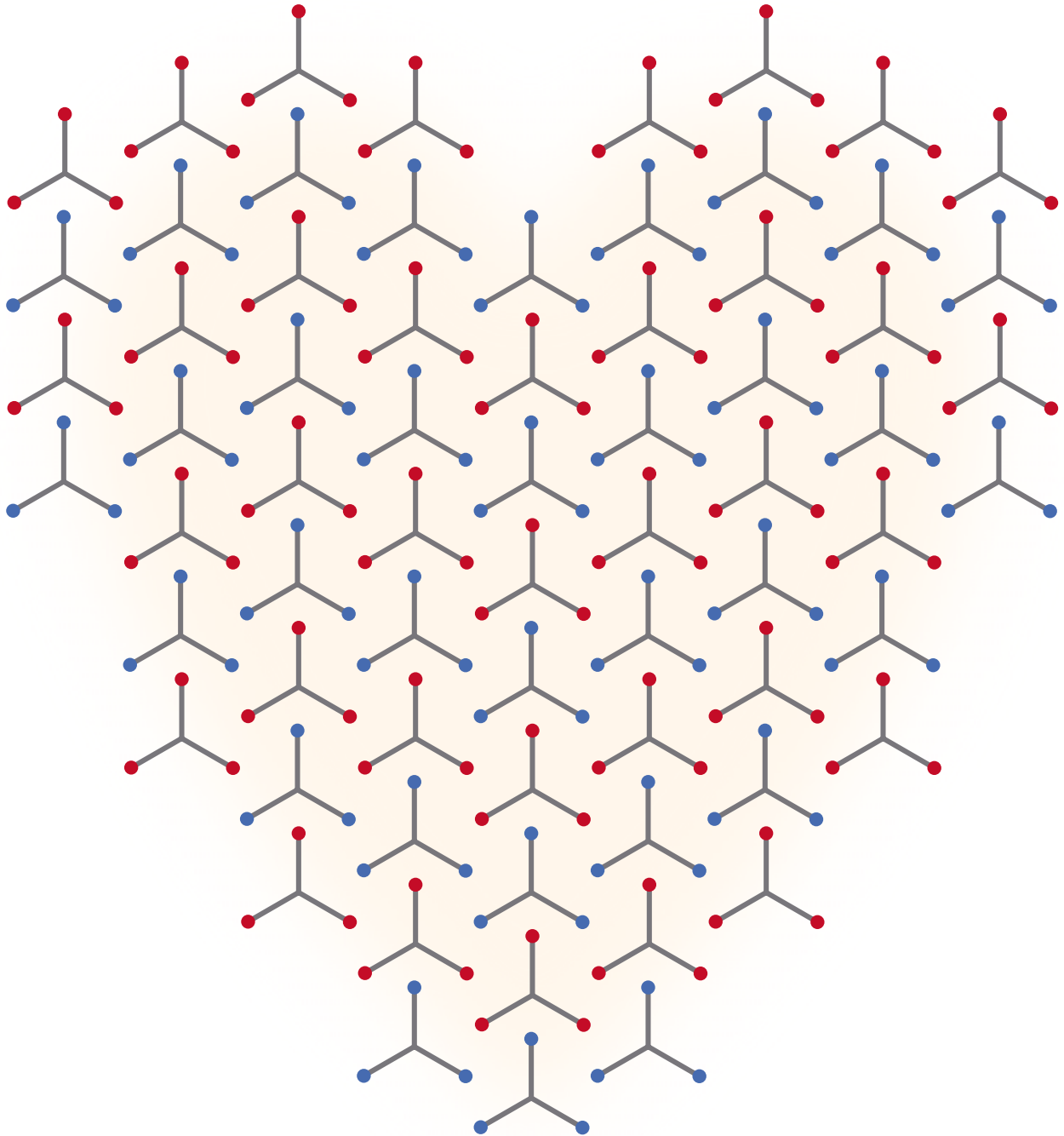




# T&D Life Group T&D Life Group CSR Report 2007



A Life Insurance Group that People Can Trust

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### About the T&D Life Group CSR Report

The T&D Life Group CSR Report was prepared for all the Group's stakeholders to explain in simple terms the Group's thinking and activities regarding its corporate social responsibility.

- "The 2006 Sustainability Reporting Guidelines", which are international guidelines on sustainability reporting, prepared by the Global Reporting Initiative were used as a reference in preparing this report, and information was selected for inclusion based on considerations of the materiality of initiatives undertaken. Please refer to page 44.
- Third-party opinions and advice regarding this report were received from Senior Analyst Ms. Mariko Kawaguchi of the Daiwa Institute of Research. Please refer to page 43.
- Detailed information on the T&D Life Group CSR activities and financial performance have been posted on the Company's website, and you may refer to it at the following website.

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

### Period Covered by This Report

Fiscal 2006 from April 2006 to March 2007

\*Information on some activities occurring in April 2007 or later has also been included.

### Reporting Scope

T&D Life Group Companies Please refer to page 45.

### Previous Publication

August 2006

### Scheduled Next Publication

August 2008

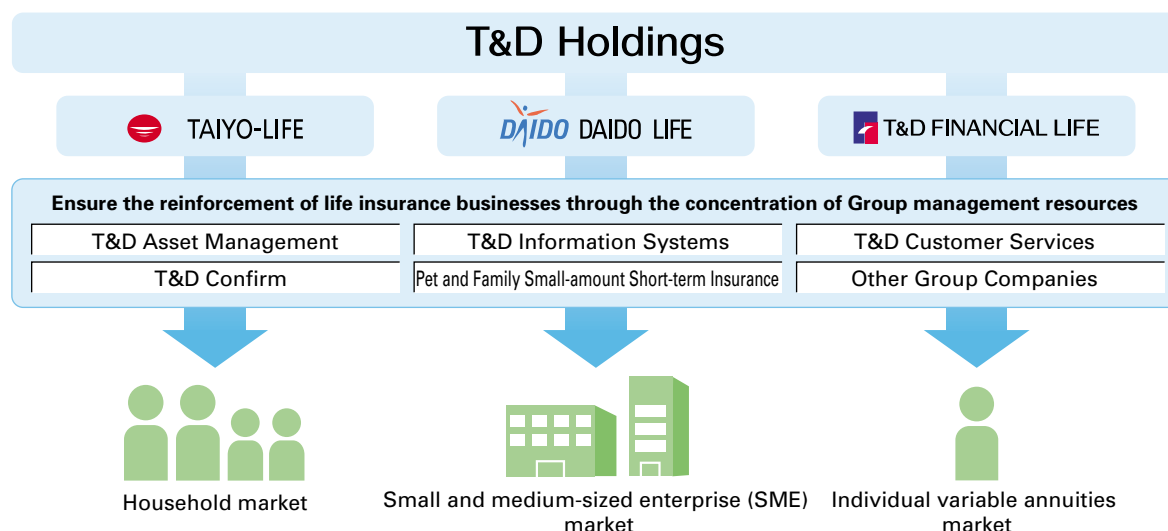
### Organization to Which the Three Life Insurance Companies Belong

The Life Insurance Association of Japan

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

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 businesses. 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.



## Corporate Data (as of March 31, 2007)

### T&D Holdings, Inc.

- Date of Establishment April 2004
- Location of Headquarters 1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan
- Capital Amount ¥118.5 billion
- Number of Employees 108

### Taiyo Life Insurance Company

- Date of Establishment February 1948 as a mutual company (Founded in May 1893 as Nagoya Life Insurance Co., Ltd.)
- Location of Headquarters 1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan
- Capital Amount ¥37.5 billion
- Number of Employees In-house sales representatives: 8,116  
Customer service personnel: 1,143  
Administrative personnel: 2,735  
11,994 in total

### Daido Life Insurance Company

- Date of Establishment July 1947 as a mutual company (Founded in July 1902 as a joint stock company)
- Location of Headquarters <Osaka> 1-2-1 Edobori, Nishi-ku, Osaka 550-0002, Japan  
<Tokyo> 1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan
- Capital Amount ¥75 billion
- Number of Employees Administrative personnel: 3,212  
In-house sales representatives: 4,276  
7,938 in total

### T&D Financial Life Insurance Company

- Date of Establishment July 1947 (Founded in April 1895 as Tokyo Life Insurance Company)
- Location of Headquarters 1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan
- Capital Amount ¥36 billion
- Number of Employees 320

## Financial Data

Years ended March 31	2005	2006	2007
<b>Consolidated Operating Results (in hundred millions of yen)</b>			
Ordinary Revenues	23,167	24,442	22,860
Ordinary Profit	1,088	1,368	1,581
Net Income	371	355	387
<b>Consolidated Financial Conditions (in hundred millions of yen)</b>			
Total Assets	130,434	139,862	140,909
Net Assets	5,823	10,800	10,902
<b>Consolidated per Share Figures (in yen)</b>			
Net Income per Share	155.41	146.19	157.45
Shareholders' Equity per Share	2,410.76	4,384.93	4,419.55
Cash Dividends Applicable to the Year	45.00	55.00	65.00
<b>Management Indicators (in hundred millions of yen)</b>			
Existing Policy Amount in Force	595,735	602,650	598,999
New Policy Amount	75,449	72,938	66,347
Core Profit	1,298	1,272	1,733
Consolidated Return on Equity (%)	6.6	4.3	3.6
Embedded Value	11,983	19,928	21,333

Notes: Management indicators other than ROE are based on the aggregate non-consolidated business results for Taiyo Life, Daido Life, and T&D Financial Life. The existing policy amount in force and the new policy amount include individual insurance and individual annuities.

# The T&D Life Group Benefits both Individuals and Society

## Introduction

The T&D Life Group began to come together in January 1999 with a full business partnership combining Taiyo Life and Daido Life, which then acquired the shares of T&D Financial Life formerly Tokyo Life. Taiyo Life and Daido Life then underwent a restructuring converting the combined entity from a mutual company into a joint stock corporation and listed their shares. In April 2004, T&D Holdings was established as a holding company and managerial functions were integrated under it.

To strengthen ties among Group companies and enhance operating efficiency, the headquarters functions of T&D Holdings, Taiyo Life, Daido Life, T&D Financial Life referred to below as “the Group’s three life insurance companies”, and T&D Asset Management were brought together in the same environmentally conscious, energy-efficient building in July 2006. Entering this year, the Pet and Family Small-amount Short-term Insurance Company was added to the Group to pursue a new business strategy focusing on pets and families, and T&D Asset Management was made into a direct subsidiary in an effort to develop asset management as a second core business, behind life insurance. Through these and other measures, the T&D Life Group has steadily worked to achieve sustainable growth amid turbulent business conditions around the Group.

In the face of a significantly changing business environment, the T&D Life Group works on a daily basis to establish management systems and rules suited to a new era, and offer customers optimal products and services, based on its corporate philosophy of “contributing to people and to society by creating value under the motto ‘Try & Discover.’” Despite those efforts, however, re-examinations in regard to insurance claim & benefit payments made by the Group’s three life insurance companies over the past five years have recently determined that additional payments are necessary. The payment of claims & benefits is a fundamental, and indeed the most important, function of an insurance company, and we express our heartfelt apologies to all of our stakeholders, especially our customers, that the need for additional payments has arisen.

The entire T&D Life Group will do its utmost to ensure that such a need never arises again, and ask for your understanding in this regard.



## Group Activities

Having positioned CSR as its top management priority, the Group is moving forward with various initiatives based on the T&D Life Group CSR Charter, the T&D Life Group Compliance Code of Conduct, and the T&D Life Group Environmental Policy, all of which were established in April 2006.

The T&D Life Group is working to win ever greater degrees of social trust through strict compliance based on a high sense of ethics, and to earn even greater stakeholder faith through proactive disclosure practices and enhanced IR activities. Furthermore, as companies are supported by people, the T&D Life Group regards employees as stakeholders every bit as important as customers and is taking positive measures in support of women's careers, a healthy work/life balance, and other matters to boost employee motivation from the perspective of human rights. As a result of our efforts to improve childcare support system including encouraging employees to take childcare leave, the Group's three life insurance companies were officially recognized for their support of childcare and were awarded certifications under the Law for Measures to Support the Development of the Next Generation.

In another area of social concern, financial institutions, as well as other companies, are being called upon to redouble their efforts to protect the environment in light of the increasingly serious issue of global warming. For its part, the T&D Life Group is moving forward with concrete steps to achieve quantitative objectives it has set for reducing electricity consumption, cutting the use of paper for administrative purposes, and increasing green purchasing. At the individual company level, Taiyo Life in March of this year became the first Japanese life insurance company to sign onto The Principles for Responsible Investment "PRI" being advocated by the United Nations Environment Programme Finance Initiative "UNEP FI" and is managing assets with full consideration for the need to integrate environmental, social, and corporate governance. On another front, T&D Asset Management has established and is now marketing a new environmental fund.

## To Be a Trusted Insurance Group

The essence of CSR at a life insurance company is to practice strict compliance and to faithfully, and accurately, fulfill the core purpose of the insurance business.

With people now commonly living 80-90 years, the T&D Life Group is constantly working to enhance customer satisfaction and is firmly intent on being the insurance group people choose for their lifetime. It is essential that each T&D Life Group executive and employee constantly bear in mind the Group's objective of playing a role like that of a family physician, taking the customer's perspective in offering multipurpose services that meet customer needs at each phase of life, and being an insurance group that is trusted and sincerely supported by its customers.

As a listed life insurance group, the T&D Life Group has endeavored to deepen communications with a broad spectrum of stakeholders, including customers, shareholders, capital markets, marketing agencies, employees, and local communities, and others. Moving forward, the T&D Life Group intends to appropriately provide stakeholders with information on how it is meeting its social responsibilities.

The T&D Life Group CSR initiatives are still in the process of being developed and, by actively pursuing communications with stakeholders, sincerely accepting stakeholder expectations, and sparing no effort in living up to them, we will strive to be an insurance group that is trusted by and continues to grow together with society.

We look forward to your reading this report and responding to us with your comments and requests regarding the Group's CSR initiatives.

December 2007

宮戸直輝

Naoteru Miyato  
President of T&D Holdings, Inc.

# The Results of the Examination of Insurance Claim & Benefit Payments and the Response in the Future

On April 13, 2007, the T&D Life Group's three life insurance companies of Taiyo Life, Daido Life, and T&D Financial Life, provided a release on their examination of their insurance claim & benefit payments over a five-year period, from fiscal 2001 to 2005. At that time, they indicated that they planned to complete their examination by the end of June. That objective, however, was not met and the examination was actually completed at the end of September. The results of the examination and the corresponding status to prevent a recurrence of the problems identified were

announced on October 5.

The Group's three life insurance companies apologize for the result that additional claims and benefits should be paid, which was determined in the course of the examination, and the great inconvenience caused to customers and other stakeholders by the delay in completing the examination. The T&D Life Group will work to restore lost stakeholders' faith by bringing resources from throughout its organization to ensure that similar problems do not recur in the future.

## Taiyo Life

### 1. Examination Results

Taiyo Life paid insurance claims & benefits for a total of 1,768,713 policies over the five years covered by the examination for fiscal 2001-2005. This number included claims and benefits for 1,756,297 individual insurance policies and 12,416 group insurance policies. The number and value of all additional payments determined to be necessary are shown below.

Additional Payments	(Number of payments, millions of yen)	
	Number	Value
1 Number of inadequate payments	2,234	224
2 Additional necessary payments clarified due to claim guidance notifications to customers	6,580	638
<b>Total</b>	<b>8,814</b>	<b>862</b>

As of September 30, additional payments have been completed for 8,468 (96.0 %) of the cases shown above.

### 2. Future Measures

#### ■ Measures for Benefits Unpaid

For benefits that are determined to be paid as a result of the examination but were not, the Company will continue to act on to resolve the remaining issues. Once those issues are settled, payments will be made promptly.

For cases in which the customer cannot be contacted, claim documentation is not returned and the customer cannot be contacted, and other such cases, Taiyo Life will continue to attempt to contact customers both in writing and by telephone until the end of fiscal 2012.

#### ■ Further Enhancement of Preventive Measures

To prevent payment errors and failures to encourage the submission of claims, and properly pay insurance claims & benefits, Taiyo Life will improve the quality of its payment management system.

1) Devote greater attention to enhancing the Risk

- Management Department's payment management system
- 2) Strengthen machine-based check functions by digitalizing physical examination certificate information
- 3) Introduce an assessment simulator to improve reviewer skills
- 4) Enhance the function for preventing failures to encourage the submission of claims by revising the workflow system's input screen
- 5) Terminate sales of new agreements for outpatient riders, long-term hospitalization riders, etc.

### 3. Progress in Advancing Preventive Measures

Taiyo Life has established its Payment Reform Promotion Headquarters, which is headed by its Representative Director and President under Board of Directors, and is working to rapidly and solidly implement preventive measures.

