GRI 1.2 3.7



T&D Holdings, Inc.  
Naoteru Miyato, President

## **T&D Life Group's Corporate Philosophy**

With our "Try & Discover" motto for creating value, we aim to be a group that contributes to all people and society.

## **T&D Life Group's Management Vision**

- ☐ Aim to provide the best products and services to increase customer satisfaction.
- ☐ Aim to increase the value of the group by expanding and creating value in areas where the group can take full advantage of its strengths.
- ☐ Broadly fulfill our social responsibilities with high ethical standards and strict compliance practices.
- ☐ Aim to be an energetic group whose employees are encouraged to be creative and to take action.

## **T&D Life Group CSR Charter Established to Achieve Sustained Growth through a Partnership with Society**

Just as the passage of time brings about changes in society, so too does it spur changes in society's expectations and demands of companies. In the course of providing society with goods and services of value, companies today are asked not simply to pursue profits but to balance this by fulfilling a range of social responsibilities, including compliance with laws and social rules, consumer protection, concern for human rights and working environments, and conservation of the global environment.

This has made it necessary to continually review all business activities and organizations from the perspective of Corporate Social Responsibility (CSR).

As seen in our full business partnership between Taiyo Life and Daido Life in January 1999, the acquisition of the shares of T&D Financial Life by these two companies, the restructuring of the mutual company formed between Daido Life and Taiyo Life into a joint-stock corporation and the listing of this corporation on Japanese stock exchanges, and the establishment of T&D Holdings, Inc. as a holding company in April 2004, our Group has taken unprecedented steps toward creating organizations, rules, products and services suited to a new age.

In the midst of these substantial changes, we find ourselves once again strongly aware of emerging ties with a greater number of stakeholders, extending beyond conventional insurance policyholders to include shareholders and capital markets as well.

The T&D Life Group has declared and begun to implement a corporate philosophy of contributing to people and to society by creating value under the motto “Try & Discover” and we believe our Group’s CSR lies in proactively considering matters in the course of repeated efforts to “Try & Discover” and continuing to communicate with broad segments of the public to consistently raise our profile in society.

To give concrete definition to these concepts both inside and outside the Company, we released the Group CSR Charter in July 2005. After revising and restructuring the Charter to further promote CSR, we established a new T&D Life Group CSR Charter and a T&D Life Group Compliance Code of Conduct in April 2006.

The new T&D Life Group Environmental Policy was also drafted to make clear the Group’s willingness to tackle environmental issues.

### Actively Addressing Six CSR Topics

The CSR Charter presents six topics: offer of better products and services, strict compliance, respect for human rights, communication, contributions to regions and societies, and global environmental protection. We have long been engaged in efforts in these six areas, but we have now begun adopting even more sophisticated approaches.

In contributing to regional communities and societies, we have sought through foundations to provide financial assistance for projects and research concerning the welfare of the elderly and physically challenged as well as community health and welfare, and for the translation and publication of modern literary

works from Asia. In sponsoring sports events for the physically challenged, our funding is accompanied by personal involvement on and off the field.

### The Essence of CSR for Life Insurance Companies

Life insurance serves as a means of mutual aid among a great number of people, and it is important that customers feel a true need for insurance when purchasing policies. We must carry out our responsibilities to provide follow-up services once these policies are signed and to pay out insurance benefit as required. We believe that the essence of CSR of a life insurance company is ensuring strict compliance and unfailingly performing these backbone insurance operations in good faith.

The T&D Life Group is still in the process of fulfilling its CSR, and will continue to pursue communication with all stakeholders, contribute to people and society through business, and seek to become an insurance group trusted by the general public. We believe that these two-way communication activities will increase the transparency of our operations, which in turn will boost public trust in our Group.

We sincerely welcome your comments and requests in this regard.

August 2006



Naoteru Miyato, President

# The T&D Life Group has Established a CSR Charter to Develop Hand in Hand with Society

GRI 1.1

The T&D Life Group released the Group CSR Charter on July 1, 2005. After revising and restructuring provisions to further promote CSR, we established a new T&D Life Group CSR Charter and a T&D Life Group Compliance Code of Conduct on April 1, 2006.

The new T&D Life Group Environmental Policy also makes clear the Group's posture on tackling environmental issues.

## T&D Life Group CSR Charter

The T&D Life Group is firmly committed to fulfilling the life insurance industry's public mission and to undertaking its corporate social responsibilities based on its management philosophy and by achieving sustainable growth along with society.

### 1 Offer of Better Products and Services

The T&D Life Group will offer well-suited and high-quality products that meet customer needs.

### 2 Strict Compliance

- The T&D Life Group will strictly observe laws, regulations and rules, and act with integrity.
- The T&D Life Group will maintain and promote fair and free competition.
- The T&D Life Group will stand firmly against antisocial forces and groups that may threaten the order or safety of civil society.

### 3 Respect for Human Rights

- The T&D Life Group will respect human rights, and make efforts to enlighten all its employees on human rights.
- The T&D Life Group will respect the individuality of all its employees, ensure a safe and rewarding work environment, and develop its human resources.
- The T&D Life Group will respect privacy, and will strictly control and protect personal information.

### 4 Communication

The T&D Life Group will widely disclose its management information in an appropriate and timely manner to the public as well as to its customers and shareholders, and will actively strive to maintain a dialog with all its stakeholders.

### 5 Contributions to Regions and Societies

The T&D Life Group will implement social-action programs as a good corporate citizen, and will make contributions to the sound development of regional communities and society.

### 6 Global Environmental Protection

The T&D Life Group will carry out its activities with a full awareness of the importance of environmental concerns, and with sufficient consideration given to global environmental protection.



## We Provide a Variety of Financial Products and Services through our Core Life Insurance Business.

GRI 1.1 2.2 2.7 2.9 3.9

The T&D Life Group is working to improve customer satisfaction by offering better products and services.

The Group's three life insurance companies exercise their distinctiveness and specialist knowledge in their respective areas of expertise (the household, the small- and medium-sized enterprise (SME), and the individual variable annuities markets) through unique business models, and provide products and services suited to the needs of a diversity of customers.

Taiyo Life offers protection-oriented products such as death protection, medical and nursing care insurance through face-to-face consultations and sales primarily through direct

home visits by in-house sales representatives and focusing on the middle-aged demographic, particularly housewives.

Daido Life has secured a considerable competitive advantage in the small and medium-sized enterprise (SME) market by positioning sales of individual term insurance to small and medium-sized enterprises through tie-up partner groups as its core business.

T&D Financial Life plays a key role in the T&D Life Group as a strategically positioned provider focused on individual variable annuities through the bank OTC channels, and aim to establish one of the top brand in the market.

### ■ T&D Life Group and Stakeholders

The T&D Life Group is engaged in business operations that fulfill its Corporate Social Responsibility (CSR), in pursuit of sustained development in a broader long-term partnership with society through active communication with the general public and diverse stakeholders.



## Messages from the Presidents of the Three Life Insurance Companies

# Supporting Families by Providing Security in All Aspects of Life

GRI 1.2 3.7



## Katsuro Oishi Representative Director and President

Recognizing the strong public nature of its business, Taiyo Life provides customers with peace of mind through its core life insurance business, believing that the most important issue to be addressed is the precise, prompt and cordial payment of claims and benefits in the event that a misfortune befalls a customer.

Taiyo Life will continue meeting the needs of customers in the household market as a lifelong partner, working to become a company that helps build a caring society that enjoys peace of mind and comfort.

### Protection and Service Supporting Households

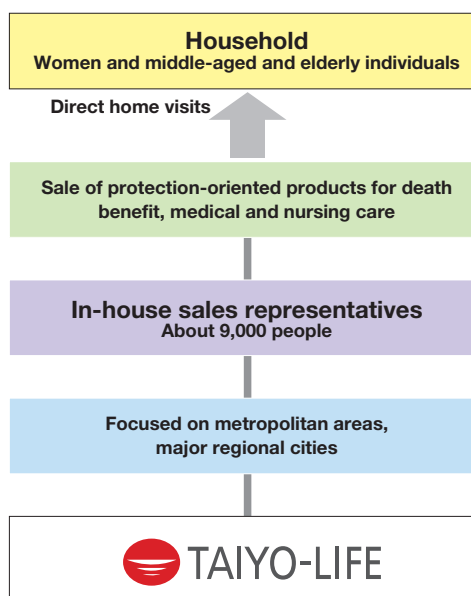
GRI 2.2 2.7

Taiyo Life's unique business model, entailing extensive sales of short-maturity endowment insurance in the retail household market particularly housewives through home visits by female sales representatives, has built a customer base that at the end of March 2006 comprised 2.93 million customers, 70% of whom were women.

Our sales at present are oriented toward death protection as well as other "protection-oriented products" for medical and nursing care that respond to changing customer needs as the populace ages. In April 2003, we launched the whole life insurance package *Taiyo Life's Hoken Kumi-kyoku*, complementing this in April 2005 with sales of such products as our much-needed *Nursing Care Rider with Annuity Payment*. We also provide the long-selling *Kenko Series*, a renovated medical insurance plan with a 10-year maturity, and *Taiyo Life's Yasashii Hoken*, a non-selection-type medical insurance plan for persons aged 40 to 75 who have been hospitalized before or who are presently undergoing out-patient treatment, featuring simple application procedures that do not require an examination by a physician or a report on the applicant's physical condition.

### Taiyo Life's Business Model

**Solid customer base: approximately 4.7 million policies in force**  
(total of individual insurance policies and annuities)





## Messages from the Presidents of the Three Life Insurance Companies

# Supporting SMEs, the Backbone of the Japanese Economy

GRI 1.2 3.7



## Haruo Kuramochi Representative Director and President

Since its founding in 1902, Daido Life has held firmly to a corporate philosophy of “customer-oriented service” and “sound management,” working at all times to earn even greater trust from customers.

Since the 1970s, we have collaborated with trade organizations and tax accountant groups in proposing enhanced insurance systems for small and medium-sized enterprises (SMEs), devoting particular effort to promoting individual term life insurance as a corporate insurance system offering substantial security with reasonable premiums.

We will continue to develop products and services that better meet the needs of customers, as we strive to be a life insurance company providing customers with the highest security and the greatest satisfaction.



### Sales of System Products Supporting SMEs

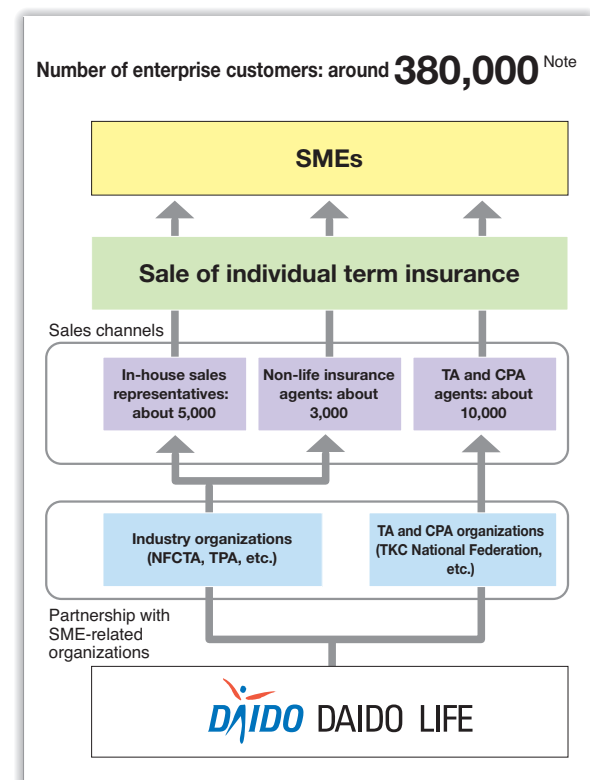
GRI 2.2 2.7

Daido Life has constructed a business model unique among life insurance companies of system product sales in the SME market via associate organizations, and has ensured profitability and sound business management by concentrating its management resources accordingly.

In this business model, partnerships are established with numerous SME and tax accountant/CPA organizations, and our products are adopted as a benefits package system by the member or client companies of these organizations. Optimal individual term insurance has become the key system product in meeting the security needs of SME managers, thanks to both the features and the tax advantages of this product. We have been reworking our approaches in keeping with the times, with one result being the launch of three new types of non-participating term insurance in May 2006.

We will continue to broadly promote these system products as security systems through our own sales personnel as well as through tax accountants and other agents to give SME managers the reassurance they need to focus their attention exclusively on management.

### ■ Daido Life's Business Model



Note: This figure is the number of corporate policyholders of individual insurance policies (including individual annuity insurance).

## Messages from the Presidents of the Three Life Insurance Companies

# Providing Security for Life after Retirement through Individual Variable Annuities

GRI 1.2 3.7



**T&D FINANCIAL LIFE**

## Muneo Takeuchi Representative Director and President

T&D Financial Life serves as a common sales platform for the bank OTC channels within the Group. We provide individual variable annuity products in response to the needs of an aging society.

In fiscal 2005, we carried out a Group-wide restructuring of sales channels, concentrating management resources into bank and other OTC sales channels and thereby becoming a life insurance company specializing in OTC sales at banks and other institutions.

We also increased our paid-in capital by 32 billion yen as a business investment corresponding to the expansion of insurance sales through banks and other OTC channels.

We will continue as a life insurance company to help our customers enjoy comfortable "second lives" by meeting their asset formation needs.

### Aiming to Become a Top Brand in the Expanding Individual Variable Annuity Insurance Market

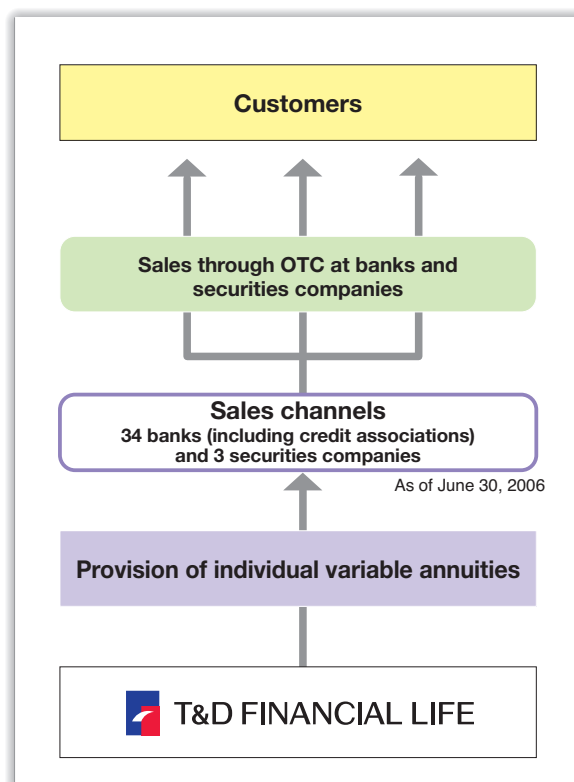
GRI 2.2 2.7

The individual variable annuity market has grown considerably since the ban on OTC sales at banks was lifted in October 2002, reaching about 10 trillion yen at the end of March 2006. With asset management for individuals becoming ever more diversified, the future should see an individual variable annuity market on the order of 50 trillion yen as it continues to steadily develop.

The third phase of deregulation opening up insurance sales to banks and other institutions effective December 22, 2005 and an expansion of the products handled by banks and other OTC channels are among other changes that have taken place in the market environment.

As it develops new products, T&D Financial is actively pushing ahead with creating an organization built around a select minority of highly efficient companies and with upgrading the proficiency of our wholesalers or staff responsible for overseeing agents and support desk operators. By providing products and services offering a high degree of satisfaction to both customers and agents, we are seeking to become the top brand in the individual variable annuity market as well as in that for sales by banks and other distribution outlets.

### T&D Financial Life's Business Model



## CSR TOPICS

## Principal CSR Related Topics

## TOPIC 1

**Establishment of T&D Life Group CSR Charter, T&D Life Group Compliance Code of Conduct, and T&D Life Group Environmental Policy**

(Please see p.6, p.35 and p.51)

In April 2006, the T&D Life Group revised and restructured the Charter, establishing the T&D Life Group CSR Charter, the T&D Life Group Compliance Code of Conduct, and T&D Life Group Environmental Policy.

## TOPIC 2

**Introduction of Executive officer system**

Please see p.12-13.

T&D Holdings and the three life insurance companies sought to further strengthen the corporate governance system by introducing an executive officer system in June 2006, clearly defining the roles of directors and executive officers.

## TOPIC 3

**Further enhancement of insurance claim and benefit payment management**

Please see p.33.

- In January 2006, Taiyo Life set up a Claims & Benefits Judging Division within the Customer Service Dept. and a Payment Assessment Special Committee, whose membership includes an attorney and a consumer group executive, to enhance checks of insurance payment operations.
- In March 2006, Daido Life established a new Payment Supervision Office within the Legal Affairs & Compliance Dept. and a new Insurance Benefit Adjudication Council, on which sit representatives from internal audit and legal affairs departments as well as third-party outsiders such as experts in consumer issues and attorneys.
- In June 2006, T&D Financial Life organized a Payment Assessment Council, with attorneys serving as outside panel members, to ensure fair and precise payment assessment. In July 2006, the company set up a Payment Supervision Committee with consumer issue experts and attorneys among the third parties serving as outside committee members.

## TOPIC 4

**Introduction of childcare leave support system for male employees and employment extension system**

Please see p.38.

- In April 2006, T&D Holdings and the three life insurance companies introduced a system allowing male employees taking childcare leave to receive paid leave for the first two weeks.
- In April 2006, the three life insurance companies introduced a re-employment system allowing mandatory retirees fulfilling certain requirements to work on an annually renewable basis up to a maximum age of 65.

## TOPIC 5

**Promotion of social contribution activities**

5th National Sports Games for the Disabled



Please see p.46-49.

- In November 2005, Daido Life served as a special sponsor for the 5th National Sports Games for the Disabled (Shine On! Okayama Games) held in Okayama Prefecture.
- In December 2005, Taiyo Life set up a Friends of Taiyo Life Goodwill Circle, a volunteer group of executives and employees, with the goal of further promoting social contribution activities.

## TOPIC 6

**Creation of Taiyo Life no Mori in Nasushiobara City**

Please see p.50.

In March 2006, Taiyo Life utilized the Forestry Agency's Corporate Forest System<sup>Note</sup> to create Taiyo Life no Mori (Taiyo Life Forest; about 4.8 hectares) in the city of Nasushiobara in Tochigi Prefecture, for the restoration of forest resources and landscape conservation.

Note: Corporate Forest System: a system for joint creation and nurturing of forests by the Forestry Agency and corporations



Taiyo Life no Mori

# Corporate Governance

## — To Implement Efficient and Transparent Group Management and to Promote CSR

GRI 3.1 3.6 3.8

### The Basic Idea of T&D Life Group's Corporate Governance and Efforts to Strengthen the Corporate Governance Structure

The basic idea of T&D Life Group's corporate governance is to pursue an efficient and transparent business management structure capable of implementing flexible and unifying group management.

Based on such basic idea, T&D Holdings formulates the group's business management strategy, properly allocates managerial resources, and prepares capital policies. Moreover, it is committed to building the group's management structure, which includes efforts to ensure overall group revenues and to manage risks while accurately understanding the business risks of the three life insurance companies under its wing. The three life insurance companies, having their own products and marketing strategies, strive to increase the corporate value of the Group while taking advantage of their autonomy and their own characteristics to the fullest by determining their own marketing strategies leveraged on their strengths and executing business operations accordingly.

### Introduction of Executive Officer System

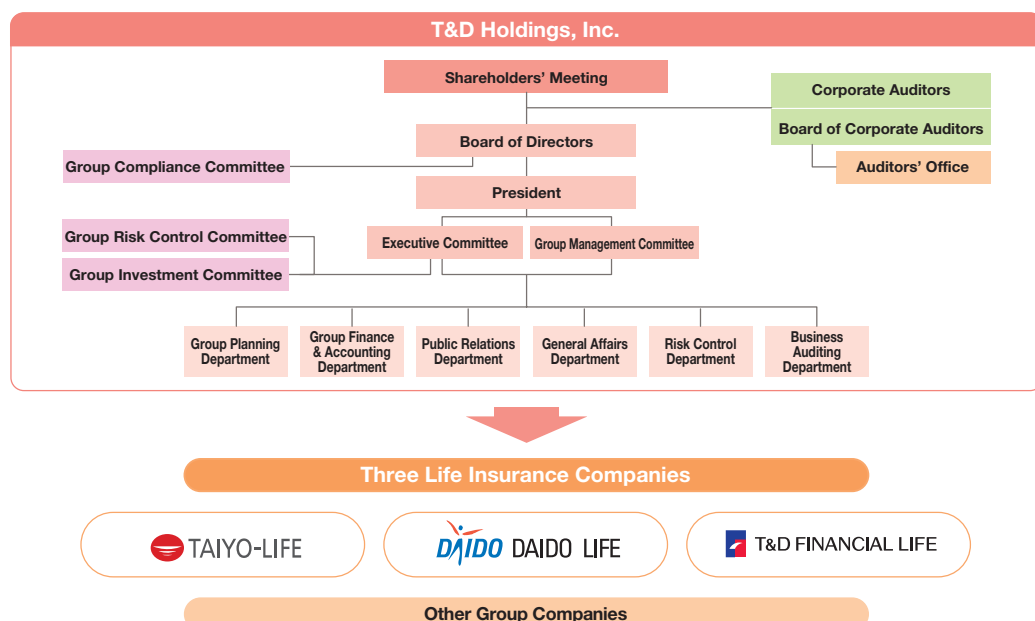
In June 2006, T&D Holdings and the three life insurance companies rolled out the executive officer system, reinforcing the board of directors' governance function and operational execution capability by clarifying the responsibilities of the directors and executive officers.

### New Group Management Committee Established

A further organizational change was introduced in June 2006. The existing Executive Committee was positioned as a function that mainly deliberates issues related to the group's business management while monitoring the operations of the three life insurance companies. This time, beside the Executive Committee, a Group Management Committee, in which the three presidents of the life insurance companies, who have been appointed as directors of T&D Holdings, take part, was established. The Group Management Committee is a function that deliberates cross-organizational strategies for the entire group, such as the formulation of new business strategies.