#### ■ Operational revision for the proper payment of insurance claims & benefits

- 1) Introduce a system to partially cover expenses by the Company for obtaining physical examination certificates  
As of April 1, 2007, when an insurance or benefit claim is rejected despite the policyholder's submission of the designated physical examination certificates, the Company will pay ¥5,000 for each certificate submitted.
- 2) Commence the handling of specified agent claims riders  
As of October 1, 2007, the handling of specified agent claims riders submitted by an agent specified in advance has been commenced.
- 3) Introduce to advise information to policyholders via general notices  
Beginning with fiscal 2007, coverage details for each insured person will be displayed in the "Himawari Tsushin" general notice, which will be sent together with Procedure Guidebooks intended to prevent omissions of claims.
- 4) Improve payment explanations in selling or soliciting

insurance products

In-house sales representatives are directly visiting all customers with pamphlets titled “Claim Procedures for Insurance Benefits” prepared in April 2007, to explain the claim procedures as well as cases in which payments can be made and cannot be made.

- 5) Provide detailed explanations when reports or claims are received

An answer book for processing reports and claims will be prepared, and claim documentations etc. will be revised.

- 6) Provide detailed explanations and introduce the notice to encourage the reconfirmation of the policy contents when insurance claims & benefits are paid

Payment statements issued when insurance claims & benefits are paid to policyholders will be revised and the notice will be introduced to further encourage the reconfirmation of the policy contents.

### ■ Further Enhancement of the Payment Management System

- 1) Organizational Reform

On May 1, 2007, Taiyo Life implemented a sweeping organizational reform centered around Administrative Service Units and other units that directly communicate with customers.

A. Established the position of Customer Service Headquarters Manager, Director and Senior Executive Officer for providing cross-company oversight of Customer Service Administrative Units.

B. Established three independent departments for providing customer service when a policy is signed, after a policy is enrolled, and when insurance claims & benefits are paid.

C. Established the Payment Training Section within the Insurance Claims & Benefits Department to take charge of internal training of matters related to insurance claim & benefit payments, and assigned Payment Advisors in branches throughout the country. Both of these actions were taken to ensure that sufficient and adequate explanations are provided regarding insurance claim & benefit payments.

D. In April 2007, added two additional external members, a physician and an academic expert, to its Payment Assessment Special Committee, which includes a lawyer and an executive of a consumer-rights organization as external members.

- 2) Increase staffing for the Benefits Payment Management and other units

To reinforce the system for insurance claim & benefit payment management, 70 staff were added to the Insurance Claims & Benefits Department, expanding to 213 from 143. Additionally, 13 staff were added to the

Customer Service Department’s Underwriting Judging Div., to 43 from 30.

Staffing have also been increased for the Customer Consultation Center, the purpose of which is to promote both the gathering and analysis of customer complaints and opinions, and the application of what is learned from them in management improvements. Staffing have also been increased for the Claims & Benefits Consultations Div., the purpose of which is to receive opinions and desires regarding insurance claims and provide more informative explanations and careful response.

### ■ Enhancement of insurance claim & benefit payment systems

The sweeping organizational reforms implemented on May 1, 2007 included the establishment of a team within Benefits Payment Management Units to focus on the development of systems and others, and the creation of the Benefit Payment Systematization Promotion PT, comprised of Benefits Payment Management Unit, the IT Planning Department, and the System Development Unit. Other actions, as well, were taken in an effort to enhance insurance claim payment systems.

### ■ Improvement of the effectiveness of internal audits of insurance claim & benefit payment management

Based on the understanding that internal audits play an important role in ensuring proper insurance claim & benefit payment management, Taiyo Life will now implement theme-oriented audits, follow-up audits, and special audits as necessary, in addition to internal audits carried out in accordance with annual internal audit plans.

#### Voice of a Payment Advisor



Ms. Yumi Tashiro  
Senior Assistant Manager  
Hakodate Branch

I’ve been appointed to be the Payment Advisor for the Hakodate Branch and the Chief Advisor for the Hokkaido Block. My roles are to provide customers with detailed information on claim and benefit payments and to help in-house sales representatives and customer service representatives understand payment operations. Those roles may seem fairly typical for a job at

an insurance company, but I take them very seriously given the shortcomings that have been experienced in these areas. Moving ahead, I intend to do my best to provide customers with information that is truly in their interest and backed by accurate knowledge of products and claim assessment.

**Daido Life**

**1. Examination Results**

Daido Life paid claims and benefits for a total of 645,156 policies over the five years covered by the examination for fiscal 2001-2005. This number included claims and benefits for 614,524 individual insurance policies and 30,632 group insurance policies. The number and value of all additional payments determined to be necessary are shown below.

Additional Payments <small>(Number of payments, millions of yen)</small>		
	Number	Value
1 Number of inadequate payments	1,918	331
2 Additional necessary payments clarified due to claim guidance notifications to customers	8,692	3,120
<b>Total</b>	<b>10,610</b>	<b>3,452</b>

As of September 30, additional payments have been completed for 10,126 (95.4%) of the cases shown above.

**2. Future Measures**

Daido Life has reconfirmed its appreciation of the correct payment of insurance claims & benefits as the core function of life insurance operations and, as management's number one priority, will take the following measures to prevent recurrences of the problems identified.

**■ Reconstruction of customer-oriented operation processes**

- 1) Construction and maintenance of customer-oriented payment management functions
  - A. Regarding claim submission recommendations, a claim submission recommendation process will be built into the payment administration flow.
  - B. Related functions will be systematized and rules and work manuals will be prepared in an effort to create systems capable of accurately paying insurance claims & benefits to customers.
  - C. Opportunities to present explanations to customers will be increased not only when payments are explained but also when policies are signed, customer services are provided, and in all other types of customer interaction. The content of explanations also will be enhanced.
- 2) Enhancement of explanation arrangements when soliciting insurance products
  - A. An Agreement summary will be provided to new policyholders to help them clearly understand their coverage. Guidance for Submitting Claims will also be provided and explanations will be given to help avoid omissions of claims.
  - B. To enhance efforts to provide new policyholders with necessary and uniform explanations, soliciting materials will be revised to be more straightforward and a rule requiring the reading aloud of particularly

important items to customers will be established.

- C. To enhance explanation arrangements for soliciting insurance products and presenting information on payments, a DVD explaining payment matters was prepared for in-house sales representatives. Trainings were also held for branch administrative staff. Training opportunities will continue to be increased.
- 3) Enhancement of information provision after policy enrollment
  - A. Leaflets titled For Submission of Benefit Claims will be bundled together with Policy Information Notifications sent to customers annually in an effort to raise customer awareness.
  - B. Posting "Please Confirm Matters related to Insurance Claim & Benefit Payments" on the Company's website will continue to publicize the fact that customers can make future claims.
- 4) Enhancement of explanation arrangements applying to the submission of claims
  - A. To explain claim procedures, Claim Guidance Information that includes information on customer coverage will be prepared, explanations to help customers make all applicable claims will be provided, and customers will be given Guidance for Submitting Claims including detailed explanations of payment examples.
  - B. A toll-free dedicated telephone line will be established to receive questions about payments and efforts to respond to customer claims and questions will continue.
- 5) Revision of insurance products
  - A. To simplify and make insurance coverage easier to understand, the number of products will be reduced, first of all by eliminating outpatient riders, and coverage in the form of uniform multiple benefit for surgery covered by public health insurance will gradually be introduced.

**■ Improve the systems in the Insurance Claim & Benefit Payment Management Unit**

- 1) Organizational strengthening
  - A. In March 2006, the Payment Supervision Office was established to ensure the propriety of insurance claim & benefit payment assessments from objective view, and the Insurance Benefit Adjudication Council was established to examine the propriety of payment decisions and dispute resolutions from objective view.
  - B. In April 2007, the Insurance Claims & Benefits Department was newly established as an individual insurance payment unit to realize high-quality payment assessments and services.
  - C. A check system involving multiple physicians for medical examination was introduced to ensure the appropriateness of medical decisions, and the



assessment system was reinforced by ensuring the appropriateness of remittance operation and taking other measures, as well.

2) Increased the staffing of the Benefits Payment Management Unit

A. Eighty-seven staff have been added to the individual insurance Benefits Payment Management Unit since April 2005, bringing the total staffing level up to 145 as of September 30, 2007, from 58.

3) Reinforced training systems

A. Long-term training plans for each job group will be prepared and implemented, so that knowledge necessary for payment management work can be systematically obtained.

B. Employees will be encouraged to obtain payment assessment and related knowledge by preparing for and taking the Benefit Payment Specialist Examination, an industry wide examination to be given for the first time in fall 2007.

**Promotion of the systematization of insurance claim & benefit payment management work**

1) A system in which data entry is repeated by a separate person to prevent entry errors and omissions will be introduced, and a system will be developed for entering hospitalization starting and ending dates, surgery dates, and all other information item entered on physical examination certificates.

2) Twenty-six employees to focus on system development were added and, in October 2007, a Benefit Payment

Assessment System Development PT composed of six staff was established in the Benefits Payment Management Unit to reinforce systems. Both of these actions were undertaken to upgrade the payment management system.

**Updating of insurance claim & benefit payment rules**

Rules and work manuals will be improved and rules calling for regular revisions will be newly established.

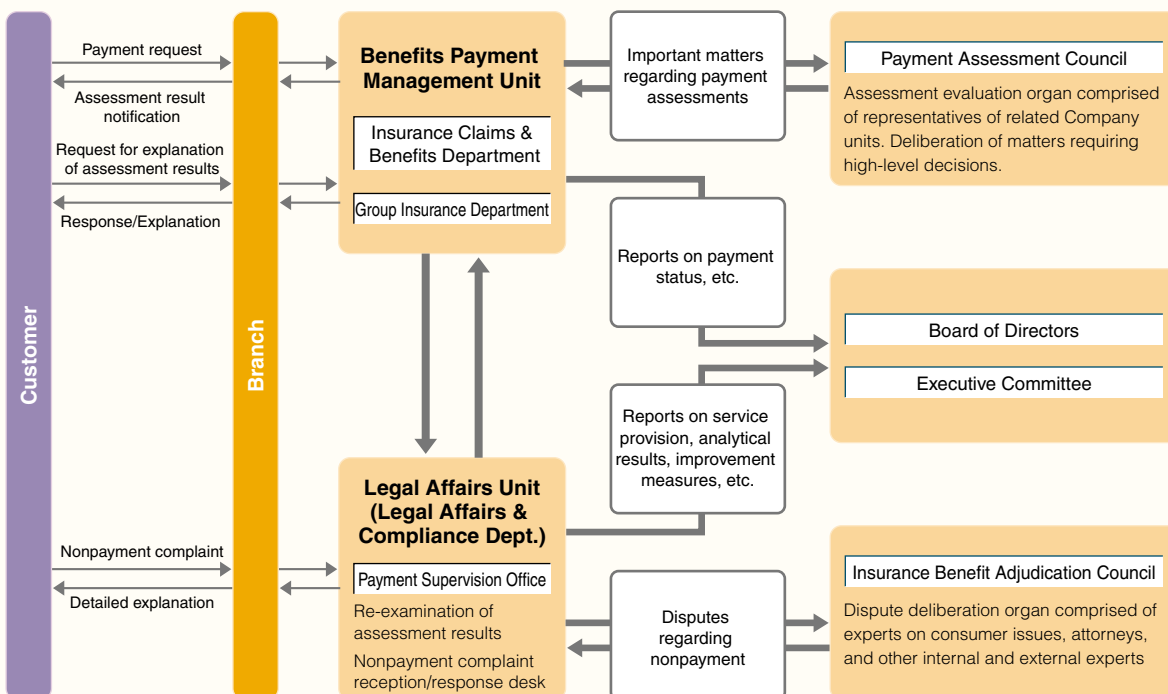
**Building of internal management systems**

1) Reports to the Representative Director or Board of Directors on the status of insurance claim & benefit payments will be enhanced from the perspective of protecting customer interests and efforts will be made to help ensure that management has a more accurate and detailed understanding of the status of insurance claim & benefit payments.

2) Staffing of relevant departments will be enhanced to significantly strengthen administrative management based on customer feedback, and systems will be upgraded to permit centralized management of customer complaints from emergence, to cause analysis, and improvement.

3) Staff experienced in insurance payment work will be assigned to internal audit units and department-level training will be enhanced to improve audit quality. Additionally, audit items concerning the need for additional payments and the need for encouragement of the submission of claims will be added for regular audit check.

Payment Management System Diagram



**T&D Financial Life**

**1. Examination Results**

T&D Financial Life paid claims and benefits for a total of 589,853 policies over the five years covered by the examination for fiscal 2001-2005. This number included claims and benefits for 566,792 individual insurance policies and 23,061 group insurance policies. The number and amount of all additional payments determined to be necessary are shown below.

	(Number of payments, millions of yen)	
	Number	Amount
1 Number of inadequate payments	630	112
2 Additional necessary payments clarified due to claim guidance notifications to customers	2,801	568
<b>Total</b>	<b>3,431</b>	<b>681</b>

As of October 5, additional payments have been completed for 3,308 (96.4%) of the cases shown above.

**■ Examination Summary**

Regarding cases in which information was insufficient to determine whether additional payments are necessary, special teams performed examinations to obtain necessary decision-making information.

**2. Future Measures**

The recent examination uncovered the following issues with regard to the payment management system.

The first was a failure to adequately recognize, from the customer's perspective, that the appropriate and timely payment of claims and benefits is one of the most fundamental and important responsibilities of an insurance company. As a result, there was, for example, a reliance on the submission of claims from customers before processing payments and inadequate appreciation of the customer view that all payments that could be made should be made.

The second was the inadequate functioning of proper internal control. This resulted in insufficient reporting of benefit payment management issues to management and the consequent inability to take appropriate management actions.

In addressing these issues, the resources of the entire Company are being called upon to move improvements forward as quickly as possible. Measures taken to prevent recurrences of the same problems, and preventive measures to be taken in the future, are summarized below.

**■ Improve the benefit payment management system**

- 1) Assign a dedicated department manager to head the newly established Payment Service Department.

- 2) Improve staffing, including reviewers for payment assessment.
- 3) Strengthen check functions including system in the payment process.
- 4) Prepare rules and work manuals, such as payment assessment standards.
- 5) Enhance training for reviewers for payment assessment and other Benefits Payment Management Unit employees.
- 6) Establish the system for reporting payment process matters to management and quickly resolving them.
- 7) Strengthen systems that involve the Payment Assessment Council in making timely and appropriate payments.

**■ Strengthen payment management system through the new establishment of the Payment Supervision Department**

- 1) Reassess individual insurance payments before they are made and cases not meriting payments for customers.
- 2) Post examine all payments and cases not meriting payments for customers.
- 3) Examine the status of rules and work manuals, such as payment assessment standards.
- 4) Regularly report issues with regard to payments, cases not meriting payments for customers, and payment operations to management.

**■ Enhance operations from the customer's perspective**

- 1) Distribute claim guidance notifications to customers and disclose straightforward information on the payment process through the Company's website.
- 2) Simplify various claim forms for customers and physical examination certificate forms for medical institutions.
- 3) Establish the Payment Supervision Committee, which includes attorneys, consumer affairs consultants, and representatives of the media as outside members. This committee examines circumstances related to insurance claim & benefit payments, cases not meriting payments, and analyzes payment complaints, and recommends improvements.

# Our Brand of CSR

## Message from the President of Taiyo Life

### Taiyo Life Takes the Customer's Perspective in Providing Insurance Protection for All Phases of Life

Taiyo Life uses in-house female sales representatives and a consulting-style sales approach to provide the household market, primarily housewives, with protection-oriented products responding to a wide variety of customer needs.

The insurance claim & benefit payment issues that have recently come to light resulted, I believe, from operations that did not truly appreciate the customer's perspective. To fulfill the social role and responsibilities that life insurance companies have in supporting the lives of customers, and restore faith in the Company, we will strive to implement systems that place the proper payment of insurance claims & benefits before all other operations, and ensure that all of our employees and directors properly understand our priorities as an insurance company.

In the future, we will carefully consider the input of all those supporting Taiyo Life and work to be an insurance company that is accepted by, and meets the expectations of our stakeholders.



Taiyo Life Insurance Company  
Representative Director and President  
**Katsuro Oishi**

## Message from the President of Daido Life

### Daido Life Will Redouble its Efforts to Practice Quality Focused Management

Since its founding in 1902, Daido Life has, with "customer-oriented service and sound management" as guiding principles, continuously endeavored to earn the unmitigated trust of its customers. I believe that, for an insurance company, CSR means first of all fulfilling through primary business operations the roles and responsibilities society expects to be met.

Daido Life focuses its management resources on its core business of selling system products through relationships with partner organizations in the small and medium-sized enterprise (SME) market. We also work to provide customers with even better products and services, practice strict compliance, and further enhance internal management systems.

Redoubling our efforts in the pursuit of quality focused management based on these endeavors, we are striving to be an insurance company worthy of the faith, and responsive to the expectations, of customers, society, and all other stakeholders.



Daido Life Insurance Company  
Representative Director and President  
**Haruo Kuramochi**

## Message from the President of T&D Financial Life

### Helping People to Realize Affluent Retirements

Within the T&D Life Group, T&D Financial Life is in charge of bank and other OTC channels and offers individual variable annuity products suited for an aging society.

To establish a solid brand in the market for individual variable annuity products, we are working on a daily basis to create unique products, develop information tools melding paper-based and virtual media, and create other new insurance services.

Moving ahead, we aim to be an insurance company that helps customers realize affluent retirements by offering new products that respond to customer needs; providing appropriate, timely administrative services; and executing accurate and active information provision.



T&D Financial Life Insurance Company  
Representative Director and President  
**Muneo Takeuchi**

# Basic CSR Concepts

## The T&D Life Group Basic CSR Concepts

Life insurance is purchased by people in all parts of society and provides support for people's lives and businesses, both now and in the future. The T&D Life Group, in its corporate philosophy, aims to benefit people and society by creating value based on the "Try & Discover" philosophy and works on it.

The basic concept of CSR in the Group is to contribute to society through the Group's core life insurance operations, be an insurance group that sincerely responds to the needs of, and is trusted by, a diverse set of stakeholders, and grow sustainably together with society.

## T&D Life Group CSR Charter

The T&D Life Group CSR Charter and the T&D Life Group Compliance Code of Conduct were established in April 2006 to further advance CSR based on the Group's corporate philosophy and management vision, and comprise the Group's fundamental policies regarding CSR and legal and other compliance.

To clarify its position on the environment, the T&D Life Group Environmental Policy was formulated and now actively being pursued.

## The T&D Life Group and its Stakeholders

The T&D Life Group, as a member of society, coexists with all of its stakeholders.

In order to fulfill the public mission of a life insurance business, meet its social responsibilities, and continue growing as a group, it is critical that the Group maintain good relationships through active communications with its stakeholders.

As we go forward, we will work to earn even greater stakeholder trust by continuously promoting CSR activities based on the T&D Life Group CSR Charter.

## T&D Life Group Corporate Philosophy

Aim to be a corporate group that benefits both people and society by creating value based on the "Try & Discover" motto.

## T&D Life Group Management Vision

1. Aim to achieve the highest customer satisfaction levels by offering the best products and services.
2. Aim to increase the value of the Group through growth and creativity in fields where the Group's strengths can be exercised to their maximum.
3. Practice legal and other compliance based on a high sense of ethics and meet broad range of social responsibilities.
4. Develop human resources with boundless creativity and a solid ability to get things done, and aim to be a dynamic corporate group.



## T&D Life Group CSR Charter

The T&D Life Group is firmly committed to fulfilling the public mission of life insurance and other businesses 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.

# Corporate Governance

## Basic Idea of Corporate Governance

The basic idea of corporate governance at the T&D Life Group are summed up with the words, "pursue an efficient and transparent business management structure capable of implementing flexible and unifying group management."

T&D Holdings determines the Group's business strategies, appropriately distributes management resources, and sets capital policy. And it also accurately identifies business risks faced by the three life insurance companies and other direct subsidiaries (Note), thoroughly manages revenues and risks for the entire Group, and constructs Group management systems. On the other hand, the direct subsidiaries, which have their own business strategies, develop marketing strategies and pursue operations that apply their own strengths in order to exercise to the fullest extent their independence and uniqueness, and, thereby, increase the value of the Group.

## On Strengthening the Governance System

In June 2006, T&D Holdings and the Group's three life insurance companies adopted the Executive Officer System and, by clearly identifying the roles of Directors and Executive Officers, strengthened the functions of the Board of Directors. Furthermore, the Group Management Committee, to which the Presidents of three life insurance companies will participate, was established as an organ that deliberates new business and other groupwide strategies.

## Board of Directors

The T&D Holdings Board of Directors makes decisions on important T&D Holdings operations as well as on the Group's business strategies, distributions of management resources, and other matters as a holding company. It also oversees the activities of Directors and Executive Officers.

The Board of Directors is composed of nine members, four of whom were also Executive Officers as of June 27, 2007, including one external director who is a lawyer and the presidents of the Group's three life insurance companies. In principle, the Board of Directors holds regular monthly meetings.

In fiscal 2006, the Board of Directors met a total of 24 times, including regular and ad hoc meetings.

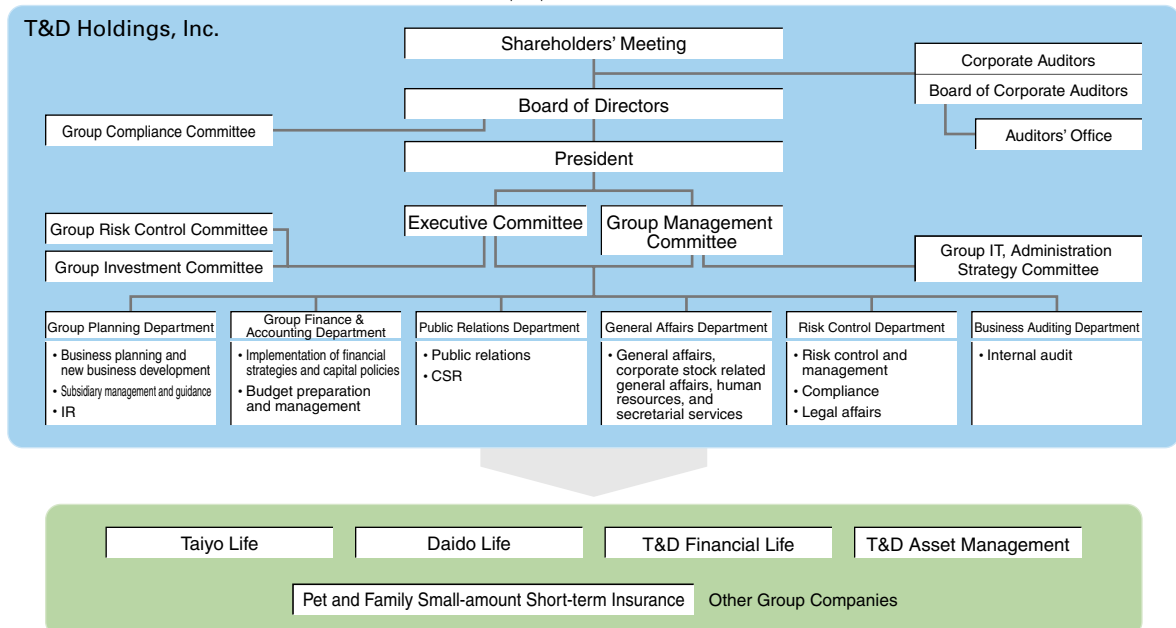
## Board of Corporate Auditors

T&D Holdings is required to have a Board of Corporate Auditors. Its Auditors monitor the activities of Directors and Executive Officers by, for example, attending Board of Directors and Executive Committee meetings. The Board of Corporate Auditors consists of four members as of June 27, 2007, including two external auditors, one of whom is a lawyer. The Board of Corporate Auditors receives reports from individual auditors on important audit-related matters, and discusses and makes decisions on these matters. In principle, the Board of Corporate Auditors meets once a month. In fiscal 2006 it came together a total of 13 times, including both regular and ad hoc meetings.

(Note) The Group's three life insurance companies are Taiyo Life, Daido Life, and T&D Financial Life. The term "direct subsidiary" refers to these three life insurance companies, T&D Asset Management, and Pet and Family Small-amount Short-term Insurance.

### 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.

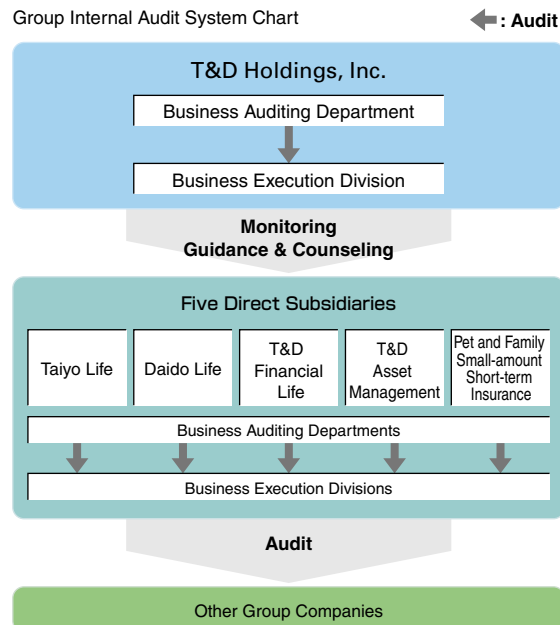


## Group Internal Audit System

Within the T&D Life Group, T&D Holdings and the direct subsidiaries have established internal audit units, which perform internal audits to effectively achieve management objectives by examining and assessing the appropriateness and effectiveness of internal management functions and legal and other compliance, and to contribute to the improvements.

Additionally, T&D Holdings, by monitoring the performance of internal audits by direct subsidiaries, and other means, identifies the internal management status of the entire Group, and provide guidance and advice as necessary to strengthen the Group's internal audit systems.

Group Internal Audit System Chart

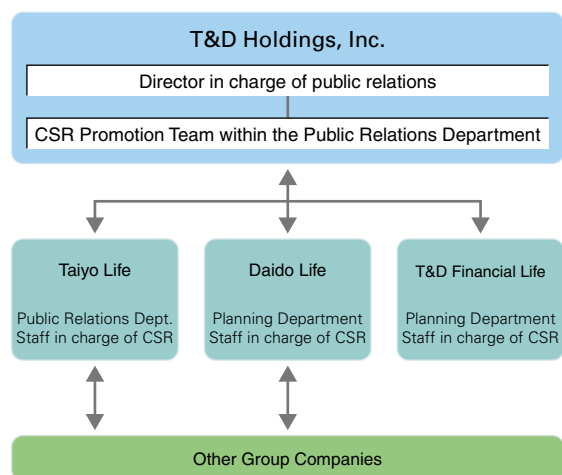


## Group CSR Promotion Structure

In April 2005, the CSR Promotion Team was established within the T&D Holdings Public Relations Department and staff members in charge of CSR were appointed in the three life insurance companies, creating a system to coordinate within the Group.

The CSR Promotion Team works with the staff members in charge of CSR in the three life insurance companies to advance CSR activities, prepare the CSR report, post information on websites and other channels, offer e-learning training, hold internal seminars, provide necessary information to the Group employees and directors via in-house magazines, intranets, and other channels, and perform other activities, as well. It also responds to the questionnaires from domestic and overseas Socially Responsible Investment evaluation organizations, pursues communications with NPOs/NGOs and other stakeholders, and reports to the Executive Committee on CSR-related matters as necessary.

Group CSR Promotion System Chart



## Shareholders' Meeting

T&D Holdings held its third Annual General Shareholders' Meeting at 10 a.m. on Wednesday, June 27, 2007. The Company's President chaired the meeting in which reporting items were reported on and resolutions were voted on.

IR elements were added in an effort to make the content of the shareholders' meeting accessible to individual investors, and measures like using the meeting venue's large-size electronic display to add charts and illustrations to explanations were employed to help investors understand the information presented. Twelve of the 286 attendees asked questions and expressed opinions in active question and answer sessions. Resolutions

were voted on afterward and the meeting, which lasted 121 minutes, was brought to a close.



## The Internal Control System

In light of the social/public nature of the Group's core life insurance operations, the T&D Life Group believes it is necessary to properly control the execution of its business operations and minimize the management impact of unforeseeable developments arising out of Group operations. Based on this idea, T&D Holdings and the direct subsidiaries have decided, through Board resolutions, to establish the structure as internal control system stipulated in Article 362, Paragraph 4, Item 6 of the Company Law. The summary is provided below.

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

- Establish a T&D Life Group CSR Charter and a T&D Life Group Compliance Code of Conduct to promote compliance.

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

- Hold a Board of Directors meeting every month, and ad hoc basis when necessary.
- Adopt an executive officer system to clearly separate roles of supervision and business execution.

### 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 responsible department as stipulated in the Document Management Rules.

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

- Develop Group Risk Management Policies to set the basic concepts for the risk management and establish Rules on the Group's Crisis Management to set the basic policies concerning the response to crisis in order to improve risk management structure and structure to deal with crisis based on the above policies and rules.

### 5. Structure to Ensure Appropriate Business Operations by the Corporate Group

- T&D Holdings and the direct subsidiaries shall conclude a Business Management Agreement in order to maximize the corporate value of the Group under the premise of policyholders' protection, by ensuring the health and compliance system of the direct subsidiaries.

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

- The corporate auditors shall take part in important meetings such as the Board of Directors, and receive operational reports from Directors and Executive Officers.

## The Internal Control Reporting System

With the implementation of the revised Securities and Exchange Law, now titled the "Financial Instruments and Exchange Law," the Internal Control Reporting System will be introduced beginning in fiscal 2008. That system will require listed companies to construct internal controls necessary for preparing financial statements including annual financial report according to proper procedures, and calls on management to not only evaluate and report on the effectiveness of those controls but also have the reasonableness of their evaluation audited by a Certified Public Accountant or other outside auditor.

In constructing and evaluating internal controls, it will be necessary to document operational processes regarding financial reporting and to identify the risks inherent in individual business processes impacting financial reporting and the control activities that reduce those risks. The documentation of business processes and the evaluation of risk control activities must take place throughout the year. Furthermore, any deficiencies uncovered by evaluations must be corrected by the end of the fiscal year, and listed companies must efficiently move forward with actions that can be relied upon.

The T&D Life Group established the Internal Control Special Committee in February 2007 as a groupwide project focused on implementation of an internal control reporting system. The committee, which falls under the responsibility of the President of T&D Holdings, consists of five subcommittees, the Companywide Control Expert Subcommittee, Documentation Expert Subcommittee, Accounting Expert Subcommittee, IT Controls Expert Committee, and Evaluation Expert Subcommittee, in which representatives from T&D Holdings and the three life insurance companies are laying the groundwork for effective and efficient internal controls from the perspective of the entire Group.

The requirement to introduce an internal control reporting system is a response to society's demand for accurate financial statements, which arose in the wake of the discovery of false entries in the annual financial reports of listed companies, but the T&D Life Group believes it is not enough to passively comply with the new law. Rather, it intends to use the results of the new reporting system, which will make various operations within the Group visible, in standardizing operations and securing management transparency. Based on the belief that this will increase its value, the T&D Life Group is actively working to build and implement internal controls.



# Risk Management

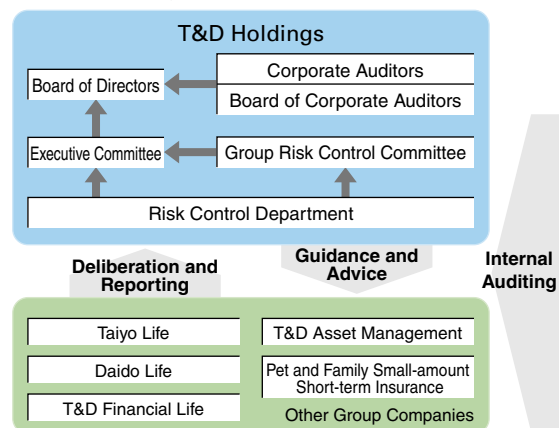
## Basic Risk Management Concepts

The T&D Life Group has formulated its Group Risk Management Policies, which set forth the Group's basic risk management concepts. Among the Policies, the Group, in light of the social/public nature of the life insurance business, positions risk management as a key management priority in order to secure sound and appropriate management, and each Group company takes responsibility for implementing appropriate risk management for its own operations.

## Risk Management System

T&D Holdings has established the Group Risk Control Committee under its Executive Committee to control and manage risk within the Group. The Group Risk Control Committee receives regular and ad hoc reports on risk conditions, assessed according to uniform risk management indicators, from the three life insurance companies and other Group members and uses this information to identify and manage the various types of risks faced by the Group companies. The Committee also reports to the Board of Directors on the risks and provides guidance and advice to the three life insurance companies and other Group members, as necessary, as it works to enhance risk management for the entire Group.

### Group Risk Management Framework



## Crisis Response

The T&D Life Group has formulated its Rules on the Group's Crisis Management, which address the basic matters related to the Group's response to crisis situations. Regarding large scale natural disasters, and other such events, these rules place the lives and safety of employees and directors above all else, recognize, based on a consideration of support to be rendered to disaster stricken areas and other contributions to society, that continuing or rapidly restoring insurance claim & benefit payment operations is an important social mission, and set forth as basic policies to

## Types of Risk

The T&D Life Group defines its major management risks as shown below. Management policies have been established for each of these risks, and efforts are made to prevent their realization and keep them below certain levels.