### ■ Corporate Governance Structure Chart

T&D Life Group engages in efficient and transparent group business operations by clarifying the responsibilities and authorities of T&D Holdings and the three life insurance companies and by putting the coordination system for the entire group in place.



## Basic Internal Control System Concept

Given the public nature of our group's core life insurance business, T&D Life Group considers it essential for us to properly control our business operations and minimize any negative effect that could be brought upon our business by unforeseeable events arising from group business operations, toward the goals of ensuring the health and propriety of our business management and attaining our social mission.

Building upon such view, T&D Holdings and the three insurance companies, at the May 2006 board of directors meeting, decided to develop an internal control system as set forth under Article 362, Paragraph 4, Item 6 of the Company Law. The outline of our internal control system is as follows:

### 1. Structure that Ensures Compliance with the Relevant Laws and the Articles of Incorporation in Business Execution by Our Directors, Executive Officers and Employees

- T&D Group shall establish a T&D Life Group's CSR Charter and a T&D Life Group's Compliance Code of Conduct, make them well known to our directors, corporate auditors, executive officers and employees as our basic policies concerning compliance, and promote compliance.

### 2. Structure that Ensures Efficient Business Execution by Directors and Executive Officers

- T&D Holdings and the three insurance companies shall hold a board of directors meeting every month, which is to serve as a structural base for ensuring efficient business execution by our directors. In addition, the board of directors meetings shall also be held on an ad hoc basis when necessary.
- T&D Holdings and the three insurance companies shall adopt an executive officer system to clearly separate roles of supervision and business execution, in view of strengthening the corporate governance system.
- The T&D Group shall develop Rules for Managing the Group Business Management Plans in order to properly formulate and manage business management plans, and based on the Rules, draw up outline for a group management plan, and determine the group's medium-term management plan based on that outline.

### 3. Structure to Maintain and Manage Information Related to Business Execution by Directors and Executive Officers

- The information related to the business execution by directors and executive officers shall be properly maintained and managed for a prescribed period by the designated department responsible for maintaining the information.

### 4. Rules Concerning the Control of Loss Risks and Other Structures

- The T&D Group shall formulate Group Risk Management Policies, which sets the basic concepts for the Group's risk management. In accordance with the policies, T&D Holdings and the three insurance companies shall develop a risk control system that encompasses the other group companies.
- Additionally, T&D Group shall develop Rules on the Group's Crisis Management to set forth the basic policies concerning the Group's response to crisis and other relevant basic matters. Based on the rules, T&D Holdings and the three life insurance companies shall develop a group-wide structure to deal with crisis, inclusive of other group companies.

### 5. Structure to Ensure Appropriate Business Operations by the Corporate Group, Consisting of T&D Holdings and Its Subsidiaries

- T&D Holdings and the three life insurance companies shall conclude a Business Management Agreement in order to maximize the corporate value of the group and to fulfill the shareholders' mandate, under the premise of policyholders' protection, by ensuring the health and compliance system of the three life insurance companies, the core businesses of the group.

### 6. Structure to Ensure Effective Auditing by the Corporate Auditors

- The corporate auditors shall take part in important meetings in addition to the board of directors meetings, and receive operational reports from directors and executive officers.
- At the time of an accounting audit, the corporate auditors shall examine whether rules and procedures to ensure the appropriateness of financial statements are well developed to serve the purpose of the audit.



## Board of Directors and Board of Corporate Auditors

### Board of Directors

T&D Holdings' Board of Directors meets on a monthly basis, in principle, as well as on an ad hoc basis when necessary to make decisions about the execution of the company's important operations and monitor the operational execution activities of Board members. To ensure efficient and speedy decision-making and operational execution in the group management, the number of Board members is set to nine; one external member (lawyer) as set forth under the Company Law and eight members that include the three presidents of the life insurance companies as of June 28, 2006.

In fiscal 2005, 21 regular and ad hoc meetings of the Board of Directors were held, and the attendance rate at those meetings of directors and corporate auditors was 97%.

### Board of Corporate Auditors

T&D Holdings employs a corporate audit system that monitors the execution of management by directors through the Board of Corporate Auditors, an organization independent of the Board of Directors. In principle, the Board of Corporate Auditors meets once a month. Currently, the Company's Board of Corporate Auditors is composed of four auditors, two of whom are external auditors (one of them is a lawyer) in accordance with the Company Law as of June 28, 2006. The corporate auditors take part in every Board of Directors meeting and attend other meetings such as meetings of the Executive Committee, Group Management Committee, Group Compliance Committee, and Group Risk Control Committee, as needed.

The Board of Corporate Auditors met 13 times (including regular meetings and ad hoc meetings) during fiscal 2005, and the attendance rate at those meetings of corporate auditors was 98%.

## T&D Life Group's Internal Audit System

### Internal Audit System of the Group

T&D Life Group conducts internal audits as a way to help achieve business management goals through verifying and evaluating the appropriateness and effectiveness of the internal control system for overall operations and thereby contributing to its improvement.

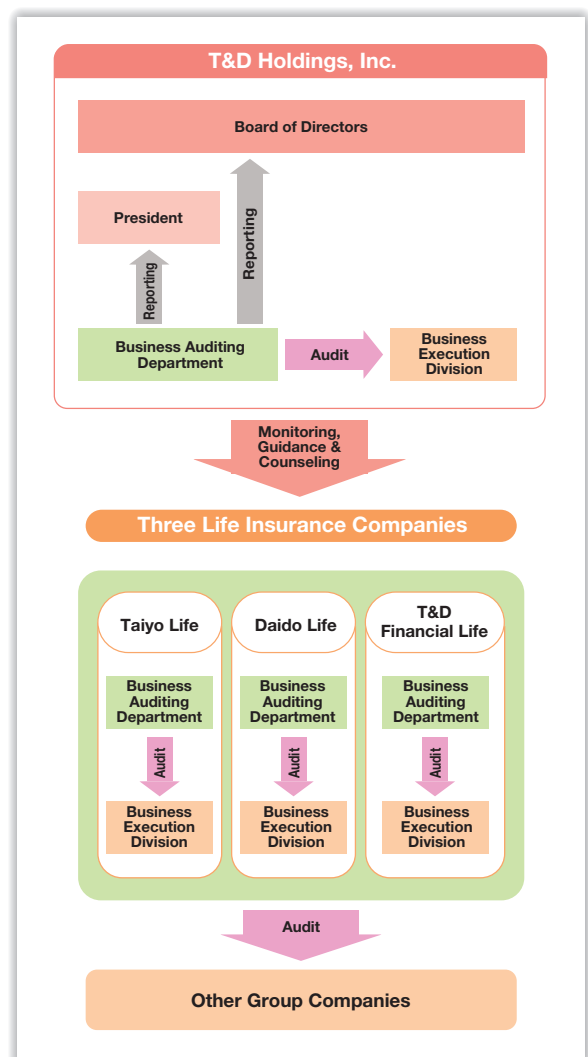
T&D Holdings and the three life insurance companies have each established a business auditing department that engages in internal audit activities independent of other business execution departments. The results of the audits are reported to the president of each company and other executives, and regular reporting is made to the board of directors, as well. The business auditing departments instruct relevant departments to formulate improvement plans to address problems identified during its business audits, follow up on the execution of the formulated improvement plans, and regularly report outstanding problems to various parties including the presidents and the board of directors. The internal audits of other group companies are conducted by each life insurance company.

### Reinforcing the Group's Internal Audit System

In cases where substantial risks are seen to be seen in the operations of the three life insurance companies or other group companies, the business auditing department of T&D Holdings has the authority to directly conduct an internal audit on the relevant company, as needed.

T&D Holdings strives to strengthen the internal audit system of the entire group by understanding and managing the internal control system for the entire T&D Life Group through monitoring the status of internal audits of the three life insurance companies and providing guidance and counsel as needed.

■ T&D Life Group Internal Audit System Chart





## Convening the Second Annual General Shareholders' Meeting

On Wednesday June 28 2006, T&D Holdings held its second annual general shareholders' meeting at Keio Plaza Hotel in Shinjuku-ku, Tokyo from 10:00 am. Two hundred sixty-seven shareholders were present at the meeting.

President Miyato, as the chairperson of the meeting, presented the matters to be reported with the help of a large projector at the meeting room, followed by the presentation of proposed resolutions that require shareholder approval and a question-and-answer session. The voting process then took place, and the meeting adjourned at 11:04 am with all proposals approved.



### Matters to be Resolved:

- Proposal No. 1: Approval of the Proposal for Appropriation of Retained Earnings for fiscal 2005
- Proposal No. 2: Partial Amendments to the Articles of Incorporation
- Proposal No. 3: Election of Two Directors
- Proposal No. 4: Election of One Alternate Corporate Auditor



## Structure to Promote CSR

### Establishing the Organization in Charge of CSR Promotion

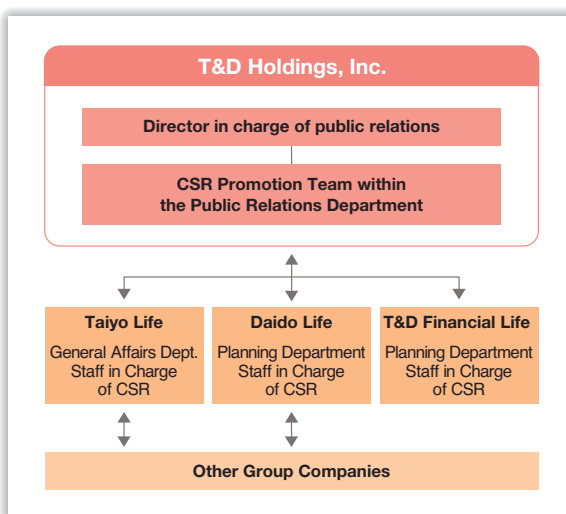
In April 2005, the T&D Holdings established the CSR Promotion Team within the Public Relations Department of T&D Holdings in order to promote CSR as one of its medium-to long-term management issues. At the same time, staff members in charge of CSR were appointed at each of the Group's three life insurance companies. The Group has thus established a system for all group companies to coordinate efforts towards the promotion of CSR along with the existing CSR efforts at the three life insurance companies. Taiyo Life Insurance and Daido Life Insurance are also promoting CSR in collaboration with other group companies.

### The Role of the CSR Promotion Team

The CSR Promotion Team is primarily responsible for the planning, promotion and support of activities related to the Group's CSR activities. It compiles the Group's CSR reports, sets information on the company's website, holds internal seminars, and informs employees and directors of the Group's CSR activities through its in-house magazines and the intranet.

The CSR Promotion Team also deals with domestic and foreign rating organizations concerning socially responsible investment (SRI), including answering their questionnaire surveys. Furthermore, it facilitates communications with stakeholders including NPOs and NGOs, and reports CSR-related tasks that need to be tackled to the Executive Committee and others when appropriate.

■ CSR Promotion System Chart



T&D Holdings is selected as one of the stocks for the Morning Star Socially Responsibility Investment Stock Price Index.<sup>Note</sup>

(As of August, 2006)



Note: Morning Star Socially Responsibility Investment Stock Price Index is a stock price index consisting of the stocks of 150 companies selected from among approximately 3,600 companies listed on the Japanese stock exchanges by Morning Star Japan K. K. In its stock selection, Morning Star Japan conducts comprehensive evaluations of companies from a social viewpoint, covering five areas of governance/accountability, market, employment, social contribution, and environment, and in addition, it considers the market liquidity aspect.

# Risk Management

## —Ensuring Sound and Proper Management

GRI 3.1 3.4 3.6 3.13

### Drastically Managing Risks Based on the Group Risk Management Policies

The T&D Life Group has established Group Risk Management Policies to show its basic strategies for risk management. In these policies, the Group regards risk management as one of its priority management tasks to ensure sound and proper management in view of the social and public nature of the life insurance business, and commits all group companies to carrying out proper risk management based on the principle of self-responsibility.

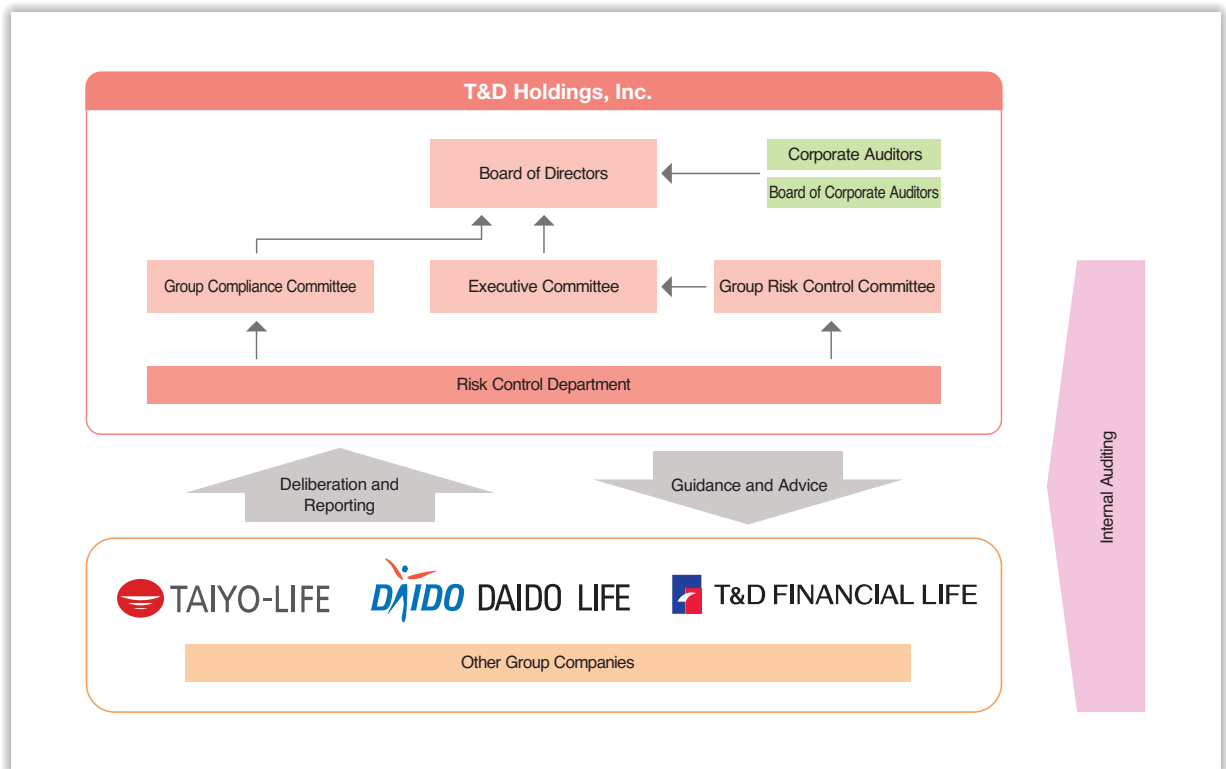
Also, the Group classifies its risks into insurance underwriting risk; investment risk; liquidity risk; operational risk; system risk; legal risk; labor and personnel risk; hazard risk; rumor risk; and affiliate risk. It has set out management principles for each of these risks, either to prevent them, or and to limit them to a certain allowable range.

### Establishing a Group Risk Control Committee for the Comprehensive Management of Group Risks

T&D Holdings has established a Group Risk Control Committee under the Management Committee in order to comprehensively manage risk for the whole Group. The Risk Control Committee receives risk status reports from the three life insurance companies using uniform risk management indices periodically as well as on an as-needed basis. Based on these reports, the committee identifies and manages various risks encountered by the group companies. The Group Risk Control Committee meets on a monthly basis in principle.

T&D Holdings reports the risk status of the group companies to the Board of Directors and gives instructions and advice to the three life insurance companies as required. Through these measures, the T&D Life Group ensures radical risk management at the three life insurance companies, strengthening the entire Group's risk management system.

#### ■ Schematic Representation of the Company's Risk Management and Compliance Framework



## T&D Information Systems Ensures and Maintains Information Security for the T&D Life Group

GRI PR3

T&D Information Systems, Ltd., as the T&D Life Group company responsible for the Group's information system, manages various data, including the personal information of customers, appropriately and under strict control.

In October 2004, we announced our Basic Policies on the Protection of Personal Information and are implementing various measures to protect personal information. In May 2005, upon obtaining the Privacy Mark—a designation granted for companies that conduct the proper handling of personal information—we distributed cards that have the T&D Information Systems Compliance Charter and Ten Must-Dos for the Protection of Personal Information printed on them to all employees and directors of T&D Information Systems as well as our subcontractors; they are obliged to carry the cards with them.

Recently, we are seeing increasing incidences of personal information being leaked due to computer viruses and the use of Winny. We have installed antivirus



software on our computer system and are restricting the use of software other than those designated by the Company. In addition, we are organizing information security education programs for our employees and subcontractors as a part of our proactive efforts to prevent personal information from leaking.

In the current fiscal year, we started efforts to obtain ISO 27001 certification, an international standard for information security management systems.



T&D Information Systems, Saitama City

### >>Comments from the People in Charge of Information Security



**Mr. Hiroshi Tomoi**

Manager, Business Planning Department, T&D Information Systems

#### Reinforcing Information Security Education

It goes without saying that we ensure the protection of our massive information assets with the use of technology as part of our safety measures. What is most important in ensuring and maintaining information security is reinforcing safety measures in areas where people are involved. It is essential for us to stress the importance of information security to all employees through our educational programs conducted in accordance with annual plans and make them fully aware that we must act in accordance with laws and regulations at all times. I intend to lead our efforts in information security education in the future.



**Mr. Shigemasa Kobayashi**

Leader, Quality Supervision Promotion Office, T&D Information Systems

#### Measures That Encompass People, Processes, and Technology

To ensure information security, we need to address the three major elements of people, processes, and technology. The importance of having an internal control system has been gaining attention recently. At the Quality Administration Promotion Office, we focus on the process of handling information security. We pay particular attention to seeing whether there is a procedure for handling information security; whether a proper mutual check system is working; and whether the monitoring function is working properly.



**Mr. Satoru Sakai**

Leader, Business Planning Section, Business Planning Department, T&D Information Systems

#### Balance between Investment in Information Security and Its Effects

Although new technology that prevents information from leaking is being developed, other ways of stealing information will be invented. There is no end to the investment in security technology. Investment in information security does not directly lead to earnings. So it is true that, in a sense, it is difficult to gain the understanding of stakeholders. I would like to proactively present proposals on investment in information security for the T&D Life Group while considering the balance between investment and its effects.

# Financial Summary

## — Performance of the T&D Life Group and Ensuring Sound Management

GRI 2.8 EC1 EC3 EC6

### Performance for the Fiscal Year Ended March 2006

Among major performance figures, the new policy amount for the Group's three life insurance companies totaled 7,293.8 billion yen, down 3.3% from the previous fiscal year.

The amount of surrender and lapse totaled 5,102.7 billion yen, up 4.7% from the previous fiscal year.

As a result, the policy amount in force increased 1.2% from the previous fiscal year, to 60,265 billion yen. Both Taiyo Life and Daido Life achieved a record-high policy amount in force.

Income from insurance premiums amounted to 1,902.3 billion yen, up 5.7% year on year.

On the consolidated income statement, ordinary revenues rose 5.5% from the previous year, to 2,444.2 billion yen; ordinary profit jumped 25.7% year on year, to 136.8 billion yen; and net income decreased 4.3%, to 35.5 billion yen, from the previous year. The increase in ordinary profit was due mainly to improved capital gains. The fall in net income was due chiefly to a rise in extraordinary losses, such as an increase in provisions for reserve for price fluctuations.

Both Taiyo Life and Daido Life increased their policyholder dividends.

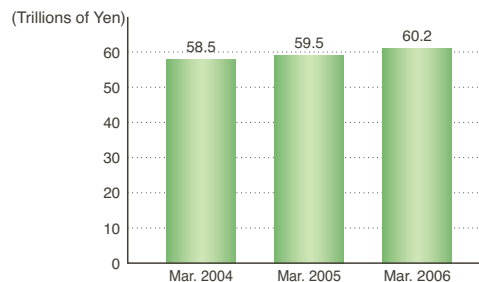
Among other performance indicators, the amount of negative spreads for the three life insurance companies combined amounted to 72.2 billion yen, an increase of 9.6 billion yen from the previous fiscal year.

The core profit for the three life insurance companies combined totaled 127.2 billion yen, decreased 2.5 billion yen year on year.

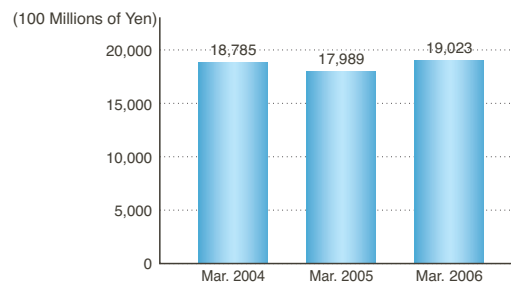
#### Notes:

1. For the fiscal year ended March 2004, income from insurance premiums and net income for Taiyo Life, Daido Life, and T&D Financial Life are the sum of non-consolidated data. For fiscal years ended March 2005 and March 2006, those figures are based on the consolidated data of T&D Holdings.
2. The policy amount in force is the total of individual insurances and individual annuities.

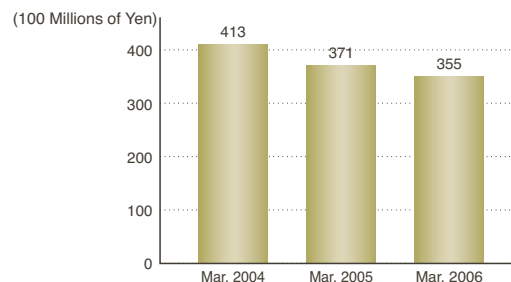
#### Policy Amount in Force



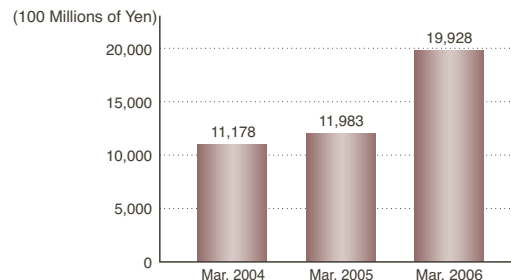
#### Income from Insurance Premiums



#### Net Income



#### Embedded Value



## Payments of Insurance Claims and Benefits

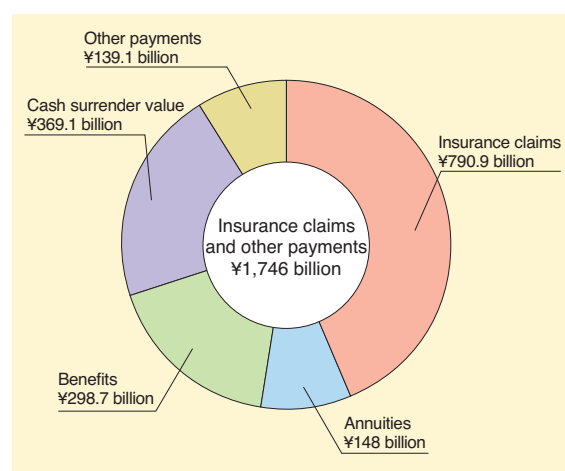
Life insurance companies, whose responsibility is to give customers peace of mind over a long period of time, must be capable of paying insurance claims and benefits without fail.