Insurance Underwriting Risk	Legal Risk
Investment Risk	Labor and Personnel Risk
Liquidity Risk	Hazard Risk
Operational Risk	Rumor Risk
System Risk	Affiliate Risk

### Definitions

#### Insurance underwriting risk

The risk of losses resulting from changes, in economic conditions, the occurrence rate of insurable accidents, etc., that are against forecasts made when insurance premium rates were set.

#### Operational risk

The risk of losses resulting from the negligent failure of employees and directors to properly perform their duties, or from accidents, improprieties, information leaks, etc.

#### System risk

The risk of losses resulting from a computer system failure, error, or other system problem, or the risk of losses resulting from the unauthorized use of a computer.

#### Legal risk

The risk of losses resulting from failure to comply with laws, etc.

#### Labor and personnel risk

The risk of losses resulting from the emergence of employment problems, or labor management, personnel loss, human rights, or other labor or personnel problems.

#### Hazard risk

The risk of losses resulting from the failure to establish preventive measures against major disasters, or emergency response system in the case of the occurrence.

build systems and others necessary for the above. In fiscal 2006, a system for confirming the status of Group employees and directors in the wake of a disaster was introduced, groupwide training was implemented to address the possible occurrence of a major earthquake below Tokyo, and other actions, as well, were taken to help ensure the effectiveness of the Group's crisis response systems.



Pamphlet describing methods for confirming the status of employees and directors in the wake of a major disaster

# Status of Operations

## Performance for the Fiscal Year Ended March 2007

Among major performance figures, the Group's three life insurance companies recorded a total of 6,634.7 billion yen in new policies, down 9% from the previous year, 5,362.5 billion yen in surrendered or lapsed policies, up 5.1% from the previous year, and, as a result, 59,899.9 billion yen in existing policies in force, down 0.6% from the end of the previous fiscal year.

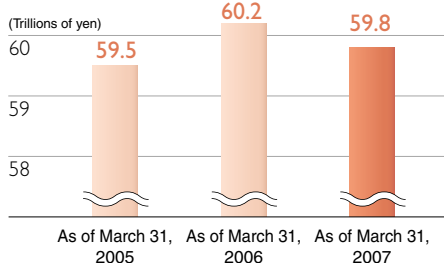
On the consolidated income statement, the three life insurance companies recorded 1,811.5 billion yen in income from insurance premiums, down 4.8% from the previous year, and 1,630.6 billion yen in insurance claim & benefit payments, down 6.6% from the previous year. Net income came to 38.7 billion, up 9.1% from the

previous year primarily because of the increase of interest and dividend income.

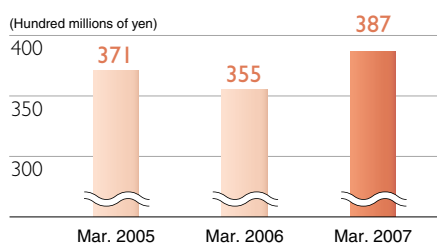
Dividends paid to policyholders reached 56.7 billion yen, up 6.2% from the previous year. Corporate and residence taxes amounted to 50.6 billion yen, up 65.1% from the previous year.

Among other performance indicators, core profit, an indicator of performance in mainstay life insurance business for a prescribed period, came to 173.3 billion yen for the three life insurance companies combined, up 36.2% from the previous year. The negative spread for the three life insurance companies taken together came to 20.3 billion yen, down 51.9 billion yen from the previous year.

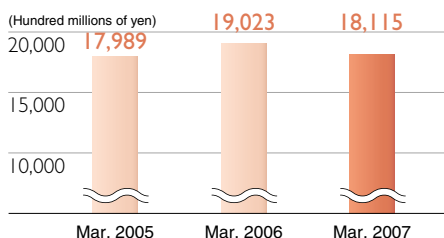
### Existing Policy Amount in Force (sum of three life insurance companies)



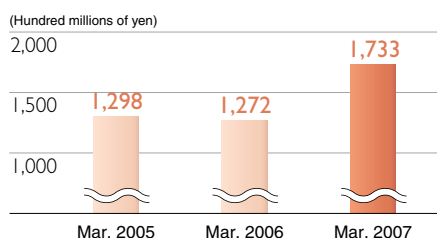
### Net Income (consolidated)



### Income from Insurance Premiums (consolidated)



### Core Profit (sum of three life insurance companies)

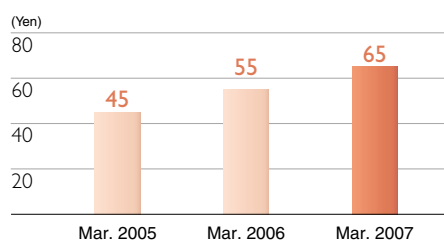


(Note) "Existing policies in force" is a total of individual insurance and individual annuities.

## Basic Profit Distribution Policy

T&D Holdings, while paying attention to keep its own operations and those of the Group companies in sound condition, pursues a basic policy of maintaining stable profit distributions in an effort to increase shareholder value, after securing retained earnings required by the Group. Cash dividends for the fiscal year ended March 2007 were set at 65 yen per share, 10 yen higher than for the previous year, and came to a total of 16 billion yen.

### Annual Cash Dividend per Share



## Solvency Margin Ratio

The solvency margin ratio (Note) is one of the indicators regulatory authorities use to gauge the soundness of an insurance company. The solvency margin ratios for Taiyo Life, Daido Life, and T&D Financial Life stood at 1,100.4%, 1,320.6%, and 1,189.7%, respectively, as of March 31, 2007, reflecting adequate solvency for all three companies.

### Solvency Margin Ratio

	As of March 31, 2005	As of March 31, 2006	As of March 31, 2007
<b>Taiyo Life</b>	865.7%	1,045.2%	<b>1,100.4%</b>
<b>Daido Life</b>	1,037.2%	1,254.4%	<b>1,320.6%</b>
<b>T&amp;D Financial Life</b>	721.7%	1,911.8%	<b>1,189.7%</b>

(Note) The solvency margin ratio is an indicator used by regulatory authorities to judge whether an insurance company has insurance claim payment ability sufficient for addressing unforeseen risks. A solvency margin ratio of 200% or higher means that the insurance company has met one of the criteria for sound management.

## New Business Strategies

The T&D Life Group's core business is life insurance, but it has recently embarked on new business strategies for two companies, Pet and Family Small-amount Short-term Insurance Company and T&D Asset Management Co., Ltd., which were respectively established in January and March of 2007 as direct subsidiaries of T&D Holdings.

### ■ Entry into the small-amount, short-term insurance business

With the numbers of pet owners growing and pets coming to be treated as family members, the pet insurance business is being viewed as one with strong growth potential. This business will be developed with possibilities in mind for working with the Group's three life insurance companies.



Pet insurance brochure

### ■ Asset management business expansion

With consumers shifting from savings to investment, the asset management business has in recent years been experiencing a rapid market expansion, and the Group is working to develop it into a second core business domain, after life insurance.

### Voice of an Analyst

I have rated the T&D Life Group, which has strong business and capital foundations and solid profitability, highly for its soundness, and, after considering their strategic positions within the Group, I have also issued relatively high ratings for member companies.

Daido Life is using its business base backed by competitiveness in the small and medium-sized enterprise channel to generate stable revenues and maintain sufficient solvency to pay insurance claims. Taiyo Life is working to bring about a solid shift to protection-oriented products for its mainstay household market, which will help to improve its revenue structure. And T&D Financial Life is developing its individual variable annuity business, which is based on its revenue/risk management systems, and concentrating on developing sales through bank OTC channel. Against the backdrop of a changing regulatory environment, I will be watching to see the extent to which business development applying the unique characteristics of individual Group members will make the Group as a whole more valuable with due consideration for the sizes of the economic bases of the Group members over the medium-to-long term, from the customer's perspective.



Ms. Keiko Mizuguchi

General Manager  
Rating Planning Department  
Japan Credit Rating Agency

## Ratings

Three life insurance companies of the T&D Life Group have obtained the ratings regarding the solvency to pay benefits.

As of the end of November 2007

Rating Agency	Taiyo Life	Daido Life	T&D Financial Life
<b>Standard &amp; Poor's (S&amp;P)</b>	A	A	
<b>Japan Credit Rating Agency (JCR)</b>	A+	AA-	A
<b>Rating and Investment Information (R&amp;I)</b>	A+	A+	A+
<b>Fitch Ratings</b>		AA-	
<b>Moody's Investors Service (Moody's)</b>	A1		

### 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)

##### Long-Term Rating

**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:** Insurance claim paying capability is extremely high, the probability of an interruption or termination of payments is extremely low, and the ability to meet obligations to policyholders and other parties without delay is extremely high. There is no risk of significant negative impacts from anticipated changes in conditions.

#### Moody's Investors Service (Moody's)

##### Insurer Financial Ratings

**Rating A:** Rating for insurance companies with favorable claim payment ability. The Company, however, has factors that may impact its claim payment ability in some point in the future.

**Exclusion of liability:** 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.

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

The T&D Life Group places great emphasis on embedded value and intends to increase it as a way to enhance its corporate value.

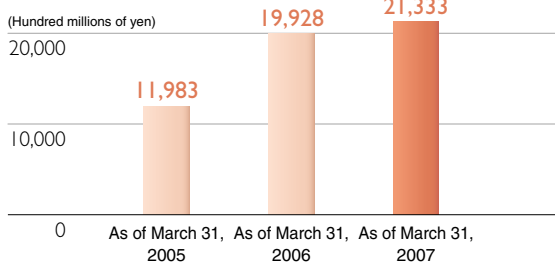
EV is an existing business value calculated as the sum of adjusted book value, which is value attributable to shareholders and determined based on balance sheet figures, and existing policies in force. In Europe and Canada, EV is used as one of the indicators for assessing the corporate value of a stock life insurance company.

Under present statutory accounting practices for life insurance companies, there is a time lag between a new policy sale and the recognition of accounting profits. In contrast, it is thought that EV, because it recognizes future profit contributions when a new policy is sold, reinforces the financial information produced through statutory accounting.

For the Group's three life insurance companies, EV as of the end of March 2007 came to a total of 2,133.3 billion yen, 140.5 billion yen greater than in the previous year. Factors contributing to this increase include adjusted book value boosted by the increase of net income and internal reserves as quasi-equity liabilities, and existing business value driven up by higher investment yields and an increase of new business.

In performing EV calculations, calculation standards and methods for setting key premises are standardized for the T&D Life Group.

#### Embedded Value



To promote better understanding of the T&D Life Group, EEV, based on European embedded value principles, was adopted to replace the EV approach used in fiscal year ended March 31, 2007.

EEV figures will continue to be presented in and after fiscal year ended in March 2008.

For more detailed information, please refer to the November 15, 2007 news release.  
[http://www.td-holdings.co.jp/news/pdf/2007/h\\_e20071115\\_3.pdf](http://www.td-holdings.co.jp/news/pdf/2007/h_e20071115_3.pdf)

(Hundred millions of yen)

T&D Life Group's Total EV	As of March 31, 2005	As of March 31, 2006	As of March 31, 2007	Amount of Increase (Decrease)
Embedded Value	11,983	19,928	21,333	1,405
Adjusted Book Value	6,507	12,325	12,988	663
Existing Business Value	5,476	7,602	8,344	742
EV of New Business	612	651	705	54

#### (Breakdown)

Taiyo Life	As of March 31, 2005	As of March 31, 2006	As of March 31, 2007	Amount of Increase (Decrease)
Embedded Value	3,376	7,178	7,855	676
Adjusted Book Value	2,710	5,148	5,548	399
Existing Business Value	666	2,029	2,307	277
EV of New Business	332	315	283	▲ 31

Daido Life	As of March 31, 2005	As of March 31, 2006	As of March 31, 2007	Amount of Increase (Decrease)
Embedded Value	8,255	12,056	12,875	819
Adjusted Book Value	3,577	6,671	7,019	348
Existing Business Value	4,677	5,384	5,856	471
EV of New Business	298	360	454	93

T&D Financial Life	As of March 31, 2005	As of March 31, 2006	As of March 31, 2007	Amount of Increase (Decrease)
Embedded Value	351	693	602	▲ 90
Adjusted Book Value	218	505	420	▲ 84
Existing Business Value	132	188	181	▲ 6
EV of New Business	▲ 18	▲ 24	▲ 32	▲ 7

(Note) Value is calculated according to the following formula.

Adjusted book value = total net assets (excluding valuation and translation adjustments) + 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.

The existing business value = present value of future after tax 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.

The EV of new business: new business value for each fiscal year included in the total EV including new business from conversion

\* Milliman Inc., a third-party actuary firm, was requested to examine the calculation method, setting of premises, consistency of the methodologies of the three T&D Life Group's insurance companies, and the reasonableness of the calculation results, and to issue an opinion on the T&D Life Group's EV calculation.

For details on this opinion, please refer to the following website: <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.

# T&D Life Group CSR Initiatives

## Main Activities

The results of the T&D Life Group's principal CSR activities are organized by corporate governance and Group CSR Charter item below.

### Activities by Area

Activity Area	Principal Activities	Pages
Corporate Governance	<ul style="list-style-type: none"> <li>• Introduction of executive officer systems by T&amp;D Holdings and the Group's three life insurance companies</li> <li>• Establishment of the Group Management Committee</li> <li>• Establishment of the Internal Control Special Committee</li> <li>• Efforts to ensure a thorough understanding of the T&amp;D Life Group CSR Charter, etc.</li> </ul>	13 - 15
Offer of Better Products and Services	<ul style="list-style-type: none"> <li>• Enhancement of insurance claim &amp; benefit payment management systems and other steps taken by the Group's three life insurance companies in response to the results of the insurance claim &amp; benefit payment examination</li> <li>• Advancement of initiatives aimed at establishing management emphasizing customer satisfaction</li> </ul>	5 - 9 21 - 30
Strict Compliance	<ul style="list-style-type: none"> <li>• Promotion of compliance programs</li> <li>• Introduction of the T&amp;D Life Group Helpline in outside seminars</li> </ul>	31 - 32
Respect for Human Rights	<ul style="list-style-type: none"> <li>• Promotion of initiatives aimed at enhancing employee motivation</li> <li>• Earning of certifications under the Law for Measures to Support the Development of the Next Generation by Taiyo Life, Daido Life, and T&amp;D Financial Life</li> <li>• Introduction of Volunteer Time Off System by Taiyo Life and Anniversary Holiday System by Daido Life</li> <li>• Obtaining of ISO27001 information security management system certification by the T&amp;D Information Systems</li> </ul>	33 - 36
Communication	<ul style="list-style-type: none"> <li>• Promotion of timely and appropriate information disclosure</li> <li>• Complete revamping of the T&amp;D Holdings website</li> </ul>	37 - 38
Contributions to Regions and Societies	<ul style="list-style-type: none"> <li>• Group participation in blood donation activities</li> <li>• Special support provided by Daido Life to the Sixth National Sports Games for the Disabled (Nojigiku Hyogo Games)</li> </ul>	39 - 40
Global Environment Protection	<ul style="list-style-type: none"> <li>• Promoting the activities of "Forest of Taiyo Life"</li> <li>• Consolidation of Group company's headquarters functions in an energy-efficient building</li> <li>• Support for the activities of the environmental NPO group, Associates of the Earth</li> <li>• Taiyo Life's signing on to the Principles for Responsible Investment</li> <li>• Establishment of environmental objectives and commencement of environmental initiatives in the second half of 2007</li> </ul>	41 - 42

### SRI (Socially Responsible Investment)



As of September 2007, T&D Holdings was kept in the MORNINGSTAR Socially Responsible Investment Index (Note), which is used as an SRI benchmark.

(Note) An investment index consisting of 150 companies selected by MORNINGSTAR Japan K.K. from among 3,600 listed Japanese companies. MORNINGSTAR selected these companies based on overall valuations from the five social perspectives of governance/accountability, markets, employment, social contributions, and environmental consciousness, and considerations of market liquidity.

# Activities Aimed at Increasing Customer Satisfaction

## Marketing Activities of the Group's Three Life Insurance Companies

With a falling birthrate, aging of the population, and other changes in generational structure, Japan's life insurance industry is seeing falling demand for large death protection for head of household and growing demand for individual annuities, medical insurance, and other third-sector insurance useful in preparing for old age. Furthermore, with forecasts calling for the working-age population to decline and the elderly population to rise, the national government's Social Security outlays are on the rise and the need for private old-age protection is rising.

Amid such conditions, the T&D Life Group, which is primarily a provider of life insurance, has aimed to achieve higher levels of customer satisfaction by putting forth ever better products and services.

The Group's three life insurance companies bring distinctiveness and expertise to the household, small and medium-sized enterprise, and individual variable annuity markets, and, via unique sales channels, offer products and services meeting a broad array of customer needs.

### Taiyo Life

#### Supporting families by providing security in all aspects of life

Taiyo Life offers medical, nursing care, death protection, and other protection-oriented products to the household market through its in-house sales representative channel. Housewives make up the bulk of policyholders, and approximately 70% of new individual insurance and individual annuity policyholders are women.

Additionally, customer service staff regularly visits customers to provide information on new products and services, perform services related to various procedures, and hear customer desires and other feedback.

Taiyo Life offers products and services through such detail-oriented, face-to-face consultation-style sales efforts, and works to enhance its services, so that it can be a lifelong partner for its customers.

#### Expanding sales of protection-oriented products

In the past, endowment insurance and other savings-oriented products that were easy for housewives to purchase were leading products, and the focus of sales efforts. Now, however, it is expected that the medical, nursing care, and other insurance fields targeting middle-aged and elderly customers will expand as the population ages, and Taiyo Life is working to expand sales of protection-oriented products – medical, nursing care, and death protection – that meet customer needs and generate relatively high revenues. In selling protection-oriented products, Taiyo Life provides thorough training and guidance to in-house sales representatives and other employees to ensure compliance with relevant laws and the straightforward, proper provision of product explanations and services.

### Voice of an In-house Sales Representative



**Ms. Yukiko Ota**  
Matsumoto Branch  
Group Manager  
Taiyo Life

I pursue sales activities that take the customer's perspective. I am ready to respond empathetically to customer's concerns and promptly act on them. I also place great value on the experience at the site, such as input of those who are actually providing, or receiving, nursing care.

In my 26 years at Taiyo Life, I have constantly benefited from the help of others. My achievements here would not have been possible without the advice and words of thanks of countless customers.

This feedback is still a source of great encouragement. In the future, I will continue to be the best adviser I can, under my personal motto of putting my customers first.

#### Enhancement of the in-house sales representative channel and service systems

Taiyo Life sells life insurance products primarily through its in-house sales representative channel. In-house sales representatives regularly visit customers, hear their needs, and make recommendations on the best insurance products to meet those needs. They also provide customers with advice on changing their coverage to address new sets of needs that arise with important life events like marriage, childbirth, the entrance of children into school, and retirement.

### Taiyo Life Business Model

**Households** (mainly middle aged and elderly people, especially housewives)  
Abundant customer base: Approx. 4.5 million

Direct home visits

Mid-sized death protection, medical, nursing care, and other protection-oriented products

Serving mainly major metropolitan areas and major regional cities  
In-house sales representatives: Approx. 8,000

Taiyo Life

## Daido Life

### Supporting the SMEs, the backbone of the Japanese economy

Daido Life focuses its management resources on sales of individual term life insurance through partners in the core business, small and medium-sized enterprise market, and offers optimal protection against various risks faced by SMEs.

### Selling optimal products for the protection of companies

Daido Life's sales activities focus mainly on SMEs. Business policies (Note 1), therefore, account for 89.2% of new policy sales for death protection, while household policies make up the remaining 10.8% as of the fiscal year ended March 2007.

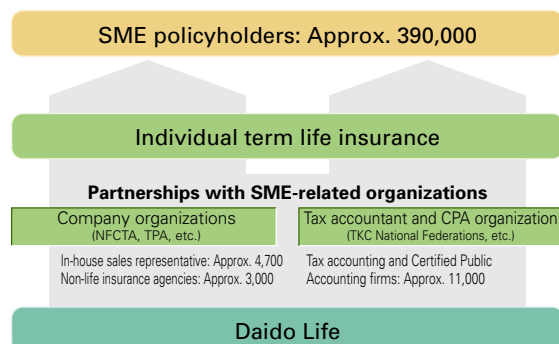
Daido Life sells insurance through two primary channels – the in-house sales representative channel and the agent channel, which is comprised mainly of tax accountants and non-life insurance agents. Additionally, to cover the greatest risks faced by company management, Daido Life has, together with organizations including companies, tax accountants, or Certified Public Accountants as their members, built a system capable of offering SME customers comprehensive welfare systems. (Note 2) Daido Life has also devoted significant resources to developing and selling individual term life insurance that provides extensive protection for a reasonable premium, and is an optimal product for protecting companies. This product accounts for 90.1% of existing policies in force as of the end of March 2007. Daido Life's individual term life insurance policies account for the greatest share of existing in-force policies in their market, which was 22.1% as of the end of March 2006.

(Note 1) "Business policies" refers to the total of individual insurance policies including individual annuities sold as group contract, and group insurance.

(Note 2) In 1971, Daido Life began applying Major Comprehensive Protection System for Company Managers of Zenkoku Hojinkai Sorengo (NFCTA: National Federation of Corporate Tax-Payers Associations), and Nozei Kyokai Rengokai (TPA: Federation of Tax Payment Associations), and in 1976, Company Protection System of TKC National Federation to sell life insurance products to the member companies, tax accountants, and Certified Public Accountants.

The TKC National Federation is an organization of professional accountants as a network of tax accountants and Certified Public Accountants dedicated to contributing to the realization of just taxation and the ongoing prosperity of client companies.

#### Daido Life Business Model



## T&D Financial Life

### Supporting security for life after retirement through individual variable annuities

T&D Financial Life, under its management policies of "expanding financial institution sales channels to create a new growth stage" and "maintaining extremely solid operations by increasing profitability," is moving forward with sales of individual variable annuities through financial institutions' OTC sales channels. For the fiscal year ended March 2007, individual variable annuities accounted for nearly 100% of new policy sales. As of the end of March 2007, individual variable annuities made up 24.6% of existing policies in force for individual insurance and individual annuities, a figure significantly greater than the 17.2% recorded as of the end of fiscal 2006.

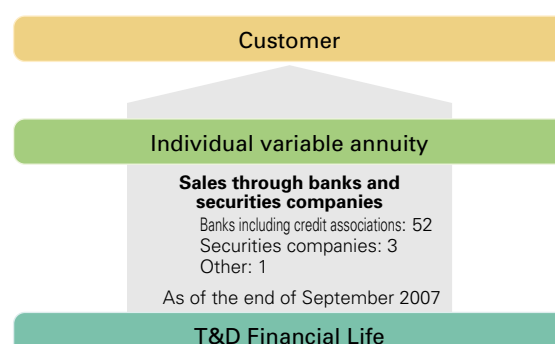
### Meeting the needs of customers and financial institution agents

The market for individual variable annuities has grown at an extremely high pace since it became possible to sell these products through banks in October 2002. With personal financial assets shifting from savings to investment, and the combined effects of an aging population and rising needs for retirement security, the market continues to grow. Indeed, as of the end of March 2007, existing variable annuity policies in force for its market had reached 14.4 trillion yen in total.

T&D Financial Life continues to actively develop new products, build highly efficient, small organizations of outstanding in-house sales representatives, and enhance the quality of wholesalers who are staff responsible for overseeing agents and support desk operators.

Going forward, T&D Financial Life will work to expand sales further by introducing in a timely manner simple, straightforward, high value-added products that meet the needs of customers and financial institution agents, and strengthening partnerships through detailed support for financial institution agents.

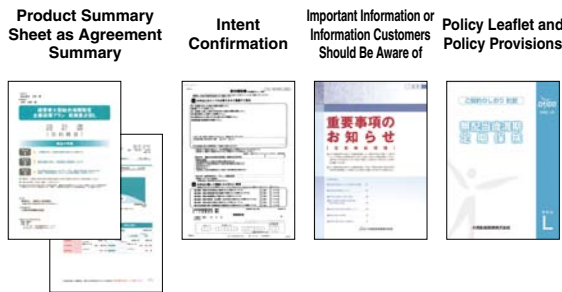
#### T&D Financial Life Business Model



### Introduction of Intent Confirmations

To ensure that customers purchase insurance products only after developing a full understanding of the contents, the Group's three life insurance companies had been asking customers to read Product Brochure and Product Summary Sheet as Agreement Summary and, when they apply for coverage, confirm their understanding of the Important Information or Information Customers Should Be Aware of, which contains particularly important items or matters that customers should pay particular attention to and the Policy Leaflet and Policy Provisions, which contains a policy explanation and information on policyholder rights.

In June 2007, however, all three life insurance companies introduced Intent Confirmations as a final customer confirmation that the characteristics of the insurance product being applied for match the customer's needs. Customers are permitted to enter into an insurance agreement only if they are satisfied that their needs will be met.



### Development of Solicitation Policy

The Group's three life insurance companies have established Solicitation Policy which form the ground rules for soliciting activities complying with legal requirements. Under the Policy, the companies constantly work to develop and propose products that appropriately respond to customer intentions and circumstances, and make efforts to ensure that customers purchase policies only after thorough understanding of the coverage to be applied.

#### Solicitation Policy, Taiyo Life example

Below are Taiyo Life's basic policies regarding solicitation of life insurance and sales of other financial products to customers. Services most appropriate for customers are offered through consulting style sales, and Taiyo Life personnel constantly work in ways that are fair and appropriate to design and solicit products in consideration of factors like customers' wishes, circumstances, and privacy.

- Laws and regulations will be complied with in solicitation activities.
- Efforts will be made to pursue appropriate solicitation activities, in light of the customer's circumstances.
- Factors like time and place will be fully considered.
- Efforts will be made to appropriately explain important matters.
- Efforts will be made to provide personnel with comprehensive education and training.
- Customer information will be handled with the strict care.
- Systems for the pursuit of appropriate solicitation activities will be built.

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

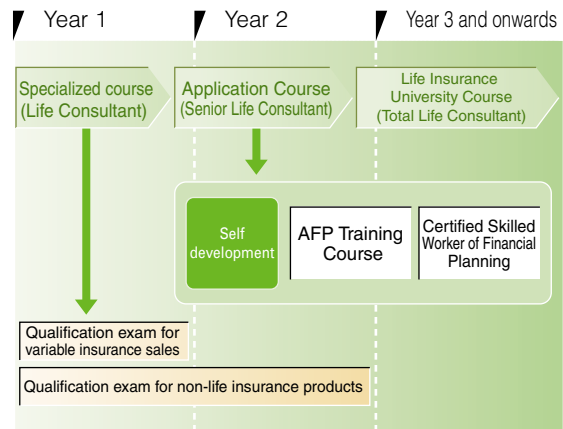
The Group's three life insurance companies actively train in-house sales representatives and agents to provide them with basic and expert understanding of life insurance products and give them the capabilities necessary for responding to customer needs in ways consistent with compliance demands.

#### Support for obtaining professional qualifications, Taiyo Life example

Taiyo Life actively supports employees to win professional qualifications as a Life Consultant or Senior Life Consultant. Both qualifications are professional designations commonly recognized in several industries and are intended to promote the development of expert knowledge.

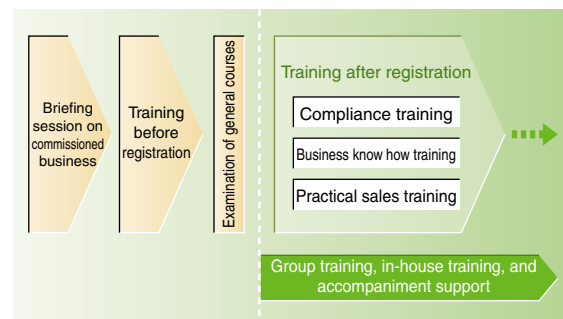
Additionally, Taiyo Life offers AFP classes aimed at improving financial planning capabilities and supports employee efforts to become a Certified Skilled Worker of Financial Planning or an Affiliated Financial Planner.

#### Qualification Examination System



#### Soliciting agent training program, Daido Life example

Daido Life has established a training system tightly linking the headquarters, branches, and staff responsible for overseeing agents and uses it to provide high quality support to agents. It is also providing practical training using resources like proprietary PC-based learning materials and explanation sheets. This training is based on a training program intended to improve understanding and expertise related to the implementation of strict compliance practices and to the insurance industry.





# Reflecting Customers' Voices in Operations

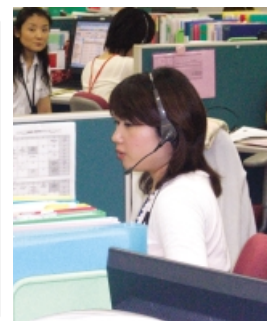
## To Hear as Many Customers' Voices as Possible

### ■ Establishment of a customer service center or a call center

The Group's three life insurance companies have each established call centers from which they aim to provide high-quality services through operators who have undergone high level practical training and apply the latest technology to respond rapidly, accurately, and in great detail to inquiries and requests from customers throughout the nation.

### ● Taiyo Life Example

Acting on customers' desire for Taiyo Life to take calls on Saturdays because they are busy during the weekdays, Taiyo Life began in October 2006 to provide services through its customer service center on Saturdays.



Call center

## Number of Inquiries Received by the Customer Service Center

(unit:number)

Subject	Subject Details	Taiyo Life		Daido Life		T&D Financial Life		Total	
		2005	2006	2005	2006	2005	2006	2005	2006
Payments	Procedures concerning loans, policy surrenders, claims, benefits, and pension payments	219,716	289,562	19,714	25,238	14,565	19,155	253,995	333,955
Maintenance	Inquiries on the status of insurance premium payments, changes in address, and changes in contract terms	135,321	193,770	68,435	98,332	51,117	48,396	254,873	340,498
New Policy	Product details and requests for brochures	5,579	12,454	150	318	1,443	1,349	7,172	14,121
Others	Tax matters, process of incorporation, inquiries on joining the T&D Club Off, etc.	50,098	45,360	28,132	28,820	50,098	51,702	128,328	125,882
Total		410,714	541,146	116,431	152,708	117,223	120,602	644,368	814,456

### ■ Informal discussions with policyholders, Taiyo Life example

To hear opinions and desires directly from policyholders and promote greater understanding of its performance and life insurance, Taiyo Life holds informal discussions with policyholders once a year at each of its branches.



Fiscal 2006 Taiyo Life policyholders meeting

In fiscal 2006, Taiyo Life held these discussions at

146 branches throughout the country (excluding Okinawa), drawing participation from 1,318 policyholders.

After separating opinions and requests into those requiring immediate action and those meriting action over the medium term, reports were prepared for relevant units and management, and efforts are now being made to reflect findings in services and operations.

## Initiatives for Responding to the Voices of Customers by the Group's Three Life Insurance Companies

The Group's three life insurance companies are advancing various initiatives aimed at further enhancing internal systems for gathering valuable customer feedback. They are

reflecting these customers' voices in management and making improvements with the ultimate aim of achieving operations that meet with even greater customer satisfaction.

### Taiyo Life

### ■ Customers' voices information system

Taiyo Life has instituted a system that rapidly records in its Customers' Voices Information System opinions, complaints, and other feedback received through branches across the country and its call center, survey responses, and other channels, and appropriately share that information within the Company. In fiscal 2006, redoubled efforts to gather customer feedback resulted in a higher number of

insurance claim & benefit payment inquiries and other contacts, and, therefore, a significant increase in information recorded in the Customers' Voices Information System, relative to fiscal 2005.

(unit:number)

	Fiscal 2005		Fiscal 2006	
Complaints	5,804	26.2%	11,767	38.0%
Opinions, Requests, or Inquiries	3,784	17.1%	2,697	8.7%
Words of Appreciation or Praise	12,540	56.7%	16,533	53.3%
Total	22,128	100.0%	30,997	100.0%

**■ Establishment of the Committee that Makes Use of Customers' Voices**

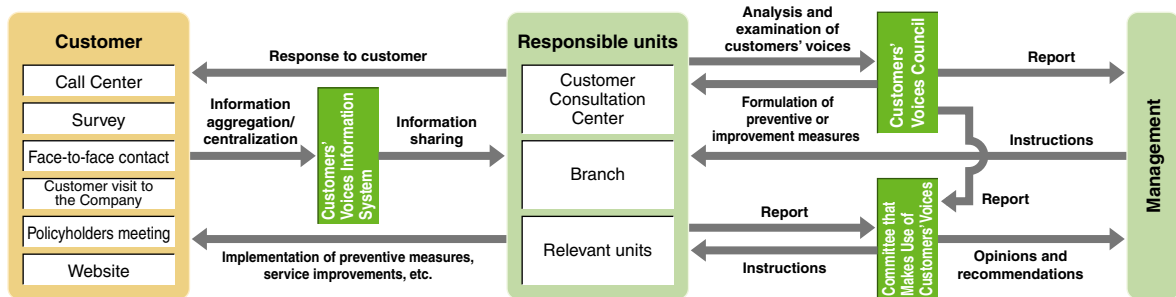
To enhance systems for reflecting customers' voices in management, the Committee that Makes Use of Customers' Voices was established in April 2006 and the Basic Policy of complaints handling system was created in December of the same year.

The purpose of the committee mentioned above is to enhance protections for customer rights and interests and provide services that satisfy customers. The committee is composed of members from outside the Company, as well as Taiyo Life executives, and meets quarterly. In specific terms, the committee examines and

discusses the status of operational improvements based on customers' voices and the content of Customers' Voices Council in which the managers of relevant units come together to talk about problem solutions. The opinions of outside members of the Committee that Makes Use of Customers' Voices are communicated to relevant units and reflected in their activities.