While providing products and services that satisfy customer needs, the three insurance companies in the T&D Life Group try to respond to customer expectations over a long time by maintaining a sound financial base and adequate risk management so that customers are able to become policyholders with peace of mind.

The total amount paid out in insurance claims and other payments by the T&D Life Group in the fiscal year ended March 2006 was 1,746 billion yen<sup>Note 1</sup>.

In the fields of individual insurance and individual annuity, the total number of policies on which the three insurance companies paid out insurance claims and other payments in fiscal 2005 was approximately 1.43 million<sup>Note 2</sup>. This indicates the substantial number of customers the companies supported.

### ■ Insurance Claims and Benefits Paid (Fiscal Year ended March 2006: Consolidated Data)



#### Notes:

1. Aggregate amount of individual insurance and annuities as well as group insurance and annuities
2. Aggregate number of death, disaster, and serious disability insurance claims; hospitalization and surgery benefits; maturity benefits; annuities; and survival benefits, etc. (total for Taiyo Life, Daido Life, and T&D Financial Life)

## The T&D Life Group's Capital Management

Given the highly public nature of the life insurance business, which is the core business of the T&D Life Group, T&D Holdings aims to leverage capital efficiency while emphasizing healthy business management and the fulfillment of the shareholders' mandate so that customers will be assured of their securities when choosing the T&D Life Group's life insurance companies. The Group's fundamental capital management policies are as follows:

- 1) Obtain the capital required to sustain stable and sound operations at T&D Holdings and the three life insurance companies
- 2) Efficiently utilize capital based on accurate analyses of the capital efficiency of T&D Holdings and the three life insurance companies

- 3) Promote sustainable growth of the Group's corporate value by maintaining an optimal balance between the emphases placed on the previous two policies

Based on the fundamental capital management policies above, T&D Holdings appropriately allocates capital to companies under its umbrella, investing funds required for business in growth fields and new businesses.

In fiscal 2005, T&D Financial Life's capital was increased by 32 billion yen to strengthen the growth area of the bank OTC channel.

### ■ T&D Holding's Basic Dividend Policy for Shareholders

The basic dividend policy of T&D Holdings is, first, to ensure necessary retained earnings for the entire Group while paying attention to maintaining sufficient capital for sustaining the financial soundness of T&D Holdings and the three life insurance companies and then make

stable profit distributions to shareholders along with efforts to enhance shareholder value.

For the fiscal year ended March 2006, cash dividends of 55 yen per share, up 10 yen from that in the previous fiscal year, were paid out.

## Sufficient Solvency Margin Ratios and High Ratings Indicate Financial Soundness

### Sound and Stable Business Management

The T&D Life Group aims to conduct business that emphasizes the securing of sound and stable management so that customers are able to become policyholders with peace of mind. It is necessary for us to obtain sufficient capital to maintain sound and stable business management, and it requires certain capital costs. Yet, with the trust of our customers, we believe that it will boost the Group's earnings in the medium-to long term and, thus, eventually bring about enhanced corporate value.

The indications of the soundness of each of the Group's life insurance companies are as follows.

#### ● Solvency Margin Ratio

The solvency margin ratio is one of the indicators used to show the reliability of an insurer and is used for administrative control purposes. The Group's three life insurance companies maintain their solvency margin ratios well in excess of 200%, which is standard for administrative control. The trend in solvency margin ratios of respective companies is shown in the table in the upper right-hand corner.

#### ■ Solvency Margin Ratio

	As of March 31, 2004	As of March 31, 2005	As of March 31, 2006
<b>Taiyo Life</b>	863.3%	865.7%	<b>1,045.2%</b>
<b>Daido Life</b>	1,034.9%	1,037.2%	<b>1,254.4%</b>
<b>T&amp;D Financial Life</b>	984.8%	721.7%	<b>1,911.8%</b>

Note: The solvency margin ratio is one of the indicators used by the Financial Services Agency for supervisory purposes and shows an insurer's solvency to pay insurance claims. A rate of 200% or higher means that the insurer has met one of the criteria for sound management.

#### ● Ratings

The T&D Life Group asks outside rating agencies to evaluate the Group's three life insurance companies in terms of financial strength and ability to pay insurance claims so that customers can make an objective judgment on the soundness of the Group's companies.

The rating agencies evaluate our financial health, among other things, and the results are reflected in their ratings. We will continue to do our utmost to maintain and improve the ratings granted by the rating agencies into the future.

## Ratings

As of the end of July 2006

		Taiyo Life	Daido Life	T&D Financial Life
Rating Agency	Standard & Poor's (S&P)	A	A	
	Japan Credit Rating Agency (JCR)	A+	AA-	A
	Rating and Investment Information (R&I)	A+	A+	A+
	Fitch Ratings		AA-	

Note: The above ratings represent the opinions of credit rating agencies and do not guarantee any actual payment of insurance claims. Please note that these statements are based on numerical figures and other data as of a certain date. Therefore, the ratings may change in the future. The rating agencies listed above are designated as such by order of Japan's Cabinet Office. The plus (+) and minus (-) signs following the ratings show the relative standing within the major rating categories. The three life insurance companies formally asked the rating agencies to evaluate them and are rated as shown in the table above. The definitions of the ratings shown on the right were announced by each rating agency.

### Rating Definition

#### ■ Standard & Poor's (S&P)

Insurer Financial Strength Ratings

Rating A: An insurer rated "A" has Strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings

#### ■ Japan Credit Rating Agency, Ltd. (JCR)

Insurance Claims Paying Ability Ratings

Rating AA: A very high level of capacity to honor the financial commitment on the obligation

Rating A: A high level of capacity to honor the financial commitment on the obligation

#### ■ Rating and Investment Information, Inc. (R&I)

Insurance Claims Paying Ability Ratings

Rating A: A high degree of capacity for payment of insurance claims and excellence in a few key factors of evaluation

#### ■ Fitch Ratings, Ltd.

Insurer Financial Strength Ratings

Rating AA: Insurers are viewed as possessing very strong capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be very small



## Disclosing Embedded Value (Potential Value of the Corporation): EV

The T&D Life Group places emphasis on embedded value (EV) and intends to increase corporate value by boosting EV.

EV is the sum of the adjusted book value, which is calculated from the balance sheet and attributable to shareholders, and existing business value, which is calculated from existing policies in force. EV is used in Europe and Canada as one of the indices to evaluate the corporate value of a stock life insurance company.

Under current statutory accounting practices applicable to life insurance companies in Japan, there is a time lag between the sale of policies and recognition of profits. The use of EV allows the contribution of future profit from new business to be recognized at the time of the sale. It therefore serves as a valuable supplement to statutory financial information.

The total EV of the three life insurance companies at the end of March 2006 amounted to 1,992.8 billion yen, up 794.4 billion yen from that at the end of March 2005, due mainly to an increase in the adjusted book value from rising share value.

In calculating EV, the T&D Life Group has standardized its calculation criteria and major assumptions across Group companies.

### ■ Embedded Value

(100 millions of yen)

T&D Life Group	As of March 31, 2004	As of March 31, 2005	As of March 31, 2006	Amount of Increase (Decrease)
Embedded Value	11,178	11,983	<b>19,928</b>	7,944
Adjusted Book Value <sup>Note 1</sup>	6,403	6,507	<b>12,325</b>	5,818
Existing Business Value <sup>Note 2</sup>	4,774	5,476	<b>7,602</b>	2,126
EV of New Business <sup>Note 3</sup>	530	612	<b>651</b>	38

### (Breakdown)

Taiyo Life	As of March 31, 2004	As of March 31, 2005	As of March 31, 2006	Amount of Increase (Decrease)
Embedded Value	3,407	3,376	<b>7,178</b>	3,802
Adjusted Book Value	2,767	2,710	<b>5,148</b>	2,438
Existing Business Value	639	666	<b>2,029</b>	1,363
EV of New Business	322	332	<b>315</b>	(16)
Daido Life	As of March 31, 2004	As of March 31, 2005	As of March 31, 2006	Amount of Increase (Decrease)
Embedded Value	7,342	8,255	<b>12,056</b>	3,801
Adjusted Book Value	3,348	3,577	<b>6,671</b>	3,093
Existing Business Value	3,994	4,677	<b>5,384</b>	707
EV of New Business	230	298	<b>360</b>	61
T&D Financial Life	As of March 31, 2004	As of March 31, 2005	As of March 31, 2006	Amount of Increase (Decrease)
Embedded Value	429	351	<b>693</b>	341
Adjusted Book Value	288	218	<b>505</b>	286
Existing Business Value	141	132	<b>188</b>	55
EV of New Business	(22)	(18)	<b>(24)</b>	(6)

#### Notes:

1. The adjusted book value is calculated according to the following formula: Adjusted book value = total equity (excluding net unrealized gains on securities) + quasi-equity liabilities (reserve for price fluctuations, contingency reserve, and unallotted portion of reserve for policyholder dividends) + general reserve for possible loan losses (after tax) + net unrealized gains (losses) on securities (after tax, excluding yen denominated bonds, including derivative transactions) + net unrealized gains (losses) on real estate (after tax) – deferred tax assets for quasi-equity liabilities
2. The existing business value = present value of future aftertax profit on existing business in force – present value of cost of capital. Cost of capital is the spread between the investment yield and discount rate applied to the amounts of capital and surplus that will be required to maintain the assumed solvency margin ratio.
3. The EV of new business included in the total EV represents the value of new business (including new business from conversion) for each fiscal year.

\* T&D Holdings requested Milliman Inc., an outside third-party professional (independent actuarial firm) equipped with expert knowledge related to actuarial calculations, to review the calculation methodology, assumptions, consistency of methodology, and validity of the results of the EV calculations among the three companies of the T&D Life Group and obtained Milliman's professional opinion. (To view Milliman's opinion, please refer to our Web site at <http://www.td-holdings.co.jp/e/>)

\* The calculating EV involves certain assumptions regarding future projections that are subject to risks and uncertainties. It should be noted that actual future results might materially differ from the assumptions used in the EV calculations. Moreover, although EV is one indicator of the corporate value of a stock life insurance company, the actual market value may significantly diverge from the EV, and investors are advised to be cautious.

## >>Comment from an Analyst

GRI 3.11



**Ms. Keiko Mizuguchi**

Chief Analyst of the Financial Institution Group, Rating Dept. 1, Japan Credit Rating Agency

We estimated the soundness of the T&D Life Group as a whole, including an analysis of individual Group companies in terms of strong business and capital foundations and favorable profitability. Also, we considered the strategic positioning of each company within the Group. As a result, we gave relatively high ratings to the Group's three life insurance companies. In addition to the business and financial foundations of the Group, we also gave high ratings to the Group's financial flexibility backed by its track record in capital procurement activities. We believe that Daido Life will be able to maintain its competitive edge in the SME market. The Company is gaining stable profits based on its advantageous business foundation and maintains sufficient solvency to pay insurance claims.

Taiyo Life is maintaining its customer base centered on the household market bolstered by the solid relationship between its sale representatives and its customers. As its recent sales strategy, Taiyo Life is shifting its strategic focus from savings-oriented products to protection-oriented products. We will pay attention to how the Company will improve its profit structure with this strategic shift. T&D Financial Life is expanding its sales of variable annuity products under the improved profit and risk management system. We will also pay attention to how T&D Financial Life will further expand its business volume and bring down unit cost while maintaining a balance between the level of sales commissions and support system enhancement.

# 1 Offer of Better Products and Services

The T&D Life Group will offer well-suited and high-quality products that meet customer needs.

## Activities to Deliver Maximum Satisfaction to Our Customers

GRI 2.2 2.7 3.11

T&D Life Group aims to boost customer satisfaction through the delivery of better products and services.

The three life insurance companies provide products and services that meet the various needs of our customers in the household market, the small and medium-sized enterprise market and the individual variable annuity market through our distinctive sales channels.

To establish business management that emphasizes customer satisfaction, we attentively listen to the valuable opinions of our customers and try to reflect them in our business operations. To this end, we are promoting a variety of efforts to enhance our internal system further.



Taiyo Life Head Office Customer Service Counter



Daido Life Customer Center (Tokyo)



## Support Families by Providing Security in all Aspects of Life

**I place importance on a trusting relationship with our customers so that I can be a lifelong partner for them.**



(Left)

**Ms. Kieko Fujii**

In-House Sales Representative,  
Siogama Branch, Taiyo Life

(Right)

**Ms. Keiko Sai**

Taiyo Life policyholder

### The First Visit

**Ms. Sai:** I believe Ms. Fujii of Taiyo Life first came to my home after we had met at a meeting through our mutual friend.

I have always thought of Taiyo Life as being “a folksy and friendly company that has happy customers.” To this day, my impression of the company has never changed.

**Ms. Fujii:** Thank you very much. We have known each other for 25 years, or one-fourth of a century.

**Ms. Sai:** I do not remember exactly what we talked about when we first met, but I think I talked about my family. We did not talk much about insurance matters. She was a very good listener and she gained a good understanding of my family situation.

**Ms. Fujii:** I wanted to know about her family, including the family makeup, before discussing her insurance needs. To provide the benefit security necessary for her, I also wanted to meet her other family members, if possible. That way I can offer the most suitable products for her. I also wanted her to ask me any questions she may have pertaining to insurance matters.

### Easy-to-Understand Briefing on the Products

**Ms. Sai:** Ms. Fujii briefed me on the insurance products while showing me product summary sheets, so it was easy to understand.

**Ms. Fujii:** In order to make my briefings easy to follow, I always explain the products faithfully based

on the product summary sheets. To do that, I first need to have a full understanding of the product summary sheets. I then think about how I can better explain them to my customers. I first proposed a product that had a particular focus on the death benefit. I especially stressed the living benefit rider of the product in detail during my briefing.

**Ms. Sai:** I also have policies from other insurance companies, but it was natural for me to lean towards Ms. Fujii and select products offered by Taiyo Life because she is thinking not only about me, but also about my other family members when suggesting products. In addition, she is very helpful because she is willing to come back to my home many times.

### Trusting Relationship with Customers

**Ms. Fujii:** I am glad that I chose this job, because I can gain trust from my customers by doing my job sincerely. For that, I try to be a lifelong partner of my customers, not just selling our products on the spot.

I am very grateful that I have been able to work for a long time and I am happy about the fact that I can work.

I will continue to make further efforts to offer products that are truly suitable for my customers from the customers’ viewpoints, so that I can remain a trusted and needed in-house sales representative into the future.

## Supporting SMEs, the Backbone of the Japanese Economy

### I am Putting the Policy for Business Owners into Effective Use for Business Succession.

I am the third generation, counting from the founder of this company. It has been more than twenty years since my predecessor first purchased a policy from Daido Life. Daido Life has been providing life insurance products for business owners through affiliated groups since that time. My predecessor told me that he acquired a policy upon a recommendation from a corporate taxpayers associations (*Hojinkai*) with which he was very deeply involved. Initially purchased because of the benefits for business owners who cannot expect much security under the public insurance system, I later started to use the policy as a tool to better deal with inheritance tax, which is essential for the business succession of small and medium-sized enterprises (SMEs). In fact, I was able to take advantage of the Daido Life insurance product when I took over the business from my predecessor.

The Daido Life in-house sales representatives are quick in their responses, and I feel comfortable and assured as they provide detailed proposals from time to time. I hope we can continue our longstanding relationship into the future with an eye toward passing on the business to my successor.

I look forward to seeing new products developed that will cover not only business owners, but also employees.



**Mr. Keiji Nitta**  
Representative  
Director, Nitta Co., Ltd.,  
Daido Life policyholder



Nitta Co., Ltd.'s showroom displaying original printing products

## Support Staff for Certified Tax Accountant Agents

### To Provide Optimum Products and Services, I Will Work in Collaboration with Certified Public Tax Accountant Offices.

Daido Life has built a systematic support structure for tax account agents in partnership with the Certified Public Tax Accountants Associations and Certified Public Tax Accountants Cooperative Associations across the country.

In my second year with Daido Life, my goal is building a partnership with the CPTA offices. To achieve this, I am working on information sharing and exchange of opinions every day, bringing back the matters that I cannot answer on the spot and providing answers on the same day. I am making all my efforts every day to build a trusting relationship.



At present, I have a lot to learn from the CPTA offices, and I am getting help from them. In the future, however, I would like to be able to act on my own initiative. At the same time, I will work towards attaining the expertise required to fulfill my job to be able to improve my ability to provide professional support. I hope to realize a firm partnership for the provision of optimum products and services in order to meet to the security needs of all of our customer companies.

**Ms. Kumiko Takagi**  
Support Staff for CPTA Agents,  
CPTA Promotion,  
Tokyo Branch Office, Daido Life





## Providing Security for Life After Retirement through Individual Variable Annuities



### I am Working on My Sales Activities with a Focus on the Characteristics of Products.

**Mr. Masayuki Yamanobe**

Branch Manager, Ueno Branch, Mitsubishi UFJ Securities, Co., Ltd.

In August 2005, T&D Financial Life concentrated its management resources in the bank OTC channel after examining sales channels, given the trends of financial liberalization and deregulation. Mitsubishi UFJ Securities, one of our major financial institution agents, is marketing the “*Shikkari Hoshō Teizō-kun*” individual variable annuity product.

Mr. Yamanobe, Branch Manager of Ueno Branch, Mitsubishi UFJ Securities, says that the product (“*Shikkari Hoshō Teizō-kun*”) has been enjoying strong sales since its launch in October 2002. He attributes the reason for the strong sales of “*Shikkari Hoshō Teizō-kun*” to the following: while the product does not guarantee minimum living benefits, the minimum death benefit increases at an annual compounded rate of 2% for ten years, up to 120% of the basic insured amount; with a variety of funds to choose from, the products can satisfy the various investment needs of customers; insurance premium and other costs are kept low; and customers can purchase the policy until they become 80 years old.

Mr. Murakami, Chief Wholesaler in charge of assisting the Mitsubishi UFJ Securities’ Ueno Branch, says that the Ueno Branch has been marking the top level of performance every fiscal period among branches and the head office of Mitsubishi UFJ Securities nationwide, as well as among our agents. He further speaks highly of the professionalism of the people at the Ueno branch, who are engaging in their sales activities with a focus on the features of the products. He says, “The sales representatives at Ueno Branch have come to learn the needs of their customers accurately through their daily sales activities, and they offer the individual variable annuity product together with other products such as investment trusts and foreign bonds to their

customers who are keen on making investments. It takes time to get a contract signed in the insurance business. That is why it is important for us to present our product offerings to customers continuously on a regular basis. I believe, in order to maintain such high performance, their sales representatives know quite a lot of information about their customers, such as customer attributes and other family members.

Mr. Yamanobe says, “A new law concerning the transactions of financial products is scheduled to be rolled out for the protection of investors. One of the principles of the law is a “Matching Principle” which requires us to limit the sales of risk products to only those who understand such features of the products. We are dealing with products that may be sold to senior citizens, thus we have to pay our utmost attention to this point.” Mr. Yamanobe is currently leading the efforts to implement thorough compliance of laws and regulations at his branch.



He also commented on the agent support system at T&D Financial Life. He said, “They organize an annual product study seminar for our new sales representatives. In addition, individual counsel meetings are held. They provide attentive and accurate answers to the questions from our sales representatives. We are happy about the information provided by them as well as our opinion exchanges during the course of our daily operations.”

While expressing gratitude for Mr. Yamanobe’s comment, Mr. Murakami renewed his determination to do his best in his work, going on to say, “I can learn a lot from the sales representatives at Ueno Branch because their expertise is so superb. I would like to do my best in supporting their work into the future.”



### I will do my utmost in supporting our agents to build a trusting relationship with our customers.

**Mr. Masayuki Murakami**

Chief Wholesaler, East Japan Promotion Office No.2, Business Promotion Department, T&D Financial Life

## Establishing Business Management that Emphasizes Customer Satisfaction

GRI 3.10 3.11 3.12 PR1 PR2 PR8

The Group's three life insurance companies strive to increase customer satisfaction by attentively listening to every comment, complaint and suggestion, etc. made by its customers and conveyed through its branches nationwide, call centers, and

customer meetings, and by having their opinions and requests reflected in its business management. We will continue to work hard in activities that can further increase customer satisfaction into the future.

### Providing Accurate and Easy-to-Understand Information on Policy Content at the Time a Contract is Signed

The three life insurance companies have their own Solicitation Policy with which they comply so that customers, after fully understanding the contents of policies, will sign contracts that comply with applicable laws and regulations. The companies endeavor to design products appropriately and solicit business in a fair manner, which they consider meets their customers' intentions and circumstances. We provide necessary information through our *Policy Leaflet and Policy Provisions and Important Information*.

Individual variable annuity products are subject to market risks, which means that the amount customers receive varies depending on investment performance. Therefore, T&D Financial Life instructs its financial institution agents to provide an adequate explanation of

the insurance amount and contract content, taking into account the customer's intention and circumstances, including their investment objectives, age, and previous investment experience.

### Efforts of Taiyo Life

#### Customers' Voices Information System

Taiyo Life takes advantage of various opportunities in collecting the opinions of its customers, including such channels as in-house sales representatives, customer service staff, customer counters at branches, customer service centers, the office for customer inquiries, and questionnaires on general notices. We register the customer opinions we collect on our Customers' Voices Information System and share the information throughout the company. In this way, Taiyo Life has developed a system under which relevant departments can respond to customers in a coordinated fashion.