The Basic Policy of complaints handling system calls for rapid, earnest actions to effect improvements in response to customer complaints, and regular reports to management on the contents and causes of complaints, and the status of improvements.

**Customers' Voices Information System**



**Daido Life**

**■ Systems for hearing customers' voices**

**Customers' voices received through branches, call centers, and the Internet**

Customers' voices received on a national basis are responded rapidly and appropriately, and centrally managed as information. Negative comments and complaints are taken seriously and efforts are made to resolve problems as quickly as possible.

**Customers' voices gathered through surveys**

Surveys are included with the Notice Concerning Your Policy Details leaflet sent to policyholders every year to gather opinions on Daido Life's services and its responses to customers. Since April 2006, Daido Life has been asking policyholders to respond to a Procedure Survey when they purchase a policy or change their coverage.

**Customers' voices received through policyholders meetings**

Every year, branches throughout the country hold policyholders meetings in which they ask policyholders directly to express their opinions and requests regarding Daido Life.

**Customers' voices received through in-house sales representatives and agents**

Customer opinions and requests received through sales activities are gathered from throughout sales channels using the CS Post system access points established on the Company's LAN.

**■ Operational improvement initiatives based on customers' voices**

**Gathering and database management of customers' voices**

Customers' voices gathered from throughout the country are centrally managed in a database by the CS Promotion Department. The customers' voices in the database are analyzed and information on problems and other matters are sorted out and extracted.

**Examination and realization of improvement measures based on customers' voices**

Headquarters management units and other entities drive efforts to examine and develop concrete improvement measures for identified problem areas. Monthly reports are presented to the Executive Committee and improvement efforts are monitored as necessary.

**CS Sessions for the steady implementation of improvement measures**

Improvement measures that have been given concrete form are shared with all employees and directors in CS Sessions, and implemented in daily activities.

CS sessions, which are led by Branch Managers and General Managers at the head office, are held quarterly and are companywide opportunities to discuss in detail, and implement, ways to apply improvement measures, preventive measures, etc. among all the employees of relevant units.

**Sharing of customers' voices and information on improvement measures and other matters**

Customers' voices and improvement measures are included in the Complaint and Consultation Report, which is distributed throughout the Company every month, and are posted on a bulletin board on the Company's LAN, in an effort to improve customer convenience and prevent recurrences of situations leading to the similar customer complaints.

## Numbers and representative examples of complaints

In October 2005, the definition of “complaint” was revised to read, “a customer comment with a kind of expression of dissatisfaction regarding work performed by Daido Life.”

Measures aimed at listening to the comments of an even wider group of customers are being taken.

(unit:number)

	Fiscal 2005		Fiscal 2006		Representative Example
	Complaints	% of Total	Complaints	% of Total	
<b>Matters related to policy purchases</b> Explanation at the time of policy signing, agreement processing, etc.	456	18.8%	939	17.1%	<ul style="list-style-type: none"> <li>Did not hear when the policy was signed that there are no maturity benefits</li> <li>Did not hear that there are policy confirmations even after the application process is finished</li> </ul>
<b>Matters related to premium payments, etc.</b> Premium payments through account transfers, policy lapses, etc.	319	13.1%	682	12.4%	<ul style="list-style-type: none"> <li>Requested that the account for transfers be changed, but that request has not been honored</li> <li>After changing coverage, an Account Transfer Notice arrived, but it showed only the total amount transferred and presented no details on individual policies or changes made.</li> </ul>
<b>Matters related to post-enrollment procedures, etc.</b> Policy changes, updates, surrenders, and other maintenance work	845	34.8%	2,230	40.6%	<ul style="list-style-type: none"> <li>Asked that a policy surrender request form be mailed to me, but it has yet to arrive</li> <li>The premium notice that arrived after I renewed my policy indicates a higher premium. Why is the premium higher?</li> </ul>
<b>Matters related to insurance claim &amp; benefit payments</b> Explanations, procedures, etc. for claims, benefits and annuities	483	19.9%	1,094	19.9%	<ul style="list-style-type: none"> <li>I submitted a claim for hospitalization benefits two weeks ago, but I have not yet received a payment. When will payment be made?</li> <li>I am not convinced that I cannot receive benefits for my surgery.</li> </ul>
<b>Other</b>	323	13.3%	545	9.9%	<ul style="list-style-type: none"> <li>I have not received a visit since my sales representative quit.</li> <li>I had something to ask my sales representative, but I was transferred to the call center without a detailed explanation of why.</li> </ul>
<b>Total</b>	<b>2,426</b>	<b>100.0%</b>	<b>5,490</b>	<b>100.0%</b>	

## T&D Financial Life

### Systems for providing rapid, uniform customer service

T&D Financial Life places great value on every customer

comment received through the customer service center, and it has installed systems for improving its management in response to complaints, opinions, and cited problems, and enhancing the quality of its services and operations through operational improvements.

### Examples of Improvements Made by the Three Life Insurance Companies in Response to Customers' Voices

	Customers' Voices	Improvement Example
Taiyo Life	I want to consult a lawyer about insurance claim & benefit payments.	A special section to handle insurance claim & benefit payments has been established, and, for customers who would like to raise an objection or have questions about insurance claim & benefit payments, a system in which an outside, neutral lawyer can be consulted has been established.
	Is it possible to make hospitalization coverage unlimited in the case of cancer?	In the past, cancer and whole life cancer riders limited payments to 120 days of continuous hospitalization and 1,095 days of total hospitalization. Recently, however, a new unlimited rider has been introduced.
	I want the Company to cover expenses related to physical examination certificates.	When benefits cannot be paid since the requirement for the payment is not met, payments for physical examination certificates prepared by a physician will be covered by the Company at 5,000 yen per certificate.
Daido Life	I am worried that insurance policy certificates are sent by ordinary mail.	To ensure that insurance policy certificates are delivered to customers, all insurance policy certificates are now sent by delivery-certified mail.
	I didn't know that cash surrender value declines over time.	A notice providing information on the nature of cash surrender value by policy type and on the cash surrender value transition over the coming 10 years is now included together with the Policy Information Notifications sent every year.
	I've been hospitalized, but I don't know how much of what kind of benefits will be paid.	So that customers can confirm ahead of time coverage and amounts for which claims may be submitted, information showing the details of coverage customers have purchased is provided to each customer when a benefit claim is submitted.
T&D Financial Life	My insurance policy certificate arrived, so I tried to use the Internet services, but it was unclear what my login number was, so I gave up.	To avoid the risk of theft, insurance policy certificates and ID numbers necessary for Internet service login are mailed separately. Now, a notice informing the customer that the ID number will arrive one week after the insurance policy certificate is included with the Service Guide sent together with the insurance policy certificate.
	I don't know what kind of documentation will be sent after I purchase a new policy.	After a policy is purchased, a table listing all of the documentation to be sent to the customer is prepared and given to the customer in advance to enhance convenience of the customer.
	A policy change notification arrived, but it's just printed on ordinary paper, so I can't rely on it.	Policy Change Completion Notices are now being prepared using paper of the same quality used for insurance policy certificates to increase customer satisfaction. At the same time, a security pattern is printed on the back of each notice to prevent unauthorized viewing of policy details.

# Offering Products and Services that Meet Customer Needs

## Offering of Products and Services

The Group's three life insurance companies are proactively working to offer products and services that respond to diversifying customer needs.

### Recently developed products

#### Taiyo Life

Taiyo Life has introduced its Issho Kenmei Ikiru insurance product, which makes it possible to prepare for nursing care needs at a low premium, its Iryo Supli, a new type of insurance product that covers various hospitalization expenses with a lump sum payment, and its Kisei Kanwa insurance product, which offers more coverage options and can be purchased with a simple disclosure of health status even by those already receiving outpatient care and others worried about their medical situations.



Issho Kenmei Ikiru pamphlet



Iryo Supli pamphlet



Kisei Kanwa pamphlet

#### Daido Life

With the primary aim of enhancing the competitiveness of its mainstay term life insurance, Daido Life has introduced several new products. Three examples are its Muhaito Nen-manki Teiki Hoken or nonparticipating type term life insurance with no cash value, Muhaito Sai-manki Teiki Hoken or nonparticipating type term life insurance, and Muhaito Sai-manki Teiki Hoken or nonparticipating type term life insurance with low cash value.



Muhaito Nen-manki Teiki Hoken or nonparticipating type term life insurance with no cash value pamphlet



Muhaito Sai-manki Teiki Hoken (nonparticipating type term life insurance) pamphlet



Muhaito Sai-manki Teiki Hoken (nonparticipating type term life insurance with low cash value) pamphlet

#### T&D Financial Life

Individual variable annuities or investment type annuities are useful for providing retirement income, effective asset management and inheritance planning, and serve a wide variety of other needs.

Premiums paid on variable annuities are managed in special accounts or funds and annuity payments, death benefits, etc. vary according to investment performance, however, there is a type that minimum living benefits at maturity is guaranteed.

## New Children's Insurance from Women's Perspective

### Waku Waku Pokke or wonderful pockets from Taiyo Life

In April 2007, Taiyo Life introduced a new children's insurance product called, Waku Waku Pokke. This product was created by



Waku Waku Pokke pamphlet

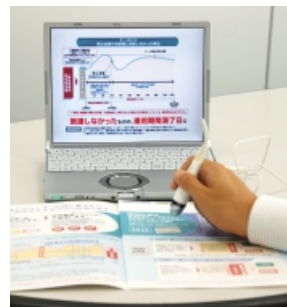
female employees on a development team working in cooperation with mothers who have children. One of the new services offered with this product permits policyholders to write Waku Waku Mail or wonderful or happy messages that are then held by Taiyo Life and delivered to the policyholders' children when they become adults.

## Provision of New Sales Support Tools Molding Paper and Video Media

### Cross-media from T&D Financial Life

T&D Financial Life developed and provide its agents with proprietary Cross-media sales support tools employing Grid Onput (Note) for sales of insurance products over bank service counters, which have grown rapidly in the wake of deregulation.

Cross-media is a system in which dots that are printed on pamphlets or other paper-based media, but invisible to the naked eye, are read by a special pen scanner connected to a PC, which then plays visual and audio information related to the page on which the dot was printed. Cross-media melds the versatility, immediate viewability, and storability of paper with the ease of understanding and presentation capabilities of AV media, and makes it possible to provide unified explanations and accurate information in optimal amounts.



Example of a Cross-media Application

Additionally, Cross-media makes it possible to add audio and visual information to verbal explanations and helps to ensure that customers fully understand the contents before examining and purchasing the insurance products.

(Note) "Grid Onput" is a registered trademark of Grid Mark Ltd. and refers to a new information recognition system that uses a miniature camera to instantly read extremely small dots printed on photos or textual characters.

## Services Responding to Customer Desires

In addition to face-to-face services provided through branches throughout the country and the head office, the Group's three life insurance companies provide a wide variety of services through their customer service centers or call centers and the Internet.

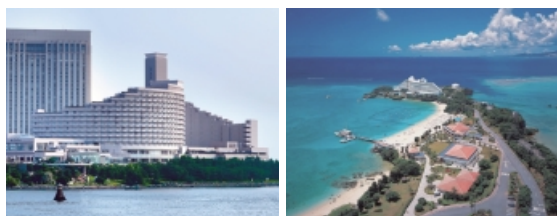
### T&D Club Off

T&D Club Off is a service for the policyholders of the Group's three life insurance companies.

(Note) For details on services, please refer to the website of the Group's three life insurance companies.

#### Examples of T&D Club Off Services

- **Domestic lodging**
- **Online reservations for overseas hotels**
- **Business hotel reservation services**
- **Various toll-free telephone services**  
Consultations on legal, tax, financial, pension, childcare, dietary, and other matters
- **Support services for daily life**  
Extensive menu of services for daily life
- **Golf reservation services**
- **Recreation facilities**



### Taiyo Life services

The Rakuchin Services or effortless transfer make it possible to rapidly transfer funds such as policyholder loan, accumulated dividend, and other reserves to a designated account with a few simple procedures. The telephone version of these services is known as Rakuchin Dial, and the Internet version as Rakuchin Net.

Using Rakuchin Net, policyholders may confirm coverage, premiums, and other policy details by Contract Term Reference Service, make address changes or request additional copies of tax deduction certificates for life insurance, request various types of claim forms, and perform other tasks, as well.



Rakuchin Service website

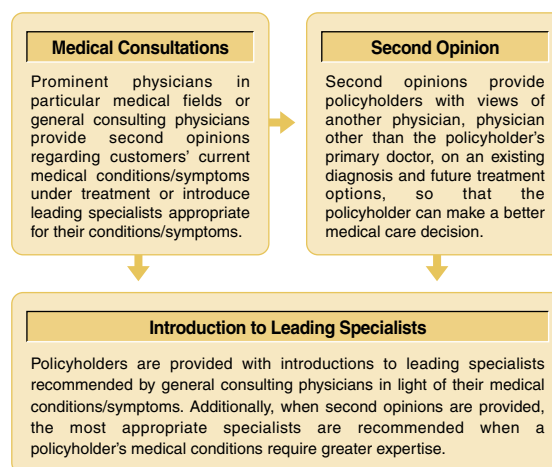
### Daido Life services

Daido Life responds to various needs through its Internet Service, Health Support Service, and Management Support Service.

Through its Health Support Service, Daido Life offers policyholders services that promote good health and are useful for medical examinations.

#### Second opinion service (Note 1)

With Daido Life's second opinion service, policyholders can receive medical consultations or second opinions regarding their medical conditions/symptoms from prominent Japanese physicians, and obtain introductions to the most appropriate specialists (Note 2) for their conditions/symptoms.



(Note 1) The Second Opinion Service is provided by T-PEC through a partnership with Daido Life.

(Note 2) A "specialist" is one of physicians in 46 specialty fields unanimously selected by the members of T-PEC's Doctor of Doctors Council.

### T&D Financial Life services

T&D Financial Life policyholders may call the Company's customer service center toll-free with their questions, requests, and claims.

Additionally, to enhance customer convenience, T&D Financial Life is gradually posting on its website information on the matters policyholders most often ask about.



Customers' voices website

## T&amp;D Financial Life

# The “My Days” 7- and 10-year Asset Management Products with 100% Guarantee for Minimum Living Benefits

“I want to securely manage my annuity funds and get returns as quickly as possible.”

T&D Financial Life, responding to customer needs like this, has developed its “My Days” investment type annuity products, with 7- and 10-year investment periods and 100% guarantee for minimum living benefits. These products, which were introduced in January 2007, are being sold through Daiwa Securities and have been supported by broad customers.



## “My Days” products have been given strategic placement at the Hibiya Branch of Daiwa Securities

Mr. Katsumi Maekawa

Hibiya Branch Manager Daiwa Securities Co. Ltd

## Expectations that “My Days” will Become a New Core Product

The world demand for asset management has been rising sharply since the equity price resurgence that began around 2003. Furthermore, as if in response to that price rebound,



we have seen a gradual rise in investment trust balances, which has likely been further accelerated by factors like aggressive sales through banks, and sales through post offices, which began last year.

Everyone has the desire to grow their assets effectively, but needs to

use assets, or leave them for younger generations, also cannot be ignored. Until now, the products handled by securities companies did not fully address needs to leave assets for younger generations.

We have great expectations that “My Days” products will become core product for addressing that situation. Daiwa Securities believes that it can enhance its product line by offering unique investment type annuity products like the “My Days” products and further enhance customer satisfaction in the process.

## “My Days” Sales Points

I believe the greatest reason these products have been so well received by so many customers is that they offer a 7-year investment period, whereas previous individual variable annuities almost all had 10-year periods. That over 90% of customers who have purchased “My Days” products have opted for the 7-year investment period can be seen as a clear indication of its attractiveness.

\*Please also refer to “Cautionary points concerning “My Days” products” on the next page.

I also think that guarantee for minimum living benefits and the 7-year investment period have had an extremely powerful impact in drawing people’s attention. Many customers have said that these features caused them to want to know more about “My Days” products.

Customers have also apparently been attracted by the fact that “My Days” products enhance security through well balanced diversification across a broad variety of investments and allow investors to receive annuity payments in as little as one year.

## Support System

T&D Financial Life provides broad support every time a new product comes out, and we find product training sessions for in-house sales representatives to be particularly helpful. This training, which is occasionally performed one-on-one, of course helps in-house sales representatives to understand products, but it is also extremely useful for enhancing sales capabilities. We are also satisfied with the fact that T&D Financial Life clearly explains product advantages and provides information on a daily basis.

## I want to strengthen relationships with financial institution agents and uncover new directions.

Mr. Hiroyuki Ota

Sales Promotion Division Manager East Japan Promotion Office No.2

Business Promotion Department T&D Financial Life

In the past, we held events like inheritance planning seminars, where we presented information to customers. We also used events like study sessions to communicate expertise

on soliciting insurance to agents. Moving forward, further strengthening our relationships with agents and having each side put forth new ideas will be important in providing valuable information to customers. Of course, on the support side, I would like to do even more than we have done in the past.



# Practicing Product Development that Anticipates Future Needs

T&D Asset Management has established an environmental fund for individual investors.

## A new environmental fund for a new era

Mr. Hiroto Makino

Executive Officer  
Director of Marketing  
T&D Asset Management Co., Ltd.



As a member of the T&D Life Group, T&D Asset Management develops unique products that anticipate customer needs. Our work largely consists of: 1) Provision of management services to the Group's three life insurance companies; 2) Provision of investment advisory services to parties like institutional investors and public

and private pension funds; and 3) Provision of investment trust management services for individuals, institutional investors, and others. In pursuit of these operations, the Marketing Department handles a wide array of functions, ranging from the provision of customer services to the development of products.

Additionally, we have recently established a new environmentally themed fund. This fund focuses on the sustainable growth of companies, which is a key consideration in equity investment, and emphasizes the view that environmentally conscious companies in particular will realize sustainable growth with an eye toward SRI or Socially Responsible Investment, an increasingly important global trend.

## Focusing on environment-related companies

Mr. Masataka Abe

Senior Manager,  
Marketing Department,  
T&D Asset Management Co., Ltd.



Our environment is facing food shortages due to population growth, resource depletion driven by rising standards of living, increasingly serious environmental degradation, and a whole host of other crises. As a result, theme funds investing in areas like technologies that make important contributions in improving situations of water, energy, food, and the environment have become the focus of attention. Concentrating primarily on sustainable growth, and enhancing fund uniqueness and appeal by targeting environment-related companies, I want to offer investors new options.

## Contributing to society through environmental funds

Mr. Shigeki Nakai

Senior Manager Marketing Dept.  
T&D Asset Management Co., Ltd



Going into the future, it will be increasingly important to accurately communicate the significance of sustainability to customers in SRI fund initiatives. In light of growing global environmental awareness, I believe this will be extremely meaningful from the perspective of social contributions by financial institutions.

### Cautionary points concerning "My Days" products

- These insurance products have no minimum guaranteed cash surrender value.
- Policyholders may have to bear surrender charges when policies are surrendered or coverage amount is reduced.
- Because minimum living benefits equivalent to lump sum insurance premiums are guaranteed, it is necessary to maintain insurance policies through the end of their investment periods, without coverage amount reductions or other policy changes.
- These insurance products are individual variable annuity life insurance for which disaster death benefits, death benefits, reserves, cash surrender values, and other amounts vary daily based on the returns from investing funds in separate accounts. Funds in separate accounts are invested in equities, bonds, and other instruments via investment trusts and cash surrender values may fall below the total of premium amounts paid in due to fluctuations in the prices of equities, bonds, and other instruments.

### Expenses

	Item	Expense
<b>Enrollment</b>	<b>Initial policy expenses</b>	This insurance product has no initial policy expenses.
<b>Investment Management</b>	<b>Insurance related expenses</b>	Deductions calculated based on the following percentages are made from reserves on a daily basis. 7-year investment period: 2.28% annual rate/365 10-year investment period: 2.07% annual rate/365
	<b>Investment related expenses (Note 1) (Note 2)</b>	About 0.1995% annual rate (after tax: 0.19%)/365 is deducted on a daily basis
	<b>Policy maintenance and management fees</b>	This insurance product has no policy maintenance or management fees.
	<b>Reserves transfer fees</b>	This insurance product has no reserves transfer fees. (This insurance product does not permit the switching of reserves.)
<b>Annuity Payments</b>	<b>Insurance related expenses (pension management fees)(Note 2)</b>	1.0 percent of annuity payments are deducted on the annual annuity payment date.
<b>Surrender or Coverage Reduction</b>	<b>Surrender charges</b>	Surrender charge = (reserve amounts as of the surrender or coverage reduction date *1 - exempted surrender charge *2) × Surrender charge percent (max. 6.0%) *2 *1 For coverage reductions, the reserve to be reduced on the coverage reduction date. *2 Exempted surrender charge and surrender charge percent differ depending on factors like the number of years elapsed since policy enrollment, investment course, etc.

(Note 1) Refers to trust fees for investment trusts that primarily invested in. In addition to trust fees, investment related expenses may include trust administration expenses, brokerage fees, etc. These expenses will differ depending on factors like transaction sizes. Due to the difficulty of determining them ahead of time, specific amounts and proportions are not provided.

(Note 2) These expenses may change in the future.

# Strict Compliance

## Basic Compliance Policies

The T&D Life Group, as one of its management visions, has committed itself to “broadly fulfilling the social responsibilities with high ethical standards and strict compliance practices,” thereby positioning legal compliance as a key management priority. Furthermore, the T&D Life Group has set forth the T&D Life Group CSR Charter and the T&D Life Group Compliance Code of Conduct, and takes measures to promote compliance by ensuring that all employees and directors understand their content as the Company’s basic policies on legal compliance.

## Compliance Program

Each T&D Life Group member company takes compliance measures that are based on the Group’s basic compliance policies and are appropriate for its size and character in striving to ensure high compliance awareness.



Compliance training

For example, T&D Holdings and the Group’s three life insurance companies have created Compliance Programs as concrete, implementable plans aimed at having all employees and directors practice legal compliance and are performing compliance training and taking other steps to reinforce compliance in business activities.

### Promoting compliance among in-house sales representatives

In addition to compliance training based on a Compliance Program, a Compliance Manual has been prepared for in-house sales representatives and is used as both a guidebook for daily activities and as a teaching material for compliance training.



Compliance Manual

### Promoting compliance among agents

The Compliance Manual has been prepared for agents. This manual describes specific details of sales activities that are appropriate from a legal perspective and is used in compliance training and on other occasions to promote compliance.

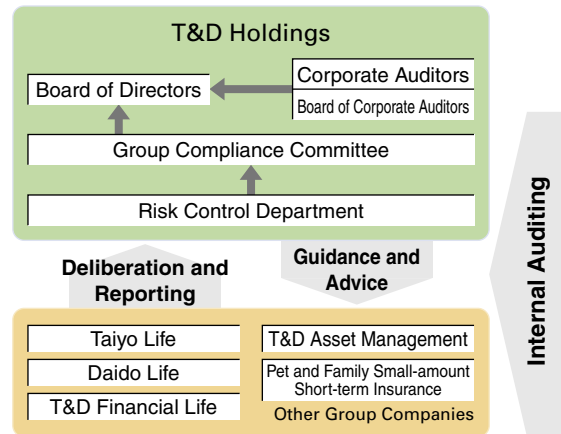
## Group Compliance Promotion System

T&D Holdings has established its Group Compliance Committee immediately below its Board of Directors as an organ for monitoring and improving compliance within the Group. The committee, which is chaired by the President and comprised of all Directors and Executive Officers with operational responsibilities, works to ensure strict compliance by discussing compliance matters, reporting its conclusions and expressing its opinions as necessary to the Board of Directors to promote strict compliance.

The Risk Control Department, which has overall responsibility for promoting compliance, performs regular monitoring in cooperation with the compliance units of the Group’s three life insurance companies, and provides these companies with guidance and advice.

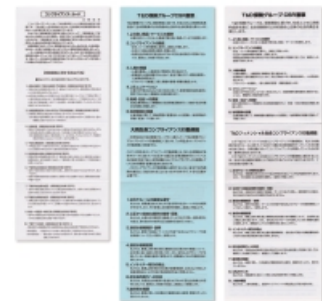
The three life insurance companies and other Group members, as well, also have compliance promotion systems consisting of compliance committees and units charged with overall responsibility for compliance.

Group Compliance Promotion System



## Compliance Cards

To help ensure strict compliance, employees of the Group’s three life insurance companies always carry with them cards on which key compliance points are printed.



Compliance cards and solicitation policy leaflets



## Upholding the Group Compliance Code of Conduct

The T&D Life Group Compliance Code of Conduct has been formulated as both a set of basic policies that are rooted in laws and regulations and to be followed by T&D Life Group employees and directors in pursuing fair and proper business activities, and a set of principles and fundamentals to be applied in practicing compliance in daily sales activities. T&D Life Group management recognizes that realizing the spirit of the Compliance Code of Conduct is its responsibility and strives to lead as a model in deepening understanding and promoting application of the Compliance Code of Conduct in the Group.

### The T&D Life Group 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, regulations, 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.

## Establishment of a Whistleblower System

The T&D Life Group's three life insurance companies and other Group members have long been operating their own whistleblower systems. In April 2005, however, the T&D Life Group Helpline was established for use by all Group employees and directors.



T&D Life Group Helpline poster

### Implementation of the Whistleblower System

As a rule, employees and directors who report information through the T&D Life Group Helpline do not suffer negative consequences for having done so. To ensure the effectiveness of the system, the Group has made it possible to report information to a contracted third-party company by phone, via a website, and other channels, and to do so anonymously. In the future, the Group will continue its efforts to promote compliance through this whistleblower system.

### Introducing the T&D Life Group Helpline outside the Company

At a CSR open seminar held by Dial Service Co., Ltd. in November 2006, the T&D Holdings' Risk Control Department Manager gave a presentation on "T&D Life Group Helpline results and issues." That presentation, which was given before 70 compliance managers and others, included an overview of the T&D Life Group Helpline, and descriptions of activities resulting in the establishment of the helpline and handling, and issues after starting the operation.



Helpline presentation

# Initiatives to Improve Employee Motivation

## Employee Development Direction

The T&D Life Group has formulated education and training plans under the basic policy of “developing human resources with boundless creativity and a solid ability to get things done”, which is included in management visions, and is working to develop and improve employee skills.

## Education and Training

The T&D Life Group’s three life insurance companies provide education and training primarily through on-the-job training, group training, and self-development support.

The Group supports the personal career improvement efforts of individual employees by, for example, actively supporting efforts to gain professional qualifications and offering a broad array of courses through correspondence, e-learning, and other education and training channels.

## Career Plan Formation

The T&D Life Group provides opportunities for employees to actively develop their own skills and supports employee efforts to develop career plans.

In fiscal 2006, the Group introduced an internal recruiting system to allow employees to apply for positions they would like to take on as new professional challenges, a system in which employees express the jobs they would like to perform in the future, career plan training encouraging employees reaching certain ages to consider options for future career development, and other career-related programs, as well. Additionally, the Group has introduced a system for changing career courses in an effort to meet needs arising from changes in career goals or living circumstances.

## Re-employment System

The Group’s three life insurance companies have introduced re-employment system for retirees. For people who meet certain requirements, renewal of employment agreements under the system is possible through the age of 65. Thirty-seven of the eighty-two Group employees who retired in fiscal 2006 have been rehired under the system. In addition, life planning seminars have been held to encourage employees who have recently turned 50 to consider options for how to work and live in the future.

## Utilization of Women and Skill Development

Having the objective of being a place where women can work with great enthusiasm and motivation, the Group has created an environment that adjusts flexibly to the life stages of women, and hires and promotes employees without regard to gender.

Specifically, the Group is recruiting outstanding female employees for management positions, encouraging women to change to career-track status, has created product development teams through open recruiting to develop products from women’s perspective, and is taking other such steps to take advantage of the skills of female employees and promote the development of a workplace where women can thrive.

### Voices of Female Managers



**Ms. Mariko Tobisaki**  
Oyama Branch Manager  
Taiyo Life

When it was decided that I would be promoted to Branch Manager, I was thrilled and overwhelmed, but now I have a very real appreciation of the weight of my responsibility. In part to repay those who have supported me, I intend to meet my responsibilities as a Branch Manager and contribute to both the Company and society. Those women who are aiming to gain a managerial position in the future would

do well to have patience, be tenacious, and to always be optimistic. I think personal qualities and skills must be developed on one’s own and that not accepting the status quo, having objectives, and putting in the required effort will result in the natural accumulation of skills.



**Ms. Kanako Itou**  
Associate General Manager  
Kanagawa CPTA Agency  
Management Sales Dept.  
Yokohama Branch  
Daido Life

I think our role as employees overseeing TA and CPA agents is to work with tax accountants to help client companies develop measures to address risks they are facing and gain sense of assurance.

Toward that end, it is important for the Company covering the risk to be trusted, but, more fundamentally, I think nothing would be possible if we - those representing the Company - are not trusted by accounting firms and customers. I, therefore, devote a

lot of attention to helping individual employees improve their manner, knowledge, and communication skills, so they will be capable of earning the trust of those they deal with. I work hard to grow together with everyone else, as I think of ways to create a workplace in which people can approach their jobs with great motivation and exercise their capabilities to the full extent. Furthermore, in an environment in which there are relatively few female managers, I want women with a sense of challenge to do their best to build their careers and have fulfilling lives with their spouses and children. My desire for my job is to be uplifting and fun and allow me to achieve goals together with coworkers, while improving myself through communication with others within the environments I have described.

## Promoting a Work/Life Balance

The T&D Life Group supports employee efforts to achieve a work/life balance. The Group believes that healthy balances of work and life allow employees to work with a greater sense that their jobs are meaningful, help the Group to recruit outstanding people, and encourage employees to stay with the Group over the long term. Specific examples of what the Group does to promote a work/life balance include the Limit 21 system which turns off all lights at the head office building at 21:00 to help prevent excessive physical and mental job-related stress, measures such as the introduction of anniversary days off to promote the taking of paid vacation days, and the introduction of a childcare leave support system and other measures to help employees care for their children.

The Group is also encouraging male employees to take childcare leave and, throughout the Group, 18 did so during fiscal 2006.

### Voices of Employees Using the Childcare Leave Support System

The "wiiwiwi" program for helping employees on childcare leave to return to work was introduced three months after my child was born, and I didn't hesitate to enroll in it. Enrolling in this program heightened my awareness of my connection to the Company and gave me an even greater sense that I had to make the most of my childcare leave. The program's website has information on childbirth and child rearing, and support tools for returning to work. Child-rearing information is presented very well and, because I can trust the source, I have referred to it on many occasions. Additionally, the "Weekly Message" contains detailed information that is organized by the number of months since birth and geared toward a return to the workplace, so it's helpful in encouraging one to naturally think about steps for going back to work. In the remaining six months before I go back to my job, I intend to make use of the online resources for returning to work.



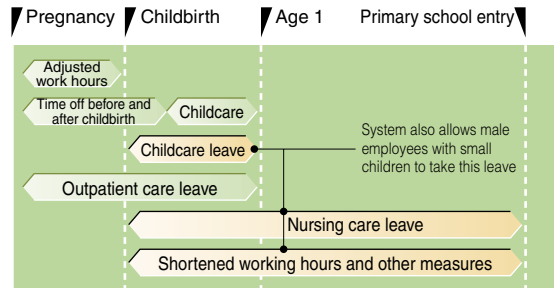
**Ms. Atsuko Matsuura**  
Financial Loan Administration Div.  
Investment Administration Dept.  
Taiyo Life

My eldest son was born in November of last year, so, with the addition of the New Year's holiday, I took about three weeks off for childcare leave. At first, I thought I would be able to relax at home, but, as it turned out, my son simply wouldn't go to sleep and, when he finally did, he would wake up crying in the middle of the night. There was an endless stream of things I had to do to take care of him and I was up nearly 24 hours a day. In that sense, I felt like being at work would be easier and got a very real sense of the difficulty of raising children. On the other hand, I was able to spend precious time with my wife and child, began to really feel like a parent, and gained a lot of other valuable things, as well. I'm also very thankful for the sincere cooperation of my boss and coworkers. I think the three weeks during which I took childcare leave and struggled to take care of my son will become a great memory for my family.



**Mr. Tsuyoshi Matsunaga**  
Support Staff for TKC Agents  
Tokyominami TKC Agency  
Management Branch  
Daido Life

### Simulation of Periods during which the Childbirth/Childcare Leave System Can Be Used



(Note) Periods during which leave may be taken differ depending on the Group member.

In April 2007, the Group's three life insurance companies were officially recognized by the Chief of the Tokyo Labour Bureau for their active support of the development of the next generation and were each awarded certification as a Company in Compliance with Standards under the Law for Measures to Support the Development of the Next Generation.



## Employee Awareness Survey

The Group's three life insurance companies perform employee awareness surveys addressing topics like job satisfaction, working conditions, and the personnel evaluation system, and have implemented various initiatives based on results. Employee awareness surveys provide important information for identifying organizational and human resource management issues. Among other things, employee opinions are used for management direction to gauge the extent to which the present human resources system has been accepted, assess the management of this system, and evaluate employee satisfaction, which has a significant impact on customer satisfaction.

## Human Rights Education in the Workplace

The T&D Life Group promotes understanding of human rights by educating employees on matters like sexual harassment, and discrimination against the people with disabilities and certain groups of Japanese originating from discriminated communities called dowo issues. Group companies provide employees and directors with at least two opportunities to further their understanding of human rights issues every year.