### Solicitation Policy (Daido Life)

This is the basic solicitation policy of Daido Life, which was formulated in accordance with Article 8 of the Law Concerning Sales of Financial Products. It specifies solicitation methods and other matters that should be taken into account when sales representatives solicit our life insurance and investment trust products.

#### Solicitation that Takes into Account the Customer's Intention and Circumstances

- We will strive to design and solicit appropriate products that are suitable to the customer's intention and financial situation.
- We will particularly provide appropriate explanations to our customers, taking into account the customer's intention and circumstances, including his/her investment objectives, age, income, previous investment experience, and financial standing, when we solicit investment products that could be affected by the market (market risks).

#### Methods of Solicitation

- We will refrain from giving explanations or indications that could be misleading. We will not solicit customers without considering the time, place, and sales methods that could lead to social criticism.
- When soliciting our products, we will deliver documents to the customer, explain essential matters regarding contracts, and make sure the customer purchases our products only after obtaining a full understanding of the products.
- When soliciting insurance products without directly meeting with customers such as direct mail sales, etc., we will try to devise easy-to-understand explanations so that our customers will be able to know everything about our products.

#### Handling Customer Information

- We will manage customer information in accordance with our rules of handling personal information and assign staff members who are in charge of managing customer information to protect our customers' privacy.

#### Structure that Complies with Laws and Regulations

- We will comply with the Insurance Business Law, Law Concerning Sales of Financial Products, Consumer Contracts Law, and other relevant laws and regulations as well as social norms and strive to strengthen our internal management system so as to facilitate appropriate solicitation.
- We will strive for the sound operation of our insurance system and prevent attempts to obtain insurance claims and benefit payments through wrongful ways by taking advantage of the Contract Details Registration System (or Contract Detail Referring System).

#### Training System

- We will improve our training system and provide detailed education and training programs to nurture salespeople who can engage in proper solicitation activities and be trusted by our customers.

#### Inquiries and Requests

- If you have any inquiries or requests, please refer to the contact below or any of our branch offices.

#### Customer Service Center

(Osaka) Toll-free: 0120-789-501  
1-2-1 Edohori Nishi-ku, Osaka 550-0002  
(Tokyo) Phone: 03-3434-7483  
1-2-3 Kaigan Minato-ku, Tokyo 105-0022

- Daido Life Web site: <http://www.daido-life.co.jp/>



In addition, we organized the Customers' Voices Council, in which we discuss solutions to any complaints our customers may have and provide reports, and the Committee That Makes Use of Customers' Voices, in which we discuss and review the opinions of our customers together with outside committee members. We are making every effort to have the opinions of our customers reflected in our service and business operations.

In fiscal 2005, the number of cases registered on the Customers' Voices Information System rose significantly from that in the previous year. This was mainly due to our proactive efforts to gather customers' opinions through the regular visits of our customer service staff and the Fureai Club.

■ **Number of cases registered on the Customers' Voices Information System**

	Fiscal 2004		Fiscal 2005	
Complaints	1,928	29.7%	5,804	26.2%
Opinions, Requests, or Inquiries	2,254	34.7%	3,784	17.1%
Words of Appreciation or Praise	2,308	35.6%	12,540	56.7%
Total	6,490	100.0%	22,128	100.0%

### Establishing the Committee That Makes Use of Customers' Voices

Taiyo Life is trying to make good use of its customers' complaints, opinions, or requests in its services and business operations. To this end, in April 2006, we set up the Committee That Makes Use of Customers' Voices, in which we discuss and review the results of our analysis concerning trends in and reasons behind customers' opinions registered on the Customers' Voices Information System as well as our efforts to improve our business based on the opinions of our customers. We also make recommendations to management as needed.

The committee, which comprises two outside committee members (one lawyer and one from the consumer group) and several of our directors, convenes every quarter.

### Efforts of Daido Life

#### The first year of the CS Improvement Promotion

We designated 2006 as the first year of the CS<sup>Note</sup> Improvement Promotion in view of our basic customer-oriented philosophy and going back to the basics of the corporation: the customer comes first. Every one of our employees or directors takes action from the customer's point of view at all times, representing Daido Life.

Daido Life aims to become a company that delivers the utmost peace of mind and maximum satisfaction to its customers through its efforts to improve CS.

Note: CS stands for customer satisfaction.

#### Reinforcing a structure to listen to "customers' voices"

- Opinions raised through our branch offices and call centers

We gather "customers' voices" from a wide range of sources and manage them centrally.

- Opinions expressed at customer meetings

We hold customer meetings annually at our branch offices nationwide and listen to their opinions and requests firsthand.

- Opinions forwarded through questionnaires

We enclose a questionnaire in our annual correspondence Notice Concerning Your Policy Details leaflet, asking our customers for their opinions about our responses and services. Starting from fiscal 2006, we will ask customers completing various request procedures to fill out a questionnaire.

### Improvement Measures in Response to "Customers' Voices"

- Review of improvement measures and its execution:

CS Promotion Committee

We classify "customers' voices" forwarded from all over Japan by issue, and the CS Promotion Committee, which consists of branch managers and general managers at the head office, discuss improvement measures and their implementation. The improvement measures will be reported to the Management Execution Committee, thus ensuring the proper involvement of executives.

- Executing improvement measures: CS Session

All employees and directors are informed of the improvement measures discussed and decided upon by the CS Promotion Committee at the CS Session and are executed in our daily business operations.

The CS Session is a companywide effort in which all employees discuss how to make use of CS improvement promotion measures by department, with branch managers and general managers serving as its driving force.



CS Promotion Poster

### Efforts of T&D Financial Life

T&D Financial Life has been working on the improvement of customer satisfaction by faithfully paying attention to each and every voice of our customers raised through various channels including call centers and reflecting such customers' opinions and requests into our business management. We are determined that every one of our employees and directors will act from the customer's view point while trying to increase customer satisfaction at all the times.

## Customer Service Centers Respond Accurately and Promptly to Customers' Inquiries

Each of the three life insurance companies has a call center where expert operators (communicators) deal promptly and thoroughly with customer inquiries, making use of state-of-the-art technologies. The three life insurance companies are working to have customer opinions and requests reflected in their management and customer service.



Customer Service Center,  
T&D Financial Life

### >> Comments from an Operator at the Customer Service Center

**Encouraged by the words "thank you" from our customers**



#### Ms. Junko Kubota

Customer Service Center,  
T&D Financial Life

To properly respond to our customers, I think I first need to quickly judge the circumstances under which they are calling. Different customers want different type of responses from us. It would not be appropriate to go into a detailed explanation when a customer wants to know something quickly. I answer calls from our customers while trying to understand what kind of response each customer wants.

### ■ Number of Inquiries Received by the Customer Service Center

Subject	Subject Details	Number of Inquiries (fiscal 2005)			
		Taiyo Life	Daido Life	T&D Financial Life	Total
Payments	Procedures concerning loans, policy surrenders, insurance claims, benefits payments, and pension payments	219,716	19,714	14,565	253,995
Maintenance	Inquiries on the status of insurance premium payments, changes in address, and changes in contract terms	135,321	68,435	51,117	254,873
New policy	Product details and requests for brochures	5,579	150	1,443	7,172
Others	Tax matters, process of incorporation, inquiries on joining the T&D Club Off, etc.	50,098	28,132	50,098	128,328
Total		410,714	116,431	117,223	644,368

### ■ We reflect the opinions received from our customers in our products and services

	Customer Opinions	Improvements Made
Taiyo Life	Please explain the purpose and details of contract confirmation.	→ We have prepared a <i>Contract Confirmation</i> leaflet, and starting from March 2006, we will distribute it and provide explanations when customers purchase our policies.
	I want Taiyo Life to provide proper after-sales service after the purchase of a policy. Please assign another sales representative if the previous sales representative is retired.	→ We launched the Customer Service Employee System in July 2005 and Customer Assignment System for sales representatives in February 2006. We promote regular and proper after-sales service.
	There are too many forms and documents. It is complicated and difficult to understand. Please make the procedure simple and quick to complete.	→ We started the trial run of the Bank Account Transfer Paperless Registration with the use of mobile terminals for settlements in January 2005. We are going to expand the service area in steps.
	The benefit details and benefit amounts specified in the insurance certificate are difficult to understand.	→ We have prepared <i>How to Read Your Insurance Policy Certificate</i> leaflets for <i>Yasashii Hoken</i> in April 2005 and <i>Hoken Kumikyoku</i> in February 2006 and will be sending them along with insurance policy certificates.
Daido Life	How much information should I provide regarding medical conditions?	→ In January 2006, we revised our "Statement of Medical Conditions" form and made it simple and easy to understand.
	It is difficult to figure out which sections I need to fill out in the claim form.	→ The claim form was revised to an easy-to-understand, easy-to-read, and easy-to-fill-out form in January 2006.
	It would be good if I could pay premiums at convenience stores.	→ In January 2006, we made it possible for customers to pay premiums at convenience stores in case bank transfers for premium payments are not available.
	I changed the policyholder. Please let me know the appraisal value of the life insurance.	→ In March 2006, we started a life insurance appraisal value service upon the transfer of policies.
T&D Financial Life	I want documents to be delivered as certified mail.	→ We started sending important documents, such as insurance policy certificates, as certified mail with the view of preventing nondelivery of such documents and protecting personal information in April 2005.
	There are so many forms or items to be filled out.	→ In October 2005, we combined three forms needed at the time a policy is purchased, including the application form, into a single form and made it simpler in order to improve the convenience for our customers.
	I want easy-to-understand notices.	→ We have revised the wordings in various notices so that they will be easy to understand from the customer's point of view in July 2006.
	Please make the surrender processing faster.	→ In January 2006, we have expedited our process time for policy surrender by implementing a scheme in which we send out forms to our customers to complete on the same day we receive surrender requests.

## Strengthening Training for In-house Sales Representatives and Agents

GRI LA17

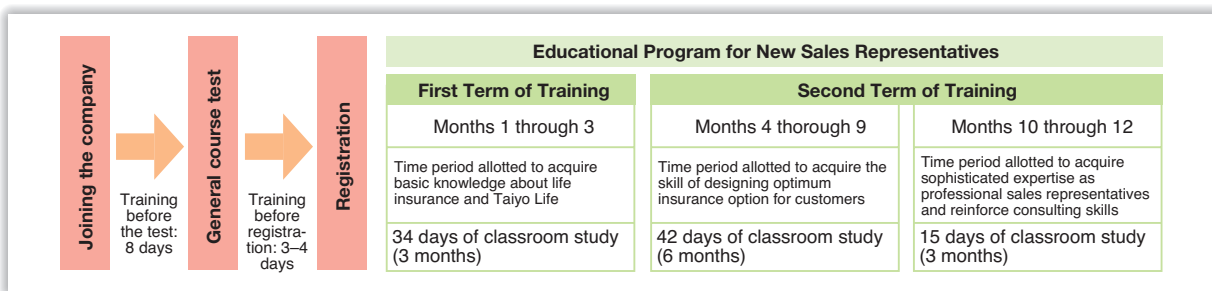
The three life insurance companies believe that it is essential for in-house sales representatives and agents to acquire basic and specialized knowledge about life insurance and to understand compliance issues. To meet the diversified needs of customers, however, they are required to acquire more expertise. The Group is actively engaged in providing sufficient training to sales representatives and agents.

## Education and Training of In-house Sales Representatives

In-house sales representatives participate in industrywide education with the aim of acquiring basic and specialized knowledge about life insurance and expertise as well as to improve sales skills.

Taiyo Life has strengthened its training contents so that new sales representatives can promptly acquire knowledge about insurance products and sales skills as well as improve consulting skills and be able to offer optimum products to customers.

### ■ Educational System for New Sales Representatives (Taiyo Life)



### Support for Obtaining Qualification

Courses to obtain industrywide qualification as “life consultants,” “senior life consultants,” and “total life consultants” are provided. Participants can build a solid knowledge base of life insurance through these programs. At Taiyo Life and Daido Life, which also sell non-life insurance products in alliance with non-life insurance companies, sales representatives are qualified to sell non-life insurance products.

Additionally, at Daido Life, the company’s own Daido Financial Planner (DFP) System designed for its sales representatives to acquire wide-ranging expertise in such areas as tax matters, finance, and financial products is in place.

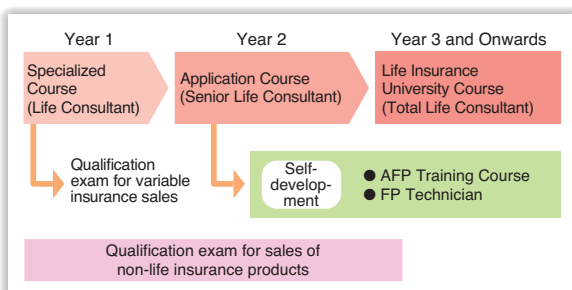
### Educational Support to Agents

For tax account agents, a training system was built in close cooperation with the head office, branch offices, and related staff to enhance the quality of support services, which leads to increased abilities to meet various customer needs. Based on education programs to improve consulting skills, hands-on training using unique computer materials and an explanation sheet are offered.

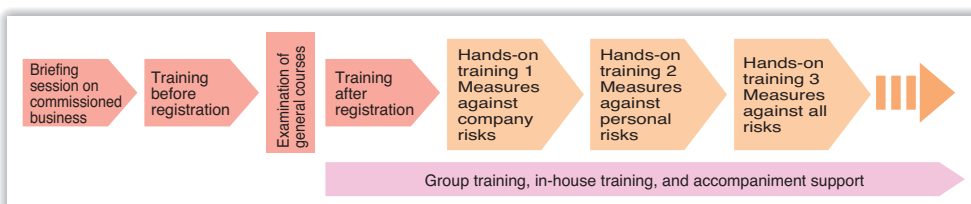
Financial institution agents offer two types of training: initial training focused on product knowledge and communication skills for sales and skill-improvement training designed to develop abilities to conduct solicitation activities based on the correct understanding of customer needs. Wholesalers, who support financial institution agents, are provided with skill-improvement training to acquire expert knowledge about finance, economics, and investment.

Wholesalers gain Affiliated Financial Planner (AFP) certification as authorized by the Japan Association for Financial Planners.

### ■ Qualification Examination System (Taiyo Life)



### ■ Education Program for Agents (Daido Life)



Training for Financial Institution Agents

## Developing Products and Services to Increase Customer Satisfaction

GRI 2.2 2.7

The three insurance companies in the T&D Life Group are committed to developing new products and services to satisfy the diversified needs of their customers.

In developing products and services, the companies examine the environment surrounding the life insurance industry through different marketing activities and determine their customers' opinions and requests. Utilizing the unique data and know-how they have accumulated so far, they endeavor to develop products and services that meet high customer expectations.

### Recent Products Developed:

**Taiyo Life:** Nursing Care Rider with annuity payment, Premium Payment Exemption Rider, and Premium Payment Exemption Rider for Nursing Care Type were rolled out to enhance Taiyo Life's Hoken Kumikyoku. In addition, the industry's first type of insurance, Group Credit Life Insurance with Nursing Care Rider, was launched.

**Daido Life:** Aiming to ensure the competitive edge of term life insurance as our mainstay product, three nonparticipating type term insurance products were launched: Nen-maniki Teiki Hoken for short term life insurance (Type R: no cash value type), Sai-manki Teiki Hoken for long term life insurance (Type L), and Sai-manki Teiki Hoken for long term life insurance with low Surrender value Type (Low SV-L Type: low cash value type).

**T&D Financial Life:** An investment type annuity product with a whole life death benefit rider that protects policyholders against unforeseen events throughout their entire lives was launched. Product name for marketing purposes: Crystal Life, or its official name, Non-participating Individual Variable Annuity with Minimum Guaranteed Death Benefit Type I.

## Created a New-product Development Team Consisting Entirely of Female Members

GRI 2.2 2.7

At Taiyo Life, the New-Product Development Team, consisting entirely of female members, was created in February

2006. The team aims to develop and launch new products and services that are able to attract new customers by taking advantage of the characteristics of Taiyo Life, in which the majority of employees and customers are female, while team members try to input ideas and feelings unique to women.

In selecting team members, all female employees nationwide were eligible to apply for the team. From among the number of applicants, including both career-track and general employees at Taiyo Life's head office and branch offices nationwide, six general employees were finally chosen as team members.

Ms. Sanae Fukuoka, leader of the new team, had this to say about her team members, "A number of female general employees took part in various projects that were implemented last year as a part of our internal operational reforms and experienced a sense of accomplishment. I feel that female general employees can take on more challenges based on the experiences and lessons learned last year."

The New-Product Development Team is currently engaging in various activities, such as market research, product planning, and the planning of promotional events. Under the motto Try and Discover, which is also the corporate philosophy of the T&D Life Group, the team is expected to launch new products and services created by women for women.



New-Product Development Team: (from left) Ms. Yukiko Yasutake, Ms. Saori Shimosako, Ms. Mariko Murasugi, Ms. Sanae Fukuoka, Ms. Maki Kato, and Ms. Nami Murano

### >>Comments from the New-Product Development Team

**I would like to develop new products that reflect the wishes of the customer.**

#### Ms. Sanae Fukuoka

Team Leader, New-Product Development Team, Product Department, Taiyo Life



Because this was the first female-only product development team in our company, I was initially not sure where to start as leader of the team. However, I soon learned that all six members applied for this position with strong determination, and each has her own unique character. I am confident that I can depend

on them as team members. Now that we have female members in product development, which was predominantly made up of men, what is important is striking a good balance between the characteristics of men and women in the development of insurance products.

Because the majority of our team members are in their thirties, we are discussing new products for working women or women who are ready to be get married or give birth. Developing products starts from an understanding of what customers want. Without forgetting such basics, we would like to do our utmost to develop new products that will be sought after by a number of customers.



## T&D Asset Management Is Responsible for the T&D Life Group's Asset Management Business

### GRI 2.2 2.7

T&D Asset Management, as the company responsible for the Group's asset management business, provides an investment advisory service that includes the development, setting up, and operation of investment trust products as well as subscription and other work related to securities.

**Investment Trust Products:** We provide, through such financial institutions as banks and securities firms, a variety of publicly offered investment trust products to individual customers, including those who are looking for investment products for their defined-contribution pension plans and variable annuities. We also provide privately placed investment trusts, which can be individually designed, to institutional investors and pension funds customers. In the area of publicly offered investment products, from which an asset management company's abilities can be judged, we boast an excellent track record in the performance of our products, such as Active Value Open (nicknamed AXIA) and Daido Research & Active Open (nicknamed RAO). In recent years, Global Inflation-Linked Government Bonds Fund (nicknamed Bukka no Yutousei) and Global Blue Chip Fund (nicknamed Prime Collection), which have been well-received by our customers.

**Investment Advisory Service:** We provide a wide array of investment products to public and private pension customers and institutional investors, such as banks and insurance

companies, while leveraging the medium-to-long term investment know-how built through our investment experience for life insurance companies to the fullest.

### ■ About our investment service for individual variable annuity products marketed by T&D Financial Life

Individual variable annuities generally make investments in investment trust funds under separate accounts. The amount of death benefits, death benefits from disasters, reserved amounts for guaranteed minimum living benefits, and refunds from policy surrenders fluctuates every day, depending on investment results.

Because many of the individual variable annuity products of T&D Financial Life make investments in the investment trust products of T&D Asset Management under respective separate accounts, the investment know-how and ability of T&D Asset Management are directly linked to the investment results of customers.

T&D Financial Life and T&D Asset Management, as members of the T&D Life Group, will continue to work in close cooperation to provide optimum individual variable annuity products to Group customers in the future.

## >>Comments from the Marketing Department

**We develop unique products that fulfill customer needs ahead of time.**



**Mr. Masataka Abe**

Senior Manager, Marketing Department, T&D Asset Management

T&D Asset Management develops unique products that fulfill customer needs ahead of time while keeping an eye on changing market trends in and outside Japan.

For example, Bukka no Yutousei is the first of its kind in publicly offered investment trusts in Japan, which invest in inflation-linked government bonds globally. We developed this product with the hope that with this product, our customers can have a means of mitigating future inflation risk as well as the risk of rising interest rates, particularly for those customers whose portfolios have heavy weight on foreign government bonds. In general, bond prices tend to decline under the inflationary phase, and thus, typical bond investments are said to be disadvantageous against inflation. Both principals and interests in inflation-linked government bonds, however, will increase or decrease in conjunction with the prevailing inflation rate. Therefore, they are an effective vehicle for mitigating future inflation risks.

We developed Prime Collection at a time when foreign securities investment trusts with frequent dividend payments were not widely acknowledged in Japan. Prime Collection is a fund that invests in global blue chip companies that have



Brochures for a variety of products

passed our stringent selection process. We launched this fund hoping that Japanese investors will come to understand the foreign stocks that occupy a dominant part of global financial markets.

People's interest in investment is, without doubt, becoming keener. The investment seminar that we cosponsored the other day was fully packed with an eager audience, and some were forced to remain standing during the seminar even though the meeting room was quite large. Many perceptive questions were raised during the investment consultation session. I was quite surprised by the audience's enthusiasm. I feel that we need to strive further to develop products and services that meet customer expectations, following the trend that is shifting "from savings to investments."



T&D Asset Management Marketing Department:  
(from left) Mr. Shigeki Nakai,  
Ms. Tomoko Higashi,  
Ms. Fuyo Shimada, and  
Mr. Masataka Abe

## Offering a Broad Range of Services to Meet the Diversified Needs of Customers

### GRI 2.2

The three insurance companies offer a broad range of products and services through the customer counters of our branch offices nationwide as well as our head office, sales representatives, and agents. In addition to face-to-face services, our services are offered through our customer service centers or call centers as well as the Internet.

### T&D Club Off

*T&D Club Off* is a service for customers of the T&D Life Group. Customer privileges include accommodations at resort hotels in Japan and overseas, hot springs, business hotels, and top international hotels, admission to theme parks and fitness clubs, and car rentals—all at discount prices.

Note: For details, please visit the Web sites of the three life insurance companies.



### Services offered by Taiyo Life

Taiyo Life's Customer Service Center or call center launched a toll-free service (phone bill paid by the company) that is available for phone calls from cell phones as well. Depending on the type of inquiry from our customers, operators trained in specific areas will quickly and attentively respond to customer calls.

*Rakuchin Dial* and *Rakuchin Net* services allow customers to promptly transfer funds, such as loan payments, reserved dividends, and other reserves, to a designated bank account with a simple operation. These services are provided free of charge.

*Rakuchin Net* includes the Contract Term Reference Service, with which policyholders can check their benefits and amount of insurance premiums, among other things, regarding their policies in force. Various procedures, such as changes in registered address, the reissuing of tax deduction certificates for life insurance premiums, and requests for various invoices, can be made online between 8:30 a.m. to 23:45 p.m., Monday through Friday.

Toll-free consulting services for nursing care and healthcare, help in finding nursing care providers, and consulting services on women's healthcare limited to female customers are offered to our policyholders and their families

[http://www.taiyo-seimei.co.jp/tyo1\\_ser/kaigo.html](http://www.taiyo-seimei.co.jp/tyo1_ser/kaigo.html)  
Toll-free: 0120-81-1010

### Services offered by Daido Life

Daido Life has a Web site exclusively for policyholders so that they can carry out various procedures regarding their policies in force online. In addition, various healthcare support services are available, including the Physical Examination Support System, in which help is provided in finding a medical institution that meets the customer's requirements such as location and facilities/equipment and making reservations, and the Second Opinion Service, in which customers can consult with well-recognized doctors in Japan regarding their medical conditions/symptoms and obtain referrals for the most suitable Excellent Specialist<sup>Note</sup> as needed.

[http://www.daido-life.co.jp/t\\_service/kenkou/index.html](http://www.daido-life.co.jp/t_service/kenkou/index.html)

For corporate customers, a variety of services that are useful in business operations and that address various customer needs are provided. Such services include the Daido Business Report Service, in which customers can receive reports on the subjects of their choice and that help enhance their business or private lives, and the Personnel and Labor Support System Service, in which free assessments of their eligibility to receive public grants (in all 40 categories) are provided by certified social insurance labor consultants.

[http://www.daido-life.co.jp/t\\_service/keiei/index.html](http://www.daido-life.co.jp/t_service/keiei/index.html)

Note: Excellent Specialists are medical specialists in 46 specialized areas chosen by unanimous vote by members of the Doctor of Doctors Council of the Tokyo Private Emergency Center (T-PEC).



Daido Life Customer Service Guide (booklet)



### Services offered by T&D Financial Life

T&D Financial Life's Customer Service Center or call center takes care of maintenance documents related to insurance policies or various change-of-information request forms for the maintenance of policies as well as documents concerning insurance claims and benefits such as requests for the payment of insurance claims and benefits. The same services are available over the Internet.



## Reexamining the Nonpayment of Insurance Claims and Benefits and Our Future Responses

### GRI PR7

The three life insurance companies have reexamined cases in which they had decided not to pay the insurance claims and benefits, covering the past five years (from April 2000 to March 2005). After our reexamination, we decided to take measures to eliminate inappropriate handlings and further reinforce our administration system of paying insurance claims and benefits so as to maintain and gain further trust from our customers in the future.

#### Taiyo Life

##### • Results of the reexamination

Taiyo Life reexamined cases in which it had decided not to pay the insurance claims or benefits. We reviewed a total of 12,134 cases (1,381 cases of insurance claims and 10,753 cases of benefits) on which judgments were made in accordance with our interpretation of contracts, including cases classified as “invalidity by fraud,” “termination of policies due to breach in disclosure duty,” “termination of policies due to grave reasons,” “payment exemption cases,” and “cases not applicable for payments.” As a result of our reexamination, we found no cases of nonpayment of claims or benefits due to improper handling.

##### • Reinforcement measures to be taken

In January 2006, we established the Claims & Benefits Judging Division and Payment Assessment Special Committee. The Claims & Benefits Judging Division examines the payment of claims and benefits as well as the assessment process of payments and reports its findings to the Payment Assessment Special Committee. The Payment Assessment Special Committee consists of two external members, one lawyer and one from a consumer group and several Taiyo Life directors and meets monthly, in principle. The committee verifies whether appropriate decisions were made in nonpayment cases and analyzes and examines customer complaints and our responses. The results of the discussions are reported to the management.

We intend to make further efforts to not only make appropriate decisions on payments of insurance claims and benefits but also provide easy-to-understand explanations and detailed responses from the standpoint of our customers by taking the advice of the Payment Assessment Special Committee.



A Meeting of the Payment Assessment Special Committee for Taiyo Life

#### Daido Life

##### • Results of the reexamination

Daido Life reexamined cases of the nonpayment of insurance claims and benefits. We reviewed a total of 16,170 cases (2,497 cases of insurance claims and 13,673 cases of benefits) on which judgments were made in accordance with our interpretation of the contracts, including cases classified as “invalidity by fraud,” “nullified for unlawful acquisition purposes,” “termination of policies due to breach in disclosure duty,” “termination of policies due to grave reasons,” and “payment exemption cases.” As a result of our reexamination, we found no cases of nonpayment of claims or benefits due to improper judgment.

For a part of benefit payment, however, we found 12 cases amounting to ¥2,320,000 in which payments were not made or judged “cases not applicable for payments” due to such reasons as failure to check documents. We expressed our sincere apologies and explained what had happened to the affected customers and promptly made additional payments.

##### • Reinforcement measures to be taken

In March 2006, we established the Payment Supervision Office and Insurance Benefit Adjudication Council. The Payment Administration Office, which is independent of the payment department, takes a more objective position and verifies the appropriateness of judgments made on insurance claims or benefit payments and takes care of customers’ nonpayment-related complaints. The Insurance Benefit Adjudication Council, as a deliberation organ independent of the payment assessment division and with members from the internal audit division and legal division as well as third-party members, such as experts in consumer issues and lawyers, discusses the appropriateness of judgments made on payments from an objective viewpoint and facilitates fair and smooth resolutions to complaints brought by our customers.

#### T&D Financial Life

##### • Results of the reexamination

T&D Financial Life reexamined cases in which it had decided not to pay the insurance claims and benefits. We reviewed a total of 5,195 cases: 241 cases of insurance claims and 4,954 cases of benefits on which determinations were made in accordance with our interpretation of contracts, including cases classified as “invalidity by fraud,” “nullified for unlawful acquisition purposes,” “termination of policies due to breach in disclosure duty,” “termination of policies due to grave reasons,” and “payment exemption cases.” As a result of our reexamination, we found no cases of nonpayment of claims due to improper judgment.

For a part of benefit payments, however, we found three cases amounting to ¥330,000 in which payments were not made because we inappropriately judged that the cases were not eligible for benefit payments. We expressed our sincere apologies and explained what had happened to the affected customers and promptly made additional payments.

##### • Reinforcement measures to be taken

In December 2005, we established the Payment Supervision Section in an effort to reinforce our structure to administer payments of insurance claims and benefits to our customers. In June 2006, the Payment Assessment Council was established to determine whether payments should be made from a comprehensive point of view and assess payments fairly and accurately. In July 2006, the Payment Supervision Committee was established to protect the interests of our policyholders through a system that ensures the appropriate payment of insurance claims and benefits. The Payment Supervision Committee includes third-party members, such as experts in consumer issues and lawyers, so that we can ensure the appropriate payment of insurance claims and benefits from an objective standpoint and reinforce our structure to manage appropriate payments.

We will make further efforts to ensure the proper payment of insurance claims and benefits to our customers in the future.

## Strict Compliance

- The T&D Life Group will strictly observe all laws, regulations and rules, and act with integrity.
- The T&D Life Group will maintain and promote fair and free competition.
- The T&D Life Group will stand firmly against antisocial forces or groups that may threaten the order or safety of civil society.

### Promoting Compliance as an Important Management Task

GRI 3.7 3.13 HR1 HR2 HR3 HR4 HR6 HR7 SO2 SO7 PR9

The T&D Life Group lists it in its management vision, complying with laws and regulations and fulfilling its social responsibilities. The Group thus positions compliance as one of its important management tasks. In order to show the whole Group's basic compliance policies, it has established the T&D Life Group's Compliance Charter and Compliance Code of Conduct. Group companies implement compliance programs based around these guidelines to make employees fully aware of the compliance issue and to take specific measures for compliance. In addition, we have formulated a compliance manual for employees and directors to ensure that they fully comply with laws and regulations.

Employees of Group companies always carry with them a card describing the important compliance rules.



Compliance card and leaflet showing solicitation policies



T&D Life Group CSR Charter and Taiyo Life Compliance Code of Conduct Poster

## Establishing a Group Compliance Committee to Ensure Compliance

GRI 3.7 3.13 HR1 HR2 HR3 HR4 HR6 HR7 SO2 SO7 PR9

T&D Holdings plays the central role in ensuring the compliance of the whole Group including the three life insurance companies. In order to monitor and improve the Group's compliance system, T&D Holdings has established a Compliance Committee under the Board of Directors. The Risk Control Department acts as the central department to ensure compliance, and regularly monitors the compliance situation in the group companies and gives appropriate instructions and advice to these companies in cooperation with the departments in charge of compliance at the three life insurance companies. The three life insurance companies also have their own compliance committees and compliance control departments.

## Establishing a Helpline to Prevent Illegal Acts

GRI HR9 HR10

The T&D Life Group set up the T&D Group Helpline in April 2005. This inside informant system is intended to prevent illegal and other improper acts from being conducted by group employees and directors. The aim is to detect and correct any such acts at an early stage by receiving information directly from the employees and directors of any company in the Group in a more direct way than via their regular reporting channels.

Ahead of the implementation of the Whistleblower Protection Act in April 2006, we made it a rule not to discriminate in any way against informants who provide information. Furthermore, we made it possible for employees and directors to report illegal acts anonymously via a designated company outside the Group, ensuring the effective use of the system.

## The T&D Life Group's Compliance Code of Conduct

This compliance code of conduct serves as a basic policy guideline for all employees and directors of the T&D Life Group to follow in order to ensure that their business activities are conducted in a fair and adequate manner in line with laws and rules. The code sets specific principles and standards to be observed by employees and directors to support them in complying with laws and rules in their daily business operations. Anyone not following the compliance code of conduct of the T&D Life Group may be disciplined for noncompliance with laws or in-house rules.

### 1. Strict Compliance with Laws, Regulations, and Rules

We will comply with social rules, including such laws as the Insurance Business Law as well as our own in-house rules. Being aware of the background of these norms, we will conduct ourselves in an honest manner.

### 2. Maintenance and Promotion of Fair and Free Competition

Regarding the products and services that we provide to customers, we will not conduct any illegal acts in competing with other companies, including colluding on bidding.

### 3. Proper Information Disclosure

We will properly disclose and explain information on our products and services as well as information about the management of the Company and Group companies.

### 4. Proper Information Management

We will properly handle customer information that we have obtained in the course of our business, including their personal information, in accordance with laws and regulations. We will properly manage information about the Company and Group companies that has not been disclosed to the public. We will not allow this information to be leaked to third parties after leaving the Company or Group companies.

### 5. Prohibition of Insider Trading

We will not use important confidential information that we have obtained in the course of our business for the purpose of making corporate or private investments or for other personal economic activities.

### 6. Response to Antisocial Powers

We will reject and stringently respond to any antisocial powers and organizations that threaten the order and safety of a civil society.

### 7. Limitations on Business Entertainment

We will not give or receive gifts and will neither make nor accept offers of entertainment beyond the extent of social norms.

### 8. Distinction between Private and Public Matters

In conducting business, we will draw a clear line between our private and public lives.

### 9. Respect for Human Rights

We will respect human rights and do our utmost to prevent discrimination and harassment.

### Responsibility and Duty of Management

T&D Life Group management will act while recognizing the observance of the code of conduct as their responsibility and duty and strive to disseminate the code of conduct among Group companies and play a leading role in promoting the observance of the code.



## 3 Respect for Human Rights

- The T&D Life Group will respect human rights, and make efforts to enlighten all its employees on human rights.
- The T&D Life Group will respect the individuality of all its employees, ensure a safe and rewarding work environment, and develop its human resources.
- The T&D Life Group will respect privacy, and will strictly control and protect personal information.

### Respecting Human Rights, and Engaged in Raising the Awareness of Human Rights and Providing Human Rights Education

GRI LA10 HR1 HR4 HR8

The T&D Life Group conducts human rights education and training for all employees two or more times each year to ensure they effectively gain a deeper understanding of human rights issues and to foster in them a spirit of respect for human rights by having them continually study human rights issues from various perspectives.



Human rights education and training



Comments from a user of  
the childcare leave system

**Ms. Naoko Kasuga**  
Yokohama Administrative Center  
Daido Life

Thanks to this system, I was able to concentrate exclusively and unhesitatingly on childcare. I previously commuted to the city center, and I was very grateful on my return to be assigned to a workplace closer to home.

## Fostering Employee Creativity and Ability to Get Things Done

GRI LA16

The T&D Life Group, consisting of the three life insurance companies, has an integrated basic policy on human resources management. The policy, which is clearly stated in its management vision, is designed to foster people with creativity and the ability to get things done. In pursuing this vision, the Group strives to create a better work environment.

Employees are always treated equally and their performance is evaluated fairly based on their abilities. This helps to maintain high levels of company loyalty and motivation. The T&D Life Group has laid down a Basic Group Policy on Human Resources, introduced salary and personnel evaluation systems based on responsibility and performance. This provides an environment that makes collaborative work easier for employees of the Group companies.

## On-the-job Training (OJT), Group Training, and Support for Self-development—Three Components of Education and Training

GRI LA16 LA17

The individual education and training programs conducted by the three insurance companies of the T&D Life Group have three components: on-the-job training (OJT), group training, and support for self-development.

## Offering Diverse Programs to Support Employees in Building a Career

GRI LA16

### Self-Assessment System

Once a year, employees submit self-assessment reports that include a performance review and requests for new assignments based on their own career plans.

### Internal Job Posting System

This system allows employees to apply for positions and jobs they are interested in. Those who have high motivation and abilities are given opportunities to try their potential in challenging positions. This system has been utilized by many employees to proactively select their own career path.

### System for Changing Career Path

When joining the company, employees choose a career path from three options—career-track employees, regional career-track employees, and general employees. After some experience, however, they may want to change path due to changes in their career goals or environment. To respond to those needs, opportunities are made available for them to change their career paths.

## >>Comments by Users of the Internal Job Posting System

### Hoping to become a world-class professional on the front lines of business

Prompted to join this company by an interest in asset management at a life insurance company active on the world stage, I was eager to make use of the internal job posting system. Recognizing that investment is the work of professionals, however, I thought it best that I wait to apply until I had first produced satisfactory results in my assigned work and acquired the confidence of knowing that I could accomplish whatever I set my mind to do. It was with this sense of purpose that I have been engaged in a position other than asset management for the five years I have been with the company. The Securities Management Division performs back office tasks for securities transactions, and at some stage I hope to become a world-class professional on the front lines of business. I hope that many more people will utilize the internal job posting system to further their careers of their own volition.



**Mr. Takatoshi Sakamoto**  
Securities Administration Division,  
Investment Administration Department  
Daido Life

### Looking to a succession of enthusiastic branch managers

It has been my objective since joining the company to direct the operations of a branch office in line with my own views as a branch manager, and I was inspired when the internal job posting system was launched. Given the strong leadership and management skills required of a branch manager, however, I waited until I had accumulated more experience and was sufficiently prepared to take up the challenge before I applied. Fortunately, since being appointed branch manager of the Matsudo Branch in August 2005, every day has been emotionally fulfilling and stimulating. The branch will be celebrating its 30th anniversary in 2007, and all of our employees are working in concert to produce results worthy of such a milestone year. As a member of the second group of applicants to this program, I will work hard to ensure that the internal job posting system for branch managers is regarded positively as a means of effectively invigorating organizations and that many skilled and enthusiastic young employees can become branch managers through this recruiting system.



**Mr. Katsutoshi Matsui**  
Branch Manager, Matsudo Branch  
Taiyo Life



## Building Good Employer-Employee Relationships Through Labor Unions

GRI 3.10 LA4 LA13 HR5

The T&D Life Group has the following labor unions, and each of the three companies has good employer-employee relationships.

Taiyo Life: Taiyo Life Administrative Employees Union  
 Taiyo Life Customer Service Workers Union  
 Daido Life: Daido Life Administrative Employees Union  
 Daido Life Labor Union  
 T&D Financial Life:  
 T&D Financial Life Labor Union

### >>Comments by the Leader of the Labor Union

#### Companies' social contributions and the role of labor unions

#### Mr. Atsushi Masuo

Leader  
 T&D Financial Life Labor Union



The role of a labor union is to secure stable employment for its members. Specifically, we discuss management measures or guidelines as well as such topics as wages, working hours, holidays, personnel systems, and welfare with the company management whenever necessary. Over the past year, we have been energetically working toward the creation and introduction of a new personnel system, and it falls to us to closely monitor the operation of that system in future.

The role of labor unions from here on will be to work alongside union members in realizing genuine employer-employee cooperation, something that can only increase the social contributions made by the company.

## Employment Extension System

In fiscal 2006 the three life insurance companies introduced a re-employment system allowing mandatory retirees meeting certain requirements to work an extra year at a time up to age 65. The system makes it possible for these persons to utilize their long years of experience in various fields to continue playing an active role in the company even after mandatory retirement.

## Committed to Improving the Work Environment

GRI LA12 LA13 HR7

The T&D Life Group is committed to improving the work environment through a range of initiatives, including a more accommodating leave system and reductions in overall working hours.

## Leave System

In addition to leave stipulated by legislation or regulations such as annual paid vacation, parental leave, and nursing leave, employees at the three life insurance companies are entitled to take a so-called "refresh vacation" of one to two weeks, depending on their number of years of continuous employment. Some Group companies also allow employees to take time off to participate in volunteer activities. The parental leave system has proven popular, with a total of 91 persons from the three life insurance companies taking parental leave in fiscal 2005. In fiscal 2006 a system was introduced enabling male employees taking parental leave to receive paid vacation time for the first two weeks, and employees began using this parental leave system shortly after the system was introduced.

## Flexible Working Hours Suited to the Lifestyle Needs of Employees

T&D Holdings and the three life insurance companies have introduced a program for employees with children not yet in elementary school that exempts them from overtime work upon request. A flex time scheme for certain employees is among other efforts designed to help employees to work effectively in a way compatible with the needs of their respective lifestyles.

## Shortened Working Hours

The three life insurance companies have introduced a groupwide online work management system to better control working hours. This system issues a warning if an employee's overtime hours exceed a specified number. In July 2006 the new Head Office building launched a "Limit 21" program for T&D Holdings and the three life insurance companies that automatically turns out all lights in the building at 9:00 p.m. to keep working hours below a stipulated level. Some group companies have also begun workplace visits by human resources departments for hearings on working hours, and introduced a system that automatically shuts down personal computers at 9:00 p.m.

## Mental Health Care

To promote the mental health care of employees, the Head Office Building has an on-staff physician posted at the Head Office building clinic and has arranged for outside consultation services allowing employees and their family members to receive counseling on problems at the workplace, in their jobs, or at home. Mental health training is also conducted for managerial employees.

## Steps to Combat Sexual or Power Harassment

Training sessions are conducted at all workplaces to prevent sexual and power harassment. Consultants have been designated both inside and outside the company to prevent harassment and to respond quickly to any problems that do arise.

## Periodic Health Checkups

Annual health checkups are provided for all employees in an effort to maintain and manage employees' health.

## Employment of Persons with Disabilities

As of March 31, 2006, the rate of employment of persons with disabilities for the three life insurance companies stood at 1.90%, higher than the legally mandated rate, and the Group is endeavoring to provide ideal working conditions for employees with disabilities.

## Protect Personal Information at the T&D Life Group

### GRI PR3

The three life insurance companies have been implementing measures to protect personal information in accordance with the Personal Information Protection Law, Guidelines on the Protection of Personal Information in the Financial Sector formulated by the Financial Services Agency, Guidelines on the Protection of Personal Information in the Life Insurance Business and Practical Guidelines on Security Measures for the Protection of Personal Information in the Life Insurance Business created by the Life Insurance Association of Japan. They have issued a statement on the protection of personal information or Privacy Policy and posted it on their websites.

\* Please see p.17 for further details on information security.



Taiyo Life's Privacy Policy



Handling Customers' Personal Information (Daido Life)

## ■ Employees of the Group for three life insurance companies

### GRI 2.8 LA1 LA2

	Number of employees		Number of new recruits	
	End of March 2005	End of March 2006	Fiscal 2004	Fiscal 2005
Total number of employees	22,174	21,234	5,528	4,897
Male	4,855	4,636	437	409
Female	17,319	16,598	5,091	4,488
In-house sales representatives	14,492	13,873	5,197	4,438
Male	1,237	1,056	292	219
Female	13,255	12,817	4,905	4,219
Office work employees	6,269	6,172	325	426
Male	3,618	3,580	145	190
Female	2,651	2,592	180	236
Career-track employees	3,627	3,594	147	193
Regional career-track employees	648	651	78	80
General employees	1,948	1,881	100	153
Customer service staff	1,413	1,189	6	33

Note: In July 2005, premium collectors were renamed "customer service staff" and their duties were expanded to include providing customer services.

## ■ Data on the Work Environment

	End of March 2005	End of March 2006
Rate of employment of persons with disabilities <sup>Note 1</sup>	1.92%	1.90%
Number of employees taking maternity leave before and after childbirth	107	124
Number of employees taking parental leave	72	91
Number of employees taking nursing care leave	2	6
Average number of days of paid leave taken <sup>Note 2</sup>	10.5	11.0

Notes:

1. Legally stipulated rate of employment of persons with disabilities: 1.80%
2. The average number of days of paid leave taken is for administrative employees only.

## >>Comments by Health Insurance Society Officer

### Engaged in a range of activities to improve the health of employees

#### Ms. Masako Kubota

Daido Life Health Insurance Society



The Daido Life Health Insurance Society comprises about 9,300 active and retired employees, and operates with the insurance premiums paid by both employees and the employer. The Society's primary responsibilities are covering the medical costs for illnesses or injuries suffered by insured persons or policyholders and their dependents, paying out insurance benefits at childbirth, death and other times, conducting PR activities to increase awareness among policyholders on the use of insurance, and implementing projects to prevent lifestyle-related diseases, promote physical fitness, or otherwise maintain the health of policyholders.

The Society is working to ease the strained finances of the health insurance system stemming from rising medical care costs, making efforts to prevent lifestyle-related illnesses, responsible for nearly two-thirds of deaths among Japanese adults, and promoting physical fitness to enhance the health of policyholders. More concretely, the Society subsidizes the costs of health examinations for lifestyle-related illnesses, encourages self-exams for cancer, promotes and subsidizes checkups for lifestyle-related illnesses for employees' spouses, and arranges individual health consultations with public health nurses. We also pursue mental health care measures, contracting with a specialist counseling company to provide telephone or e-mail consultations from anywhere in the country as well as face-to-face counseling.

Although the Society's activities may not be readily apparent, we are engaged in a variety of tasks on behalf of policyholders, a fact of which I have become keenly aware in working at the Society for the past year.

## 4 Communication

The T&D Life Group will widely disclose its management information in an appropriate and timely manner to the public as well as to its customers and shareholders, and will actively strive to maintain a dialog with all its stakeholders.

### Promoting Active Communication

**GRI 2.20 2.22 3.8 3.10 PR9**

The T&D Life Group is actively communicating through activities designed to gain more understanding from society at large, including its customers, shareholders, investors, and other stakeholders.

T&D Holdings and its three life insurance companies have set down Disclosure Rules to increase the trust that society places in the work it does. These rules ensure transparent management through active disclosure of consistent information across the entire Group in a speedy and accurate manner even in emergencies.

For our management policies, performance, and business operations, we disclose information annually in publications such as the Financial Disclosure Report in compliance with the Insurance Business Law and these publications are available to the general public at all head offices and branches. We also disclose the latest information in the form of news releases.



Business results briefing for the fiscal year ending March 2006



Financial Disclosure Report for individual companies



A news bulletin to shareholders



Annual Report



Taiyo Life's website  
(<http://www.taiyo-seimei.co.jp>)



Daido Life's website  
(<http://www.daido-life.co.jp>)



T&D Holdings' website  
(<http://www.td-holdings.co.jp/e/>)



T&D Financial Life's website  
(<http://www.tdf-life.co.jp>)

Group companies introduce their products and services as well as various news and topics in an easy-to-understand manner on their websites and respond to online requests for information.

As of March 31, 2006, T&D Holdings has approximately 340,000 shareholders and is ranked within the top 10 companies listed on the Tokyo Stock Exchange for number of shareholders. Twice a year, in June and December, the company sends a news bulletin to its shareholders to notify them of the business operations of its three life insurance subsidiaries, including information on new products and social contribution activities, to increase shareholder understanding of the Group's activities.

#### Notice of Policy Terms & Conditions

The three life insurance companies send out a Notice of Policy Terms & Conditions once each year.

The latest policy terms and conditions are described in a reader-friendly fashion, providing comprehensive confirmation of coverage and premiums for all policies.

#### The T&D Life Group's Public Relations and Advertising Activities

The group companies are improving their corporate images and promoting the sales of their products by PR and advertising through newspapers, magazines, television, radio, etc.



Actress Manami Honjo selected as a advertising personality for Daido Life



## Communicating with Investors through Various IR Activities

GRI 2.20 3.8 3.10

T&D Holdings conducts various IR activities targeting both domestic and foreign investors and gives timely feedback to management on the opinions of these investors. In addition to holding information meetings and teleconferences for investors and visiting major domestic and foreign institutional investors, we actively exchange opinions with securities analysts. Also, in order to improve IR relations with individual investors, the company participated in multiple meetings, including the briefing for individual investors in fiscal 2005, held by Nihon Keizai Shimbun, Inc., where the senior managers of T&D Holdings gave explanations for accountability. The holding company also participated in the IR Fair organized by the Osaka Securities Exchange.



A meeting with foreign investors



IR Fair organized by the Osaka Securities Exchange

On our IR website, we provide substantial group information not only for institutional investors but also for individual investors and we are improving the design of the website to provide visitors with easy to read and easy to understand information in the most convenient manner. Acting as a practical communications forum, we opened our T&D Blog in May 2005, the first IR blog in the life and non-life insurance industry.

<http://www.tdblog.com>

## T&D Holdings' Annual Report Received a Prize in the NIKKEI Annual Report Awards for the Second Year in a Row

GRI 2.20 3.8 SO4

T&D Holdings received a prize in the NIKKEI Annual Report Awards this year following its award last year.

These awards are presented to companies that produced particularly outstanding annual reports for investors, and the judges—institutional investors and securities analysts—select the best annual report reviewing items such as message from top management, specificity of business strategy, degree of disclosure of financial information, and overall design. T&D Holdings' Annual Report received favorable evaluations on such aspects as the effective use of charts and tables as well as detailing the characteristics and business strategies of the holding company and three life insurance companies.



Receiving the Nikkei Annual Report Award

"IR Policy" established in April 2004

T&D Holdings actively strives to promote investor relations based on the core principles of timeliness, fairness, and accuracy. T&D also strives to provide investors up-to-date and easy-to-understand disclosure with respect to its financial condition, business strategy, and group developments.

## >>Comment from an Analyst

GRI 3.11



**Mr. Mitsumasa Okamoto**  
CMA Senior Securities Analyst at  
Nomura Securities Co., Ltd.

Corporate governance and compliance are essential parts of business activities, and their importance is ever increasing. Today, a number of companies are positioning corporate governance and compliance at the center of their business management. Yet, it is difficult for stakeholders such as shareholders and consumers to gain an understanding of them partly because they relate to the company's internal activities. CSR activities and communications with stakeholders are not only a way of announcing performance-related figures, which are the results of company's business activities, but also play a role in

expressing the company's efforts towards corporate governance and compliance. Since its two subsidiaries—Daido Life and Taiyo Life—were listed on the stock exchange, T&D Holdings has been actively exchanging opinions with both domestic and foreign institutional and individual investors. The CSR Report describes the company's efforts in corporate governance and compliance in detail, which are sometimes not so clear to outsiders. I believe that the continuation of such activities will, in the long run, enhance our corporate brand and enable us to gain even greater trust from many of our stakeholders.



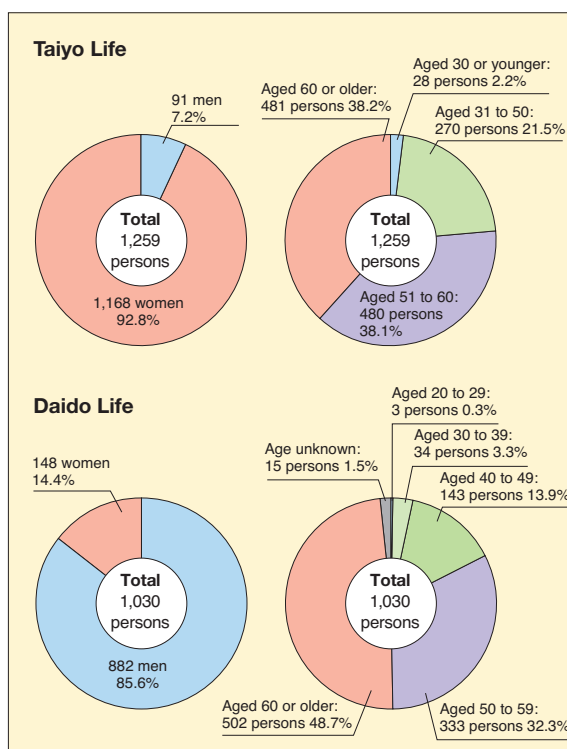
## Holding Policyholders' Meetings to Incorporate Their Opinions into Management

GRI 3.10 3.11 PR8

Taiyo Life and Daido Life hold policyholders' meetings throughout Japan every year. These meetings are held to incorporate the various opinions and requests of policyholders, who are our customers, into management and to give them a deeper understanding of the life insurance companies and life insurance products by providing corporate information to participants.

In the fiscal period ended March 2006, 1,259 policyholders from branches nationwide and head office participated in Taiyo Life's policyholders' meeting at 84 locations and 1,030 policyholders from 73 branches participated in Daido Life's policyholders' meeting. At the meetings, participants expressed their opinions and made requests regarding the financial results, the health of our business, and insurance products and services.

### ■ Breakdown of Participants at the Policyholders' Meetings (for the fiscal year ended March 2006)



### ■ Opinions and Requests of Policyholders

#### Taiyo Life

- I want to be able to add the premium exemption rider to my existing policy.
- I want to see more saving-type products or convertible products launched.
- Many sales representatives come to my home. Can't you designate a single sales representative to be responsible?
- I think that your sales representatives are carrying around too much stuff with them.
- The characters in the insurance contract documents are so small and the contract papers are so bulky. Can you make it into a video form?
- Please use large font size for your brochures and list the amount of premium for my age.
- When the sales representative who is now taking care of me, is going to retire, please let me know and ensure smooth transition to the successor. Please let me know in advance when my policy is coming to maturity.
- I have bought individual annuity product and was very reassured after hearing about the company's performance and financial health.
- I am very thankful that your sales representative visits me every month and gives me easy-to-understand explanations on various matters.
- Now that the company is listed on the stock exchange, I think it is a better company. The other day, I asked some questions regarding T&D Holdings, which had just been listed on the stock exchange, at customer counter of your branch office. I was very pleased with their explanations and as a result, I became inclined towards purchasing a policy from your company.

#### Daido Life

- Will there be any impact on company performance from the current economic trend? I would like to know your investment policies for the future.
- These days we do not come across much news on the shaky business of life insurance companies in the newspapers or magazines. Still, as a policyholder, I hope your company maintain sound business management into the future.
- I would like to hear easy-to-understand explanations of the products that can mitigate risks for enterprises.
- Please continue your solid after-sales-service, regular visits, and provision of information into the future.
- Why don't you become more active in informing us about your social contribution activities since now it is time when corporations' social responsibilities are called into question?
- Your university extension courses and video courses are excellent service for us to take in ideas because we do have many opportunities to study. I hope your company will continue to offer these services.
- I hope Daido Life's outstanding services such as Second Opinion Support Service and Doctor of Doctor's Network will become more popular.
- Steady business performance is good news to a policyholder, too. Please continue your business while keep focusing on small and medium-size enterprises.

## Stakeholder Dialogue

GRI 3.10 3.11

Daido Life has alliances with various professional groups comprising certified public tax accounts and certified public accountants. Through these alliances, we provide our products with valuable benefit programs to their client companies.

Thus, those affiliated groups, certified public tax accountants and certified public accountants, who act as are our agents, are important stakeholders for Daido

### Daido Life Business Operation Report Meeting

Forty-six certified public tax accountants and CPAs, members of TKC National Federation<sup>Note</sup>, which is an agent of Daido Life, attended the meeting. Also, 12 people, including President Haruo Kuramochi from Daido Life and President Naoteru Miyato of T&D Holdings took part in the event.

At the meeting, President Haruo Kuramochi of Daido Life and President Naoteru Miyato of T&D Holdings each gave briefings on the financial results for fiscal year 2005 and the business management strategies of their respective companies.

**Note:** A group of professional accountants or a network of certified public tax accountants and CPAs organized for the purpose of realizing fairness in tax assessments and contributing to the continuing prosperity of their client companies.



President Kuramochi of Daido Life



Mr. Kida, Managing Executive Officer of Daido Life



President Miyato of T&D Holdings

Life. We hold a number of meetings with them to report on our recent status and to hear their opinions.

We will introduce two such meetings here: Daido Life Business Operation Report Meeting held on July 3, 2006; and the Tax Accountants Officers Meeting or Insurance Business Promotion Council held on July 10, 2006.

### <Questions, Opinions and Requests to Daido Life>

We have received a number of valuable questions on our briefings, opinions about Daido Life and requests received from attendants, and we would like to present three of these here, together with responses.

**Q** Daido Life developed a new product with a low premium ahead of the marketing campaign. At that time, I was confidently promoting the product. Then, I learned that another company had a similar product with much lower premiums and more narrowly defined risk. I sincerely hope that Daido Life will provide products that can compete well with the products of other companies.

**A** Thank you for your valuable input. We would like to continuously develop competitive products into the future by investigating other companies' products.

**Q** TKC National Federation initiated a monthly seminar for new members from June this year, in an effort to help new members understand our philosophy and history, as well as long-standing partnership with Daido Life. Can Daido Life organize similar activities, for example, at the time of training new employees or for those who are assigned to support TKC?

**A** We have been ensuring that we incorporate such aspects into our education programs and training for all our employees and officers. Still, we would like to consider new activities taking into account what has been suggested here.

**Q** Please provide information about new product launches as soon as possible so that we can be well prepared.

**A** Thank you for your valuable comment. It is essential to gain a full understanding of the new product before product launch, so we would like to promptly provide information and decide the product launch schedule while giving consideration to your preparation time.



### Tax Accountants Officers Meeting, Insurance Business Promotion Council

Sixty-nine certified public tax accountant officers from the Certified Public Tax Accountant Associations and the Certified Public Tax Accountants Cooperatives of Kinki, Osaka, Nara, Kyoto, Chugoku, Shikoku, Kita Kyushu, Minami Kyushu, and Okinawa attended the meeting. Sixteen people from Daido Life including President Haruo Kuramochi also participated in the meeting.

President Haruo Kuramochi of Daido Life briefed on the financial results for fiscal year 2005 and the business management strategies of both Daido Life and T&D Life Group.

Each Certified Public Tax Accountant Cooperative introduced their activities such as various measures concerning the promotion of insurance business and efforts to revitalize branch organizations.



President Kuramochi of Daido Life



Mr. Inagawa, Executive Officer of  
Daido Life

### <Questions, Opinions and Requests to Daido Life>

The meeting was very productive with participants actively expressing their opinions and asking questions.

We will introduce two examples of our exchanges here:

**Q** Some life insurance companies are disclosing information on “Three Profit Sources” through newspapers. How about Daido Life?

**A** The “Three Profit Sources” are a breakdown of profits and losses for a single year, and thus we feel it is not a good indicator of actual profits and losses for our business because of the unique and long-term nature of life insurance business. Based on such idea, however, we disclose the Embedded Value (EV) as an indicator representing actual profits or loss of the life insurance company.

**Q** The review on complete deregulation of bank OTC sales is currently ongoing. If this change takes effect, there may be a major impact on the promotion of insurance guidance. What is Daido Life’s opinion on this issue?

**A** The bank OTC sales could lead to a practice called “pressured sales” in which insurance products are sold in return for arranging loans. So, it seems that currently, a wide range of discussions on the necessity of preventive measure are taking place.

Whether or not bank OTC sales become completely deregulated, there is no change in our trust in you who accurately understand the individual situation of your client companies. We are also trying to build an optimum support structure based on the characteristics of a life insurance company. We ask you to continuously promote appropriate insurance guidance into the future.



## 5 Contributions to Regions and Societies

The T&D Life Group will implement social-action programs as a good corporate citizen, and will make contributions to the sound development of regional communities and society.

### Engaging in Activities to Promote Social Contribution as a Good Corporate Citizen

#### GRI SO1

Social contribution to our regions and society is one of our responsibilities as a good corporate citizen. T&D Life Group is actively engaging in a wide range of activities to contribute to our society, including activities through our group companies and foundations, and voluntary activities by our employees and officers, under our corporate motto “Try & Discover” for creating value, we aim to be a group that contributes to all people and society.

We will continue to organize various activities to play our part in social contributions in cooperation with regional communities and society at large.

### Special Co-sponsor for National Sports Games for the Disabled

Daido Life has been the special co-sponsor for the National Sports Games for the Disabled since 1992, commemorating the 90th anniversary this year.

In November 2005, we sponsored the fifth national sports games for the disabled “Shine! Okayama Sports Games.” Many employees and directors take part in the Games every year as volunteers. We are actively engaging in various activities with the disabled, including meetings with organizations for the disabled to promote further exchanges.



The Fifth National Sports Games for the Disabled “Shine! Okayama Sports Games.” Many employees and directors take part in the Games every year as volunteers.

Opening Ceremony of “Shine! Okayama Sports Games”



## Holding Open Seminars at Universities

Daido Life holds open seminars funded by monetary donations for SME managers in cooperation with universities to provide them with opportunities to study business methods and acquire management skills. In addition, we distribute videos of the seminars, which have been seen by many people.



Open Seminars at Hosei University

## Made monetary donation to Ashinaga Scholarship Society for the Construction of Rainbow House

The Daido Life Employee's Community Contribution Club made a monetary donation of 2 million yen for the construction of Rainbow House of Ashinaga Scholarship Society, a non-profit organization which helps support children who have lost their parents from illness, disasters, or suicide. Daido Life has been making donations to Ashinaga since 1995, with total donations amounting to 7.24 million yen.



Rainbow House of Ashinaga Scholarship Society

## Holding a Lecture Meeting

**GRI 3.15**

In January 2006, the Daido Life Employee's Community Contribution Club invited Ms. Yoko Takahashi, Administrative Director of Japan Philanthropic Association to the Tokyo Head Office of Daido Life, and held a lecture meeting titled, "Employees' Participation in Social Activities Energizes a Company."



Lecture of the Administrative Director of the Japan Philanthropic Association

## Relief Activities for the Victims of the Sumatra Earthquake

T&D Life Group sent monetary donations totaling 10.74 million yen in response to the Sumatra Earthquake in December 2004. This year, the Daido Life Employee's Community Contribution Club donated five water wells, towels, and ball-point pens to Panama Village, in Eastern Province of Sri Lanka, which was affected by an earthquake and Tsunami tidal wave. T&D Life Group also made monetary donation of 6.55 million yen to the Japan Red Cross for the relief efforts in northern Pakistan, which suffered a serious earthquake.



Water well donated to Panama Village in Eastern Province of Sri Lanka

## Establishing Goodwill Circle Friendship Society

Taiyo Life has established Goodwill Circle Friendship Society which has approximately 10,000 employees and directors are participating in the Friendship Society in December 2005 with the objective of further promoting social contribution. The members of the Friendship Society pay membership fees of less than 100 yen from their salaries and other compensations, which will be used for a variety of activities, including activities at Taiyo Life's Forest Nasushiobara City, activities of our employees and directors, donations toward relief for major disasters, and supporting the activities of NPOs and NGOs.

## Nationwide Cleanup Campaign

As a part of our activities to contribute to local communities, Taiyo Life has been engaging in cleanup activities around our head office and branch offices nationwide since 2004. In fiscal year 2005, we have further expanded our activities, with a total of 5,726 employees and directors including their family members taking part in cleaning up our communities mainly in June around our head office and 136 of our branch offices. It was a good opportunity for us to nurture our awareness that we are part of the respective communities.



Cleanup activities around Nihonbashi area

## Emergency Relief Activities Drill

Taiyo Life conducted an emergency relief activities drill in December 2005 at our head office, in order for us to be able to rescue human lives by learning about first aid when we come across emergency situations. 41 employees took part in the drill and learned about the importance of first aid in emergency situations and how to operate AED (Automated External Defibrillator).<sup>Note</sup> The participants were awarded Lifesaving Skill Certificates, which are effective for three years. After the drill, Taiyo Life installed an AED at its head office.

**Note:** AED is an item of medical equipment that gives the heart an electric shock in an attempt to regain a regular rhythm in the case of severe arrhythmia, which could cause a sudden cardiac arrest.



First Aid Drill



### In 2006, We Will Help Support a Wide Range of Grass-roots Activities

#### Mr. Osamu Yamaoka

Secretary General, the Taiyo Life Himawari Welfare Foundation



### Improving Social Welfare by Donating to Welfare Activities for the Elderly and the Disabled

The Taiyo Life Himawari Welfare Foundation was established in May 1984 to commemorate Taiyo Life's 90th anniversary. The objective of the Foundation is to make contributions to improve social welfare in Japan. We have made monetary donations totaling 961.27 million yen in 1,233 cases to fiscal year 2005, for the social welfare related businesses, research, and various surveys.

Specifically, the Foundation makes monetary donations in the following areas: (1) activities that encourage self-reliance for the elderly; (2) individual volunteer groups or NPOs working for the welfare of the elderly and disabled; (3) business activities for the welfare of the disabled; (4) activities directed toward vocational aid centers for the disabled; and (5) research projects and surveys on health, lifestyle-related diseases, and the welfare of the elderly.

Since its establishment, the Foundation has worked for the welfare of society, with efforts focused on assisting research and other activities for the welfare of senior citizens. Recently, it also started to support activities for the disabled.

In fiscal year 2006, our utmost focus is on volunteer groups and NPOs who are engaging in community grass-roots activities while struggling under severe financial difficulties, without public assistance, to support elderly people and the disabled at home.



Monetary donations to the barrier-free film showing of "Konbanwa" Good Evening, a story of a nighttime junior high school, with a multiplex sound system



### We Will Focus on Issues Related to Elderly People and the Disabled from the Viewpoint of Their Social and Public Importance

#### Mr. Akira Watanabe

Executive Director, the Daido Life Welfare Foundation



### Contributing to People's Health and Social Welfare through our Four Core Activities

The Daido Life Welfare Foundation was established in May 1974 with the hope of making contributions to public welfare, given the public and social nature of our life insurance business. Since its foundation, we have been engaging in activities in the areas of social welfare and public health. Presently, the Foundation is mainly engaged in the following four core areas: (1) making monetary donations to promote regional health and welfare; (2) making monetary donations to volunteer activities; (3) publishing booklets on healthcare; and (4) holding training seminars on home nursing care.

The Foundation makes donations to research conducted by those engaged in local health and welfare activities as well as to salaried workers participating in volunteer activities during their holidays. The aggregate amount of donations up to fiscal year 2005 was 1,305.99 million yen.

The booklets on healthcare provide easy-to-understand explanations on illnesses and its prevention, as well as social welfare issues. The company has published a total of 60 booklets since 1975.

The training seminar on home nursing care, co-sponsored by the Japan Red Cross, started in 1980. Currently, the seminars are held in Osaka and have been attended by more than 3,900 persons in total, to date.

In recent years, the social demand to cope with the issues of healthcare is ever rising. The issues facing us include health problems due to environmental pollution, problems associated with the rapidly rising number of elderly people, and measures to tackle lifestyle-related diseases. Under such circumstances, the Foundation intends to make further contributions to promote healthcare and social welfare through our four core activities.



Donation to research on local health and welfare activities; Presentation ceremony for volunteer activities



Training seminar on home nursing care



Healthcare booklets

### Monetary Contribution for International Exchange on Regional Health and Welfare in FY 2005, Health and Welfare Study in Oxford, UK

The Daido Life Welfare Foundation has been conducting public health and welfare study courses in Oxford, United Kingdom for five years since fiscal year 2002, as a part of activities to commemorate the 100th anniversary of Daido Life. The objective of this study is to make contributions to the improvement of healthcare and welfare in Japan by sending young professionals who will shoulder the future of regional health and welfare overseas, for study and international exchanges.

In fiscal year 2005, 16 people, including public health nurses, took part in the study course, learning about the current healthcare system in the United Kingdom. Another 16 attendants will participate in the study course in September this year (for fiscal year 2006), for the final year of this study course.



Health and Welfare Training in Oxford, UK

### Hoping to be a bridge between Japan and South East Asia

**Mr. Takashi Hashiguchi**  
Executive Director/Secretary General,  
Daido Life Foundation



### Winning the Japan Mecenat Award and the Japan Foundation Special Prize by Strengthening Mutual Understanding and Promoting the Internationalization of Japan.

GRI SO4

The Daido Life Foundation was established in 1985 to commemorate the 80th anniversary of Daido Life. The purpose of our Foundation is to promote the internationalization of Japan by strengthening international mutual understanding through organizing or making monetary donations to cultural exchange programs between Japan and other countries. The Foundation is highly regarded in philanthropic circles, having received the Japan Mecenat Award in November 1995, and the Japan Foundation Special Prize in October 2000.

Its main activities include (1) Award Program: presentation of the Daido Life Foundation Award for Area Studies; (2) Translation and publication activities: including the translation and publication of Asian literature into Japanese and Japanese books into Asian languages; and (3) Educational support activities, scholarship programs, donations of Japanese books, and support for schools.

The Award Program was created to promote area-specific studies on a worldwide basis. The Daido Life Foundation Award for Area Studies and the Daido Life Foundation Promotion Award are presented to those who have made outstanding achievements in area studies and the Area Studies Special Award is given to those who have made contribution to deepen international understanding. The awards have been presented every year since 1986.

Translation and publication activities include the Contemporary Asian Literature Series, which is produced to deepen mutual understanding and friendly relations between people in Japan and Asian countries through the translation and publication of Asian literature, and the Japanese Mirrors Series, created with the aim of promoting a wider understanding of Japan among Asian countries through the translation and publication of Japanese books in Asian languages.



Assistance to schools (donations of books)



Scholarship presentation



Asian Literature Series and Japanese Mirrors Series

### Presentation of The Daido Life Foundation Award for Area Studies for FY 2005

On July 8, 2005, The Daido Life Foundation selected the award winners of the Daido Life Foundation Award for Area Studies for fiscal year 2005, and the presentation ceremony was held on July 15, 2005.

These awards are presented to researchers who have made contributions to area studies on a worldwide basis. The ultimate objective of the awards is to deepen the understanding of peoples and cultures of various regions, which coincide with the founding objective of the Foundation.



Presenting the Daido Life Award for Area Studies



## Global Environment Protection

The T&D Life Group will carry out its activities with a full awareness of the importance of environmental concerns, and with sufficient consideration given to global environmental protection.



T&D executives and employees at the opening of the "Forest of Taiyo Life"

### Established "Forest of Taiyo Life" in Nasu-Shiobara City, March 2006

To contribute to maintaining and increasing forest resources, Taiyo Life have utilized the Corporate Forest System of the Forestry Agency and established a 4.8 hectare "Forest of Taiyo Life" in the Nishizan national forest in Nasu-Shiobara City, Tochigi Prefecture. T&D Life Group's project to enrich the "Forest of Taiyo Life," with activities including water resource conservation and maintaining green resources, is part of our social and environmental contribution activities.

"Forest of Taiyo Life" is a manmade forest of larch trees planted 46 years ago. During the next few years, we will work on forest conservation, such as cutting grass under the trees and thinning the forest, creating "Forest Classrooms" with the cooperation of local residents. We plan to slowly transform this larch forest into a mixed forest with broad-leaved trees, which will then turn into beautiful red and yellow colors in the autumn.

## Established Group Environment Policy and Green Purchasing Standards to Promote Environmental Conservation

**GRI 3.7 3.14 3.19 EN17**

In April 2006, T&D Life Group established the T&D Life Group Environment Policy to show our strong commitment to environmental conservation.

In line with this policy, we have also established Green Purchasing Standards, a criteria to purchase environment-friendly office equipment—so called Green Purchasing—together with due consideration for resource and energy conservation, recycling, etc. in order to reduce environmental impacts. We also comply with the environment conservation laws and regulations throughout our business activities, and participate in the government's "Team Minus 6%" campaign.



## Supporting publication of the Japanese version of the UNEP official journal, etc.

T&D Life Group supports the activities of an environment-related NPO group, Associates of the Earth, which compiles UNEP journal information websites and issues a Japanese version of the United Nations Environmental Programme official journals, "Our Planet" and "TUNZA."

We also distribute these journals extensively throughout our Group as part of an environmental inspiration campaign to raise the environmental awareness of our executives and employees.

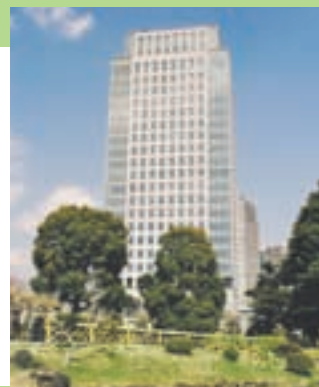
Note: Related website:  
<http://www.ourplanet.jp/shien.html>

**For a Sustainable Society**  
We support  UNEP activities!

## The new environment-friendly Group head office building

To strengthen cooperation among T&D Group companies and to enhance business efficiency, we have transferred and integrated the headquarters functions of T&D Holdings, Taiyo Life, Daido Life (Tokyo head office), T&D Financial Life and T&D Asset Management under a single roof.

The new building adopted many energy-conserving and environment-friendly systems, such as utilizing solar energy, automatic adjustment of the brightness of lights in the building, and using natural breezes for air conditioning.



## T&D Life Group Environmental Policy

Acknowledging the importance of environmental issues, the T&D Life Group will carry out business activities with full awareness of the importance of environmental concerns and will give sufficient consideration to global environmental protection based on the T&D Life Group CSR Charter. The Group will achieve sustainable growth along with the society while fulfilling the life insurance industry's public mission and undertaking its corporate social responsibilities. The Group established the following environmental policy and is committed to complying with it in all of its business activities:

### 1. Environmental Conservation Efforts through Business Activities

We will contribute to the protection of the global environment in all of our business activities.

### 2. Reduction in Environmental Impact

Recognizing the environmental burden of resource or energy consumption and waste emissions, we will work toward reducing environmental impact by conserving energy or resources, recycling resources, and promoting green purchasing.

### 3. Compliance with Environmental Laws

We will observe all environmental laws and regulations.

### 4. Promotion of Environmental Awareness Raising Activities

We will raise environmental awareness among all Group members through awareness-raising activities to promote environmental protection initiatives.

### 5. Continuous Improvement in Environmental Initiatives

By setting environmental objectives and reviewing them regularly, we will endeavor to continuously improve our environmental performance.

All members of the T&D Life Group are notified of this environmental policy, which is also publicly disclosed.



## Conducting Daily Business Operations in Consideration of the Environment

GRI EN17

### Energy Conservation

#### ● Cool Biz/ Warm Biz

T&D Life Group took part in “Cool Biz,” a national campaign to wear lighter clothes in the office during summer months to conserve energy. We set the office air conditioning temperature at 28 °C from June to September of 2005, defining these months as “No ties, no jackets period.” From November 2005 to March 2006, we further conducted the “Warm Biz” campaign to wear warmer clothes during winter months to conserve energy, set the air conditioning temperature at 20 °C and made in-house educational posters.



During the Cool Biz campaign period last fiscal year, we were able to cut electricity consumption by 5.9% compared to the previous year at T&D Holdings and three insurance companies' head offices.

### Saving Resources and Recycling

#### ● Waste

We sort waste strictly into paper waste such as quality paper, newspapers, and cardboard, bottles, cans, PET bottles, and vinyl materials for recycling.

#### ● Paper resources

We identify the amount of paper used by the Group, including copier paper and recycled paper. We encourage employees to use both sides of the paper for printing, copying, and other purposes to reduce the use of paper resources. We are also reducing the amount of paper used by using electronic documents to send notifications, etc., including using e-mail and groupware.

### Eco Campaign

Daido Life's Eco Campaign, which was held during November 2005 to January 2006 achieved good results. The activities are still carried on after the campaign period is over.

During the campaign, a campaign promoter appointed in each section placed stickers on switches, etc. to raise energy awareness.

The campaign targets were: (1) reduce copier paper (target: -10% compared to the previous 3 months); (2) recycle office equipment; (3) use 100% recycled paper; and (4) conserve electricity (turning off lights during

lunch recess, turning off computers, e.g. when leaving the office).



## Asbestos Countermeasures

GRI EN17

Asbestos tests on office buildings, employees' dormitories and housing owned by T&D Life Group revealed that asbestos was used in 21 out of 364 buildings. Further air environment tests concluded that there was no possibility of asbestos being dispersed into the air. It was also confirmed that the level is below the safety standards stipulated in the asbestos health hazard prevention regulations.

However, to ensure future safety, we will implement countermeasures for the above 21 buildings.

## Environmental Conservation Seminar for Directors

GRI EN17

An environmental conservation seminar for T&D directors was held on November 2005. First, Mr. Ikeda, President of Sunrise Advisors, spoke on “Environmental Conservation Activities by Financial Institutions and the Latest Trends in the SRI Industry.” This was followed by Professor Yamamoto of Tokyo University, who spoke on the status quo and challenges of global environmental conservation under the theme “How to Prevent Global Warming.”

(Left) Mr. Yamamoto, Professor of International Research Center for Sustainable Materials, Institute of Industrial Science, University of Tokyo and scientific researcher for the Ministry of Education and Science

(Right) Mr. Ikeda, President, Sunrise Advisors Co., Ltd.



### Future Challenges on Environmental Conservation

T&D Life Group has been working on reducing environmental impact and on gathering and disclosing environment load data through the establishment of Group Environmental Policy and Green Purchase Standards.

During fiscal 2006, we will make further efforts to conserve energy, promote purchase of environment-friendly products, cut paper consumption, etc. in order to further reduce environmental impacts. We also plan to educate our employees on CSR, environmental challenges, etc. by implementing e-learning as an in-house inspiration campaign.

We are also planning to conduct research on SRI Fund trends, etc.

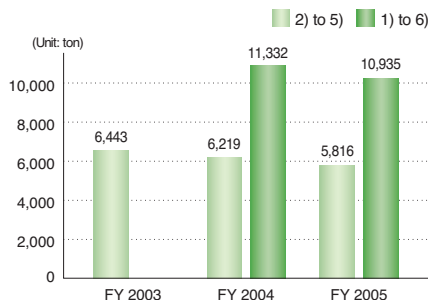


## ● Data on Environmental Impacts

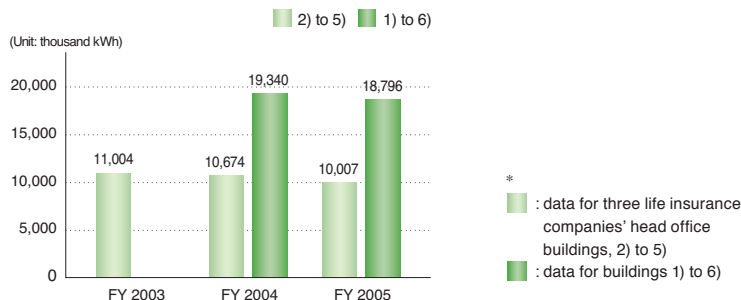
GRI EN3 EN5 EN8 EN11

In fiscal 2003, our environmental impact data was only for the head office buildings of three life insurance companies. As from fiscal 2004, we have extended the targets of environmental impact data. For details, please refer to the Environmental Impact Data Targets shown below.

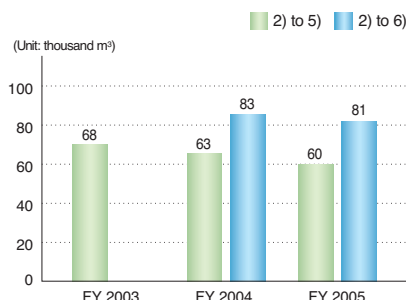
### ■ Trend in CO<sub>2</sub> Emissions (Graph 1)



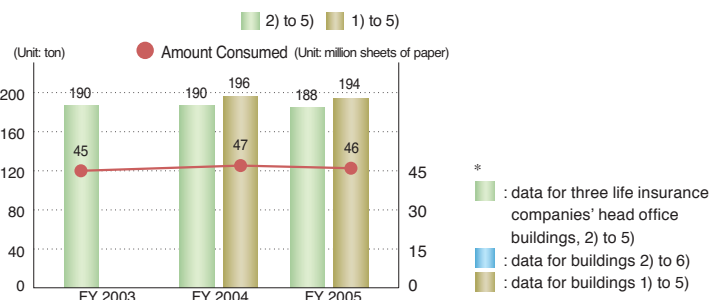
### ■ Trend in Electric Consumption Amount (Graph 2)



### ■ Trend in Water Consumption (Graph 3)



### ■ Trend in Paper Consumption Amount (Graph 4)



### ■ Trend in Amount of Waste Generation and Recycle (Table 1) <sup>Note 1</sup>

		(Unit: ton)		
	Fiscal year	FY 2003	FY 2004	FY 2005
Paper waste	Amount generated	661	880	943
	Amount recycled	548	724	773
	Amount finally disposed	113	155	169
Waste other than paper	Amount generated	290	423	586
	Amount recycled	35	41	177
	Amount finally disposed	255	382	408

### ■ Environmental Impact Data Targets (○ indicates buildings for which data has been collected since fiscal 2004.)

	Graph 1	Graph 2	Graph 3	Graph 4	Table 1
1) T&D Holdings head office building	○	○		○	
2) Taiyo Life head office building	○	○	○	○	○
3) Daido Life Tokyo head office building	○	○	○	○	○
4) Daido Life Osaka head office building	○	○	○	○	○
5) T&D Financial Life head office building	○	○	○	○	○
6) Taiyo Life Urawa Building <sup>Note 2</sup>	○	○	○		○

Notes:

1. Data for fiscal 2003 in Table 1 are for three life insurance companies' head office buildings 2) to 5). Data from fiscal 2004 onward are for buildings 2) to 6).

2. Taiyo Life Urawa Building houses T&D Information System and T&D Customer Service.

## T&D Leasing is engaged in leasing and other businesses as Group Asset Investment Business

GRI EN17

As an overall leasing company for the LP gas industry, T&D Leasing has been engaged in leasing and installment sales of equipment and facilities, OA and other office equipment, etc. Since August 2005, in addition to its conventional business, T&D Leasing has started installment sales of a residential solar power generation system that produces neither CO<sub>2</sub> nor hazardous substances.

Residential solar power generation system



## We Started Installment Sales of Environment-Friendly Residential Solar Power Generating System.

(Right)

**Mr. Seigo Sagara**

T&D Lease, General Manager, Business Planning, Gas & Energy Business Division

(Left)

**Mr. Katsuya Baba**

T&D Lease, Assistant General Manager, Business Planning, Gas & Energy Business Division



## Third-Party Opinion

GRI 3.10 3.11

### Ms. Mariko Kawaguchi

Senior Analyst, Management Strategy  
Research Department  
Daiwa Institute of Research Ltd.



This year, as last year, I examined the T&D Life Group's CSR Report, and my initial impression was that this year's presentation seemed far less awkward than last year's. Recognition of the significance of preparing this report appears to have permeated throughout the Group; the report contents reflect a switch from a passive disclosure of applicable information as required by guidelines to an active posture of disclosing information at its own initiative.

The enthusiasm of the preparers was particularly conspicuous in the sections on "offer of better products and services" and "communication." "Offer of better products and services" was the first subject stated in the April 2006 CSR Charter, and 12 pages were allocated to this topic. A unique aspect of the T&D Life Group is that its three constituent companies, though all in the same business of life insurance, serve dissimilar customer segments: Taiyo Life is oriented toward a female clientele, Daido Life services small and medium-sized enterprises, and T&D Financial Life's strength lies in the individual variable annuity market. Steps were taken in this report to make clear the ties between these companies and their customers as well as the differences in the services they offer.

Prior to reading this report I attached no particular significance to this difference in customer base, thinking that life insurance is still life insurance. It now seems obvious, however, that "different product designs and sales methods are required even for the same life insurance when approaching distinct customer bases representing completely separate lifestyles, and life insurance tailored to the particular circumstances of customers may well be a service that can only be provided by such a segmentalized insurance company."

The number of registrations in Taiyo Life's Customer Opinion Information System reportedly surged to 22,000 in fiscal 2005, about 3.4 times the level of the previous year. This could well be considered evidence that the company does not simply pay lip service to the "offer of better products and services" but has adopted it as a key business objective. Daido Life is said to be similarly endeavoring to improve customer service. Improvements in this area will likely be more visible to outside parties if this progress can be expressed in numerical terms in next year's and subsequent reports.

The report provided further validation of instances in which payments of insurance claims and benefits were not properly made, information that reflects negatively on the Group, as well as explanations of the payment management systems being instituted at the three companies. A clear determination on whether these systems are effectively functioning will depend on the disclosure of information about actual performance, addressing such questions as: Why were these payments not made? Was this simply the result of a paperwork error? Will the establishment of a payment management system prevent such incidents in future? How many incidents are examined each month by the committees set up in each company to check the status of payments? How many of these incidents will be deemed by these committees to be failures to pay claims/benefits due?

Next, the report discusses "communication." The formation of mutual companies is standard practice in the life insurance industry, and the T&D Life Group's choice of a joint-stock corporation format with strict accountability to outside parties

and high transparency may reflect a strong fundamental awareness of the importance of transparency among the Group's management. In any event, the Group's proactive posture toward communication can be seen in its IR activities, in the frequent informal discussions conducted with customers in a variety of formats, and in the inclusion in this report of questions arising from these discussions.

I look forward to future disclosures on the communication PDCA cycle that illustrate how the Group's management team will respond to harsh opinions and criticisms and how the Group will reflect these responses in its business activities.

I would now like to take the opportunity of pointing out a few problems. First is the Group's approach to human rights. In discussing "respect for human rights," the issue was addressed from two perspectives: human rights training on the one hand, and personnel training and improvements to the personnel system focused primarily on employees on the other. Detailed personal information on individual customers is essential to making decisions on underwriting life insurance. Points of concern for outside parties in this regard include the protection of personal information from unauthorized disclosure and the perspective of human rights—i.e., have discriminatory factors been completely eliminated?—when making underwriting decisions. I would like to see information about these approaches and perspectives.

It was regrettable that almost no mention at all was made on efforts made as an institutional investor, another face of insurance companies. The idea of Socially Responsible Investment (SRI)—incorporating the social aspects of the investment destination into investment decisions—has not gained wide acceptance in Japan even though it has become a matter of course among investors in Europe and the US. In the past year or so, there has been a growing trend toward the inclusion of SRI among megabanks and other financial institutions in Japan that have come to see SRI as an important element of their CSR. I look forward to more information on the Group's activities as an institutional investor next fiscal year.

Finally, there are the Group's environmental efforts. Although the volumes of paper and electricity used are being calculated properly, I would hope for efforts that go a step beyond this. The extreme weather conditions worldwide of late illustrate the rising threat of climate change. In light of the worldwide consensus on human economic activities being the cause of greenhouse gas emissions, environmental issues must be tackled from the perspective of an interested party. Although financial institutions do not have the same environmental impact as companies with factories, they ordinarily use several times the amount of paper. In addition, greater global warming is forecast to hasten the spread of infectious tropical diseases such as malaria even to Japan, greatly impacting peoples' lives and naturally giving rise to concerns about the consequences for the insurance business.

It can be expected that employees will become more environmentally conscious from this fiscal year, inspired by the move to the new energy-conservative Head Office building. Let me close with the suggestion that steps be taken to link environmental issues to the insurance business, such as by developing insurance products that take environmental issues into consideration.

## Corporate Stock Data

GRI EC6

### Stock Information (as of March 31, 2006) (Unit for the number of shares: thousand)

Number of shares of common stock (authorized)	966,000
Number of shares of common stock (issued)	246,330
Number of shareholders	344,292

● Dividend status  
Cash dividends applicable  
to the year: 55 yen

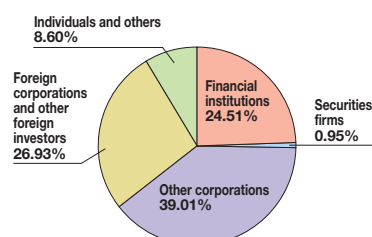
● Unit (trading lot): 50 shares

#### Principal Shareholders

Name of Shareholder	Level of Investment in T&D Holdings	
	Number of Shares Held	Ratio of Voting Rights
Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,524	4.27%
The Master Trust Bank of Japan Ltd. (Trust Account)	10,465	4.25%
Japan Trustee Services Bank, Ltd. (Trust Account)	10,115	4.11%
The Chase Manhattan Bank 385036	5,130	2.08%
NIPPONKOA Insurance Company, Ltd.	4,819	1.96%
Komatsu Ltd.	4,083	1.66%
Obayashi Corporation	3,530	1.43%
The Chase Manhattan Bank N.A., London	3,061	1.24%
State Street Bank and Trust Company 505103	3,032	1.23%
AIU Insurance Company ORD-4 Prod	3,000	1.22%

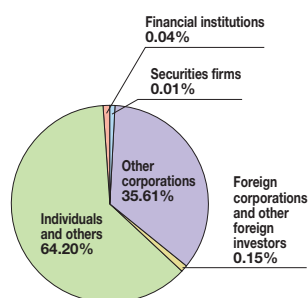
#### Number and Percentage of Shares Held by Shareholders

Types of Shareholders	Number of Shares Held	Proportion of Shares Held
Financial institutions	60,385	24.51%
Securities firms	2,336	0.95%
Other corporations	96,089	39.01%
Foreign corporations and other foreign investors	66,330	26.93%
Individuals and others	21,187	8.60%
Total	246,330	100.00%



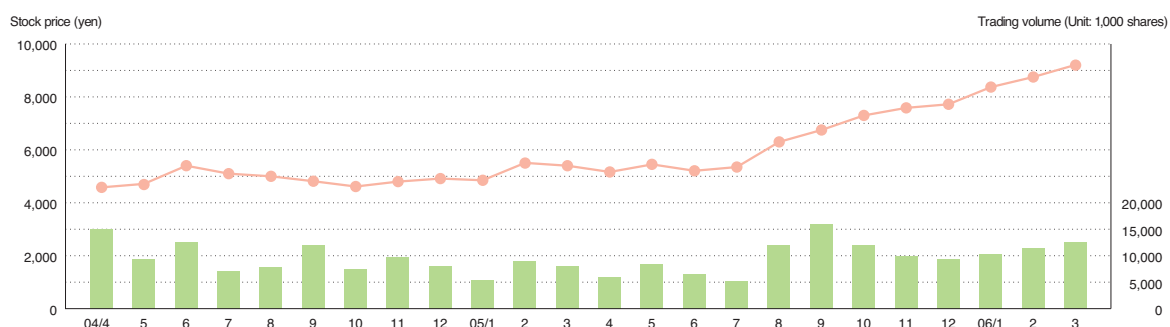
#### Number and Percentage of Shareholders by Shareholders' Type

Types of Shareholders	Number of Shareholders	Proportion of Shares Held
Financial institutions	131	0.04%
Securities firms	29	0.01%
Other corporations	122,601	35.61%
Foreign corporations and other foreign investors	502	0.15%
Individuals and others	221,029	64.20%
Total	344,292	100.00%



### Stock Prices and Trading Volumes

● Stock price ■ Trading volume



# GRI Content Index

## GRI 4.1

Item	Indicator	Pages in this report
<b>1 Vision and Strategy</b>		
1.1	Statement of the organisation's vision and strategy regarding its contribution to sustainable development	6,7
1.2	Statement from the CEO (or equivalent senior manager) describing key elements of the report	4,8,9,10
<b>2 Profile</b>		
<b>Organisational Profile</b>		
2.1	Name of reporting organisation	2
2.2	Major products and/or services, including brands if appropriate	7,8,9,10,22,23 24,25,30,31,32
2.3	Operational structure of the organisation	2
2.4	Description of major divisions, operating companies, subsidiaries, and joint ventures	2,58
2.5	Countries in which the organisation's operations are located	2,58
2.6	Nature of ownership; legal form	2
2.7	Nature of markets served	7,8,9,10,22,23 24,25,30,31,32
2.8	Scale of the reporting organisation	2,18,39
2.9	List of stakeholders, key attributes of each, and relationship to the reporting organisation	7
<b>Report Scope</b>		
2.10	Contact person(s) for the report, including E-mail and web addresses	Back cover
2.11	Reporting period (e.g., fiscal/calendar year) for information provided	3
2.12	Date of most recent previous report (if any)	3
2.13	Boundaries of report (countries/regions, products/services, divisions/facilities/joint ventures/subsidiaries) and any specific limitations on the scope	3
2.14	Significant changes in size, structure, ownership, or products/services that have occurred since the previous report	—
2.15	Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period and/or between reporting organisations	—
2.16	Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, changes of base years/periods, nature of business, measurement methods)	—
<b>Report Profile</b>		
2.17	Decisions not to apply GRI principles or protocols in the preparation of the report	Reference only
2.18	Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits	—
2.19	Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information	—
2.20	Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report	3,40,42
2.21	Policy and current practice with regard to providing independent assurance for the full report	—
2.22	Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organisation's activities, including facility-specific information (if available)	40,58 Back cover
<b>3 Governance structure and management systems</b>		
<b>Structure and Governance</b>		
3.1	Governance structure of the organisation, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation	12,16
3.2	Percentage of the board of directors that are independent, non-executive directors	12
3.3	Process for determining the expertise board members need to guide the strategic direction of the organisation, including issues related to environmental and social risks and opportunities	—
3.4	Board-level processes for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities	16
3.5	Linkage between executive compensation and achievement of the organisation's financial and non-financial goals (e.g., environmental performance, labour practices)	*
3.6	Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies	12,16
3.7	Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation	4,8,9,10 34,35,51
3.8	Mechanisms for shareholders to provide recommendations or direction to the board of directors	12,40,42
<b>Stakeholder Engagement</b>		
3.9	Basis for identification and selection of major stakeholders	7
3.10	Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group	26,38 40-44,54
3.11	Type of information generated by stakeholder consultations	21,22,42-44,54
3.12	Use of information resulting from stakeholder engagements	26
<b>Overarching Policies and Management Systems</b>		
3.13	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	16,34,35
3.14	Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses	51
3.15	Principal memberships in industry and business associations, and/or national/international advocacy organisations	3,47
3.16	Policies and/or systems for managing upstream and downstream impacts	—
3.17	Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities	—
3.18	Major decisions during the reporting period regarding the location of, or changes in, operations	2, Back cover
3.19	Programmes and procedures pertaining to economic, environmental, and social performance	51
3.20	Status of certification pertaining to economic, environmental, and social management systems	—
<b>4 GRI Content Index</b>		
4.1	A table identifying location of each element of the GRI Report Content, by section and indicator	56

Item	Indicator	Pages in this report
<b>5 Performance Indicators</b>		
<b>■ Economic Performance Indicators</b>		
<b>Direct Economic Impacts</b>		
<Core Indicators>		
<b>Customers</b>		
EC1	Net sales	2,18
EC2	Geographic breakdown of markets	*
<b>Suppliers</b>		
EC3	Cost of all goods, materials, and services purchased	2,18
EC4	Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements	—
<b>Employees</b>		
EC5	Total payroll and benefits (including wages, pension, other benefits, and redundancy payments) broken down by country or region	—
<b>Providers of Capital</b>		
EC6	Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed	18,55
EC7	Increase/decrease in retained earnings at end of period	*
<b>Public Sector</b>		
EC8	Total sum of taxes of all types paid broken down by country	*
EC9	Subsidies received broken down by country or region	—
EC10	Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group	—
<Additional Indicators>		
<b>Suppliers</b>		
EC11	Supplier breakdown by organisation and country	—
<b>Public Sector</b>		
EC12	Total spent on non-core business infrastructure development	—
<b>Indirect Economic Impacts</b>		
EC13	The organisation's indirect economic impacts	—
<b>■ Environmental Performance Indicators</b>		
<Core Indicators>		
<b>Materials</b>		
EN1	Total materials use other than water, by type	—
EN2	Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organisation	—
<b>Energy</b>		
EN3	Direct energy use segmented by primary source	53
EN4	Indirect energy use	—
<b>Water</b>		
EN5	Total water use	53
<b>Biodiversity</b>		
EN6	Location and size of land owned, leased, or managed in biodiversity-rich habitats	—
EN7	Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater, and marine environments	—
<b>Emissions, Effluents, and Waste</b>		
EN8	Greenhouse gas emissions (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> )	53
EN9	Use and emissions of ozone-depleting substances	—
EN10	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type	—
EN11	Total amount of waste by type and destination	53
EN12	Significant discharges to water by type	—
EN13	Significant spills of chemicals, oils, and fuels in terms of total number and total volume	—
<b>Products and Services</b>		
EN14	Significant environmental impacts of principal products and services	—
EN15	Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed	—
<b>Compliance</b>		
EN16	Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues	—
<Additional Indicators>		
<b>Energy</b>		
EN17	Initiatives to use renewable energy sources and to increase energy efficiency	51,52,53
EN18	Energy consumption footprint (i.e., annualised lifetime energy requirements) of major products	—
EN19	Other indirect (upstream/downstream) energy use and implications, such as organisational travel, product lifecycle management, and use of energy-intensive materials	—
<b>Water</b>		
EN20	Water sources and related ecosystems/habitats significantly affected by use of water	—
EN21	Annual withdrawals of ground and surface water as a percent of annual renewable quantity of water available from the sources	—
EN22	Total recycling and reuse of water	—
<b>Biodiversity</b>		
EN23	Total amount of land owned, leased, or managed for production activities or extractive use	—
EN24	Amount of impermeable surface as a percentage of land purchased or leased	—
EN25	Impacts of activities and operations on protected and sensitive areas	—



Item	Indicator	Pages in this report
EN26	Changes to natural habitats resulting from activities and operations and percentage of habitat protected or restored	—
EN27	Objectives, programmes, and targets for protecting and restoring native ecosystems and species in degraded areas	—
EN28	Number of IUCN Red List species with habitats in areas affected by operations	—
EN29	Business units currently operating or planning operations in or around protected or sensitive areas	—
<b>Emissions, Effluents, and Waste</b>		
EN30	Other relevant indirect greenhouse gas emissions (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> )	—
EN31	All production, transport, import, or export of any waste deemed "hazardous" under the terms of the Basel Convention Annex I, II, III, and VIII	—
EN32	Water sources and related ecosystems/habitats significantly affected by discharges of water and runoff	—
<b>Suppliers</b>		
EN33	Performance of suppliers relative to environmental components of programmes and procedures described in response to Governance Structure and Management Systems section (Section 3.16)	—
<b>Transport</b>		
EN34	Significant environmental impacts of transportation used for logistical purposes	—
<b>Overall</b>		
EN35	Total environmental expenditures by type	—
<b>■ Social Performance Indicators</b>		
<b>Labour Practices and Decent Work</b>		
<Core Indicators>		
<b>Employment</b>		
LA1	Breakdown of workforce	39
LA2	Net employment creation and average turnover segmented by region/country	39
<b>Labour/Management Relations</b>		
LA3	Percentage of employees represented by independent trade union organisations or other bona fide employee representatives broken down geographically or percentage of employees covered by collective bargaining agreements broken down by region/country	—
LA4	Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organisation's operations (e.g., restructuring)	38
<b>Health and Safety</b>		
LA5	Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases	—
LA6	Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees	—
LA7	Standard injury, lost days, and absentee rates and number of work-related fatalities (including subcontracted workers)	—
LA8	Description of policies or programmes (for the workplace and beyond) on HIV/AIDS	—
<b>Training and Education</b>		
LA9	Average hours of training per year per employee by category of employee	—
<b>Diversity and Opportunity</b>		
LA10	Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring	36
LA11	Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate	—
<Additional Indicators>		
<b>Employment</b>		
LA12	Employee benefits beyond those legally mandated	38
<b>Labour/Management Relations</b>		
LA13	Provision for formal worker representation in decision-making or management, including corporate governance	38
<b>Health and Safety</b>		
LA14	Evidence of substantial compliance with the ILO <i>Guidelines for Occupational Health Management Systems</i>	—
LA15	Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered by any such agreements	—
<b>Training and Education</b>		
LA16	Description of programmes to support the continued employability of employees and to manage career endings	37
LA17	Specific policies and programmes for skills management or for lifelong learning	29,37
<b>Human Rights</b>		
<Core Indicators>		
<b>Strategy and Management</b>		
HR1	Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results	34,35,36
HR2	Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors	34,35
HR3	Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring	34,35
<b>Non-discrimination</b>		
HR4	Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring	34,35,36
<b>Freedom of Association and Collective Bargaining</b>		
HR5	Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue	38

Item	Indicator	Pages in this report
<b>Child Labour</b>		
HR6	Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring	34,35
<b>Forced and Compulsory Labour</b>		
HR7	Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring	34,35,38
<Additional Indicators>		
<b>Strategy and Management</b>		
HR8	Employee training on policies and practices concerning all aspects of human rights relevant to operations	36
<b>Disciplinary Practices</b>		
HR9	Description of appeal practices, including, but not limited to, human rights issues	35
HR10	Description of non-retaliation policy and effective, confidential employee grievance system (including, but not limited to, its impact on human rights)	35
<b>Security Practices</b>		
HR11	Human rights training for security personnel	—
<b>Indigenous Rights</b>		
HR12	Description of policies, guidelines, and procedures to address the needs of indigenous people	—
HR13	Description of jointly managed community grievance mechanisms/authority	—
HR14	Share of operating revenues from the area of operations that are redistributed to local communities	—
<b>Society</b>		
<Core Indicators>		
<b>Community</b>		
SO1	Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring	46
<b>Bribery and Corruption</b>		
SO2	Description of the policy, procedures/management systems, and compliance mechanisms for organisations and employees addressing bribery and corruption	34,35
<b>Political Contributions</b>		
SO3	Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions	—
<Additional Indicators>		
<b>Community</b>		
SO4	Awards received relevant to social, ethical, and environmental performance	42,49
<b>Political Contributions</b>		
SO5	Amount of money paid to political parties and institutions whose prime function is to fund political parties or their candidates	—
<b>Competition and Pricing</b>		
SO6	Court decisions regarding cases pertaining to anti-trust and monopoly regulations	—
SO7	Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behaviour	34,35
<b>Product Responsibility</b>		
<Core Indicators>		
<b>Customer Health and Safety</b>		
PR1	Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring	26
<b>Products and Services</b>		
PR2	Description of policy, procedures/management systems, and compliance mechanisms related to product information and labelling	26
<b>Respect for Privacy</b>		
PR3	Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy	17,39
<Additional Indicators>		
<b>Customer Health and Safety</b>		
PR4	Number and type of instances of non-compliance with regulations concerning customer health and safety, including the penalties and fines assessed for these breaches	—
PR5	Number of complaints upheld by regulatory or similar official bodies to oversee or regulate the health and safety of products and services	—
PR6	Voluntary code compliance, product labels or awards with respect to social and/or environmental responsibility that the reporter is qualified to use or has received	—
<b>Products and Services</b>		
PR7	Number and type of instances of non-compliance with regulations concerning product information and labelling, including any penalties or fines assessed for these breaches	33
PR8	Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction, including results of surveys measuring customer satisfaction	26,43
<b>Advertising</b>		
PR9	Description of policies, procedures/management systems, and compliance mechanisms for adherence to standards and voluntary codes related to advertising	34,35,40
PR10	Number and types of breaches of advertising and marketing regulations	—
<b>Respect for Privacy</b>		
PR11	Number of substantiated complaints regarding breaches of consumer privacy	—

- GRI (Global Reporting Initiative)/A global network organization composed of NGOs, companies, and international organizations. The GRI encourages companies to report on their activities from the following three aspects: economy, environment, and society.  
The Guidelines are available on the following website: <http://www.globalreporting.org/guideline/2002/gri-2002-guidelines.pdf>
- The asterisk (\*) mark in the table means that the Guidelines are referred to for T&D Holding's Annual Report which is available on the following websites:  
[http://www.td-holdings.co.jp/en/financial\\_info/annual/index.shtml](http://www.td-holdings.co.jp/en/financial_info/annual/index.shtml)

## The T&D Life Group's Subsidiaries and Affiliates

GRI 2.4 2.5 2.22

### T&D Holdings, Inc.

Company Name:	T&D Holdings, Inc.
Date of Establishment:	April 1, 2004
Location of Headquarters:	1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan
Type of Business:	<ul style="list-style-type: none"> <li>• Management of the T&amp;D Life Group and its subsidiaries</li> <li>• All duties incidental to the above business</li> </ul>
Paid-in Capital:	118.5 billion yen
Number of Employees:	79
Accounting Auditor:	Ernst & Young ShinNihon
URL:	<a href="http://www.td-holdings.co.jp/e/">http://www.td-holdings.co.jp/e/</a>

#### ● Insurance & Insurance-Related Businesses

Insurance	<ul style="list-style-type: none"> <li>● Taiyo Life Insurance Company <a href="http://www.taiyo-seimei.co.jp">http://www.taiyo-seimei.co.jp</a></li> <li>● Daido Life Insurance Company <a href="http://www.daido-life.co.jp">http://www.daido-life.co.jp</a></li> <li>● T&amp;D Financial Life Insurance Company <a href="http://www.tdf-life.co.jp">http://www.tdf-life.co.jp</a></li> </ul>
Insurance-Related	<ul style="list-style-type: none"> <li>● T&amp;D Confirm Ltd.</li> <li>● Toyo Insurance Agency Co., Ltd. <a href="http://www.toyohokendaiko.co.jp">http://www.toyohokendaiko.co.jp</a></li> <li>● Daido Management Service Co., Ltd. <a href="http://www.dms-hp.co.jp">http://www.dms-hp.co.jp</a></li> </ul>

#### ● Investment-Related Businesses

Investment Advisory	<ul style="list-style-type: none"> <li>● T&amp;D Asset Management Co., Ltd. <a href="http://www.tdasasset.co.jp">http://www.tdasasset.co.jp</a></li> <li>● T&amp;D Asset Management (U.S.A.) Inc.</li> </ul>
Other	<ul style="list-style-type: none"> <li>● T&amp;D Lease Co., Ltd. <a href="http://www.taiyo-life-lease.co.jp">http://www.taiyo-life-lease.co.jp</a></li> <li>● T&amp;D Asset Management Cayman Inc.</li> <li>● Taiyo Credit Guarantee Co., Ltd.</li> <li>▲ Alternative Investment Capital Ltd. <a href="http://www.aicapital.co.jp">http://www.aicapital.co.jp</a></li> <li>▲ AIC Private Equity Fund General Partner, Ltd.</li> </ul>

#### ● Administration-Related Businesses

Administration-Related	<ul style="list-style-type: none"> <li>● T&amp;D Customer Services Co., Ltd.</li> <li>● Taiyo Life Career Staff Co., Ltd.</li> </ul> <a href="http://www.taiyo-seimei-careerstaff.co.jp">http://www.taiyo-seimei-careerstaff.co.jp</a>
General Affairs and Calculation-Related	<ul style="list-style-type: none"> <li>● T&amp;D Information Systems, Ltd. <a href="http://www.td-system.co.jp">http://www.td-system.co.jp</a></li> <li>● Zenkoku Business Center Co., Ltd. <a href="http://www.zbc-jp.com">http://www.zbc-jp.com</a></li> <li>● Nihon System Shuno, Inc. <a href="http://www.nss-jp.com">http://www.nss-jp.com</a></li> </ul>

#### ● Public Corporations

Daido Life Welfare Foundation  
<http://www.daido-life-welfare.or.jp>  
 The Daido Life Foundation <http://www.daido-life-fd.or.jp>  
 Taiyo Life Himawari Foundation

● Consolidated subsidiaries    ▲ Affiliated companies accounted for by the equity method



■ Financial Disclosure Report 2006



■ Annual Report



■ Taiyo Life Communication Report



■ Website <http://www.td-holdings.co.jp/e/>

## The T&D Life Group's Major CSR-Related Activities

1974	Daido Life founded the Daido Life Welfare Foundation. To promote and enhance people's health and social welfare, the Foundation granted Regional Insurance Welfare Research Subsidy and Salaried Men (Women) Volunteer Activity Subsidy, issued Health Brochures, held House Nursing Training Seminars, etc. in the field of social welfare and public health.
1984	Taiyo Life established the Taiyo Life Himawari Foundation. To implement social welfare project in commemoration of the company's 90th anniversary, the Foundation carried out business and research on welfare of the elderly and the handicapped, granted subsidies to volunteer groups and NPOs, etc.
1985	Daido Life established the Daido Life Foundation. In commemoration of the company's 80th anniversary, the Foundation presented the Regional Research Award, carried out translation and publishing projects and engaged in education assistance business (scholarships, donations of Japanese books to schools in South East Asia, assistance to schools in other Asian countries, etc.) to promote mutual understanding and internationalization of Japanese society.
1992	In commemoration of the company's 90th anniversary, Daido Life established the Daido Life Employee's Community Contribution Club (Goodwill Club), a voluntary corporate citizen activity organized by its employees. Daido started giving special support to the National Sports Game for the Disabled and participating in volunteer activities.
1993	Daido Life abolished uniforms for female employees and sent those uniforms to Peru and Thailand through the Japan Relief Clothing Center.
1994	Taiyo Life started its nationwide volunteer activity, the Goodwill Circle.
1995	Taiyo and Daido Life supported volunteer relief activities and gave monetary donations to the Great Hanshin Awaji Earthquake victims.
1998	Daido life started marketing of a special discount rider for especially healthy people (smokers and non-smokers).
1999	Daido life started marketing of a term insurance for people with diabetes and hypertension.
2003	Taiyo Life started marketing of <i>Yasashii Hoken</i> , a non-selective-type medical insurance that policyholders can apply for without medical examination or explaining their health conditions. Daido Life held open seminars on management and business in cooperation with several universities. T&D Financial Life implemented the Summer Ecology Style campaign.
2004	T&D Holdings was established.
2005	CSR Team, Public Relations Department was established in T&D Holdings. T&D Life Group participated in "Team Minus 6%" and implemented the "Cool Biz" and "Warm Biz" campaigns. T&D Life Group provided relief aid for victims of the Sumatra Earthquake, etc. Taiyo Life Goodwill Circle Associates was established. Forest of Taiyo Life was established in Nasu-shiobara City, Tochigi Prefecture. Daido Life Social Contribution Circle gave monetary donation to build the Rainbow House for the Ashinaga Scholarship Society. The Group further strengthened payment management of insurance benefits, etc.
2006	T&D Life Group CSR Charter, T&D Life Group Compliance Code of Conduct and T&D Life Group Environmental Policy were established. The Executive Officer System was introduced.

## Afterword

Since Taiyo Life and Daido Life began their overall business cooperation in January 1999, all T&D Life Group executives and employees have been striving to establish a new life insurance group under a common management principal, "Aiming at being a group company that contributes to people and society by creating value through 'Try & Discover.'"

In this Report, we have tried to present our readers with an easy-to-understand report on the major business activities of the three life insurance companies, each with their very distinctive characteristics, and some of our group company activities under each article of the T&D Life Group CSR Charter, established in April 2006.

We have also introduced opinions and comments from various stakeholders.

We hope this report will help you understand the T&D Life Group's views on CSR and some of our CSR activities.

Please use the enclosed questionnaire to let us know your candid opinions and comments.

We look forward to receiving your comments.

CSR Promotion Team, Public Relations Department, T&D Holdings





## T&D Holdings, Inc.

1-2-3 Kaigan, Minato-ku, Tokyo 105-0022 Tel.+81(3)-3434-9111  
<http://www.td-holdings.co.jp/e/>

**T&D** T&D Life Group



The T&D Life Group is a member of Team minus 6%.



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