Taiyo Life Sexual Harassment and Power Harassment prevention posters

## Reflecting the Opinions of Employees' Unions

The Group's three life insurance companies each have their own independent employees' unions and all three work to maintain sound employee-management relations based on trust. The three life insurance companies actively discuss with their employees' unions a wide range of topics covering everything from business issues and policies, to salaries, working hours, holidays, personnel systems, benefits, and a whole host of other topics. The management sides of the three life insurance companies believe that true employee-management give and take realized through honest participation in discussions will result in greater employee motivation and the Company competitiveness.

● **Employees' Union recommendations realized, Daido Life example**

**Shorter working hours**

To encourage head office employees to quit working by 21:00, Daido Life introduced its Limit 21, All Lights Out policy of automatically turning off all lights at 21:00 and its PC Forced Shutdown policy of automatically shutting down all PCs used for operations at 21:00.

**Time off promotion**

To encourage employees to take vacation days, Daido Life introduced its policy of having employees take two "anniversary days off" per year. As "anniversary days off" employees may freely designate their own or a family member's birthday, wedding anniversary, or other special day.

## Health Insurance Society

The Group's three life insurance companies each has its own independent health insurance society, which works to prevent lifestyle diseases, promote good health, and engage in other activities to help members manage their health.

Principal activities include coverage of costs to treat diseases and injuries suffered by beneficiaries or union members and their dependents; payment on childbirth, death, and other benefits; PR to increase awareness of how to use health insurance; regular issuance of an in-house magazine, payment of subsidies for annual physical examinations; promotion of cancer self-examinations; promotion of and payment of subsidies for lifestyle disease examinations for spouses; sponsorship of personal health consultations with professional health advisors; sponsorship of mental health consultations with counseling firms; and the holding of health seminars.

The T&D Financial Life Health Insurance Society also operates Atami Country House which is a recreation facility for use by union members, their families, retirees, and the employees and directors of other Group companies.

## Voice of an Employees' Union



**Mr. Kenichi Suzuki**  
Union Leader  
Daido Life Administrative  
Employees Union

This union listens to what its members have to say and works to improve working conditions and environments. It also actively works to keep its members informed through "Scrum", the union's in-house magazine, and other communication channels. CSR is generally defined as "corporate social responsibilities," but I think focusing on

trust to be earned from society, rather than responsibilities to be performed for society, is a more positive approach.

To earn the trust of society, companies must create value. And the creators of that value are none other than employees. Without employee satisfaction, there is no customer satisfaction. I believe that in that sense, the very union activities that are aimed at increasing ES should also be considered CSR activities.

## Voice of a Health Insurance Society



**Ms. Sumie Matsuura**  
Health Insurance  
Society Officer  
T&D Financial Life

The primary activities of this Society are the payment of insurance benefits to, and performance of health-related activities for, its members or beneficiaries. Beginning with fiscal 2007, we are also devoting significant time and effort to activities aimed at preventing metabolic syndrome. To promote these activities, which are related to the specified physical examinations and health guidance that we will begin providing in the next fiscal year, we have decided to send our in-house magazine,

comprehensive medical examination guidance, and other examination information directly to the families of employees rather than to the employees themselves to help ensure that members undergo all of the examinations they should. We are also strongly emphasizing that family members, too, can use services including the 24-hour-a-day health consultation service that allows them to discuss their concerns with doctors and nurses. As an additional effort to prevent the onset of lifestyle diseases, we will begin providing diet and other health improvement advice in fiscal 2008. This service will target those whose examination results indicate that lifestyle changes are needed.

## Employment of people with disabilities

The Group's three life insurance companies endeavor to create better workplaces that accommodate the people with disabilities and had a combined employment rate of people with disabilities 1.85%, equating to 179 people, as of the end of March 2007.

### Voice of an Employee

It was 19 years ago when I first came into contact with the Company, which was then known as Tokyo Life, at a group interview for the physically disabled. Though I didn't fit the qualifications for the kinds of people the Company was looking to hire on that day, I was unrelenting in expressing my fervent desire to work for the Company and was eventually hired. I think my desire to work for a company in the financial industry was particularly strong because my older brother was doing so. Now, my work consists of activities like managing various types of reporting form and furniture and fixtures, preparing budget information, and managing budgets. Having a congenital hearing impairment, I had some frustrations in the beginning, but coworkers helped me by, for example, using sign language and writing notes, and I gradually got used to my job. Looking toward the future, I plan to take on new professional challenges by reading a lot of books and improving my job skills.



**Mr. Hisao Kobayashi**  
Personnel and Administration Div.  
Personnel and Administration Dept.  
T&D Financial Life

## Protection of Personal Information

The Group's three life insurance companies have formulated their Personal Information Protection Declarations or Privacy Policy and disclosed them through their website and other channels. Additionally, T&D Information Systems, as the T&D Life Group's information system support company, properly uses and strictly protects various kinds of data, including personal information. T&D Information Systems acquired the Privacy Mark certification awarded to companies that properly protect personal information in May 2005, and won the ISO27001 information security management system certification in March 2007.



IS510866/ISO27001



## The Fairness of Life Insurance and Respect for Human Rights

Life insurance is a mutual assistance system in which costs related to insured deaths, hospitalizations, nursing care, etc. are covered by

premiums calculated using mortality and accident rates determined based on a law of large numbers. Life insurance companies do not allow people to purchase policies regardless of their circumstances; to maintain the fairness of the life insurance system, people whose expected mortality rates or insurance accident rates exceed certain levels are either rejected or permitted to become insureds only under certain additional conditions such as application of special premiums, etc.

The T&D Life Group respects the human rights of customers and develops and sells a wide variety of insurance products meeting a wide range of customer needs, health conditions, gender, enrollment ages, etc.

### Examples of insurance products

#### Taiyo Life

Yasashii Hoken, a non-selective-type medical insurance for those who have previously been hospitalized or had surgery, or are currently receiving outpatient care, and Kisei Kanwa, which offers more coverage options and can be purchased with a simple disclosure of health status.

#### Daido Life

Term life insurance for people with diabetes or high blood pressure, and special discount rider for especially healthy people (smokers and non-smokers).

### Workplace Environment Data (Individual employees)

	March 31, 2006	March 31, 2007
Employment Rate of people with disabilities (Note 1)	1.90%	1.85%
No. of Employees Taking Maternity Leave	124	137
No. of Employees Taking Childcare Leave	91	132
Male	—	18
Female	—	114
No. of Employees Taking Nursing Care Leave	6	6
Male	—	1
Female	—	5
Avg. No. of Paid Vacation Days Taken (Note 2)	11.0 days	10.2 days

(Note 1) The statutory employment rate of people with disabilities is 1.80%.

(Note 2) The figure for the average number of paid vacation days taken applies to office workers.

### Employee Statistics (Individual employees)

	Employees on Staff		People Hired	
	March 31, 2006	March 31, 2007	Fiscal 2005	Fiscal 2006
Total No. of Employees	21,234	20,147	4,897	4,253
Male	4,636	4,587	409	394
Female	16,598	15,560	4,488	3,859
In-House Sales Representatives	13,873	12,842	4,438	3,739
Male	1,056	938	219	171
Female	12,817	11,904	4,219	3,568
Office Workers	6,172	6,267	426	472
Male ( ) Managers	3,580 (1,889)	3,649 (1,896)	190	223
Female ( ) Managers	2,592 ( 45)	2,618 ( 111)	236	249
Career-track Employees	3,594	3,772	193	241
Regional Career-track Employees	651	663	80	88
General Employees	1,881	1,787	153	140
Customer Service staff	1,189	1,038	33	42

# Pursuing Proactive Communication Activities

## Pursuing Proactive Communication Activities

The T&D Life Group pursues proactive communication activities and works to ensure that its disclosure activities result in the provision of straightforward information to customers, shareholders, other investors, and all other stakeholders.

Each Group member engages in newspaper, magazine, television, radio, and other PR activities to enhance its company image and promote products.

Furthermore, T&D Holdings and the three life insurance companies have formulated Disclosure Rules (Note) and work to achieve information disclosure that, through its proactiveness, results in transparent management and is timely, fair, accurate, and consistent across the Group in the event of emergency. The ultimate aim here is to maintain or enhance the society's trust in Group.

Each Group member issues disclosure materials on its management policies, business performance, and other matters, posts product and service information, company news and other information on its website, and responds to individual requests for information.

T&D Holdings informs its shareholders, approx. 323,000 as of the end of March, 2007, of the status of Group operations and other matters twice a year, June and December through shareholder news bulletins. The three life insurance companies deliver to each policyholder a Policy Information Notifications annually to help ensure that they confirm the status of their coverage and other policy details.

(Note) T&D Holdings has prepared and disclosed its Basic Disclosure Stance, which is rooted in its Disclosure Rules.



Daido Life corporate image poster  
(Advertising personality: Ms. Manami Honjo)

## IR Activities

T&D Holdings engages in proactive IR activities based on principles of timeliness, fairness, and accuracy, and works to provide continuous, straightforward information on the Group's management and finances. More specifically, it performs results briefings for domestic and overseas investors, holds results teleconferences, visits key domestic and overseas institutional investors, and actively engages in discussions with securities analysts. It also regularly provides management with valuable information received from investors through IR activities as feedback.



Results briefing for the fiscal year ended March 2007



Nikkei Inc. sponsored IR fair

T&D Holdings devotes significant time and effort to the interests of individual investors as well by, for example, participating in IR fairs and posting a broad range of Group information on the IR section of its website. T&D Holdings has improved this IR site with an easier-to-use, more convenient design, and simple, straightforward wording. As a result of these efforts, T&D Holdings was selected by Daiwa Investor Relations Co., Ltd. in April 2007 as one of the 296 best companies for Internet IR sites. (Note)

(Note) Daiwa Investor Relations Co., Ltd. reviewed the IR sites of the 1,849 primary listed companies between March 6 and April 11, 2007 and announced the 296 companies it believes have the best Internet IR sites.

### Excerpts from IR Policy

1. Purpose of IR Activities
2. Individuals and Department Responsible for IR Activities
3. IR Information
4. Feedback to Management
5. Silent Period
6. Formulation of IR Activity Plans and Verification

## Communications with Stakeholders

Daido Life builds partnerships with organizations of tax accountants and Certified Public Accountants in creating a structure for selling various benefit systems to the clients of the members of these organizations. These organizations and the TA and CPA agents are key Daido Life stakeholders. Accordingly, Daido Life holds meetings with them those who act as the agents and sponsors discussion groups where recent developments at Daido Life can be reported and meeting participants can express their views on Daido Life's operations. Following is a description of what took place at the July 12, 2007 Daido Life Business Operation Report Meeting.

### Fiscal 2007 Daido Life business operation report meeting

Fifty-three tax accountants and Certified Public Accountants, all of whom are executives of the TKC National Federation (Note), a registered Daido Life agent, participated in this meeting, which was also attended by 12 representatives of Daido Life, including its Representative Director and President, Haruo Kuramochi.



The President, Haruo Kuramochi, reported on Daido Life's business activities, covering topics like:

- 1) Current status with regard to the insurance claim & benefit payments, and future initiatives in this regard
- 2) Actions taken in response to Voices of Customers
- 3) Internal management enhancements
- 4) Fiscal 2006 business results
- 5) Customer service
- 6) Social contribution and other such activities



Haruo Kuramochi  
Representative Director  
and President of Daido Life



Minoru Kudo  
Executive officer of Daido Life

The Executive officer, Minoru Kudo, then provided a summary of the achievements of projects undertaken in cooperation with the TKC National Federation.

Toward the end of the meeting, Ms. Emi Osono, an Associate Professor at Hitotsubashi University's Graduate School of International Corporate Strategy, gave the memorial lecture titled, "Corporate Strategy in the Future."

(Note) The TKC National Federation was created to contribute to the realization of just taxation and the ongoing prosperity of taxation and accounting clients. The TKC National Federation is Japan's largest organization network of professional accountants or tax accountants and Certified Public Accountants.

### Analyst's Comment

The development of disclosure practices has resulted in the reporting of an enormous amount of information by companies. Furthermore, with the recent focus on corporate governance and compliance, as well as environmental considerations and other factors, the activities expected to companies have not only become more diverse but also more sophisticated and complex. One could say, therefore, that the role of clearly and accurately communicating sophisticated

and complex information on a company's performance and activities to shareholders, consumers, employees, and other stakeholders has increasingly taken on great importance. T&D Holdings has maintained a dialogue with its shareholders and disclosed information on its performance and activities to various stakeholders via its CSR report and other channels. Moving ahead, I expect it to reinforce these activities through various opportunities.



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

# Activities as a Good Corporate Citizen

## Social Contribution Activities of the T&D Life Group

### ■ Social contribution activities the T&D Life Group undertakes as a good corporate citizen

As a member of society, it is only natural that a company undertakes activities to contribute to society. Based on the management philosophy of aiming to be a corporate group that benefits people and society by creating value under the motto "Try & Discover," the T&D Life Group actively undertakes a broad array of social contribution activities through Group companies and foundations, the volunteer activities of employees and directors, and other means, too.

### ■ Blood donations

Every year, during times when the need for blood is especially acute, the T&D Life Group engages in blood donation activities in cooperation with the Japanese Red Cross Blood Center. In



Blood donation activities at the Shiodome head office

fiscal 2006, 78 T&D Life Group employees donated blood at the Shiodome head office.

Individual Group members also pursued their own blood donation activities.

## Social Contribution Activities of Taiyo Life

### ■ Nationwide clean campaign

Wanting to contribute to its local community as a member of the community, Taiyo Life began in 1982 to clean the areas surrounding the Taiyo Life head office once a year. In 2004, branch offices throughout the nation began cleaning the areas surrounding their buildings. In fiscal 2006, totaling 6,408 people of employees and family members helped to clean areas around Taiyo Life's head office, subsidiaries, affiliates, and branch offices.



Cleaning up around the Hamamatsu Branch Office

### ■ Friends of Taiyo Life Goodwill Circles

Friends of Taiyo Life Goodwill Circles was established in December 2005 to support the social contribution activities of employees and directors.

As of the end of March 2007, this organization had 8,679 members, consisting of the employees and directors of Taiyo Life and its affiliates. Every month, members donate amounts equal to the last two digits of their take-home pay or amounts equal to multiples of 100 yen, up to a total of 1,000 yen.

Examples of Goodwill Circle activities undertaken to date include nationwide clean campaigns and local contribution activities by branches or other group units. For the future, however, there is a desire to engage in more locally focused contribution activities and to actively support environmental protection activities in cooperation with NPOs or other organizations. To help bring that about, the quarterly Goodwill Circle Associates newsletter is being distributed at the head office, branch offices, and affiliates to explain the organization's activities and get more employees and directors interested in participating.

## Social Contribution Activities of Daido Life

### ■ Support for the National Sports Games for the Disabled

Daido Life provided special support for the Sixth National Sports Games for the Disabled named Nojigiku Hyogo Games held in Hyogo Prefecture in October 2006. This support included a contribution of 100 million yen in financial support and the efforts of numerous employees and directors who worked as volunteers at the games. The Company also set up the Daido Life Corner in the Fureai Plaza as a place where athletes and supporters from across the country could come together and enjoy each other's company playing games and participating in various events.



Sixth National Sports Games for the Disabled named Nojigiku Hyogo Games



## ■ Donations supporting open lectures at universities

As part of the celebration of its 100th anniversary, Daido Life began in fiscal 2002 to sponsor open university lectures by donations, which took place over a period of five years. Through these lectures, and with the cooperation of the universities where they are held, Daido Life offered managers of SMEs opportunities to acquire management and business knowledge and skills. In fiscal 2006, open lectures were held at eight universities, including Hosei University, Meiji University, Yokohama National University, Waseda University, Ritsumeikan University, Kansai University, Nanzan University, and Fukuoka University. For those SME managers unable to attend an open lecture, Daido Life has also produced video lectures useful for business management, which have been viewed by many SME managers through the cooperation of Daido Life branches and tax accounting firms throughout the country.

## Activities of Foundations

### ■ Taiyo Life Himawari Welfare Foundation

The Taiyo Life Himawari Welfare Foundation was established in 1984 to mark the 90th anniversary of the founding of Taiyo Life. The Foundation works to improve social welfare. Since its establishment, it has been concentrating mainly on projects for the improvement of the welfare of the elderly, and, in recent years, has also been devoting significant attention to assisting projects aimed at improving the welfare of the disabled. To date, the Foundation has awarded 1,299 grants totaling 983.82 million yen.

#### ● Fiscal 2006 grants

##### Project grants

Grants to project of volunteer groups and organizations working to benefit the elderly at home and the disabled

##### Research grants

Grants for research and surveys regarding lifestyle diseases and the health and welfare of the elderly

#### Project grant example

##### Assistance to a Classroom for the Vocally Impaired

A grant was provided to Koe wo Tanoshimu, an organization headed by Mr. Tadanori Shimada, which dedicated to helping those with a verbal communication handicap freely use their voices and enjoy choral singing. At Koe wo Tanoshimu, participants help each other to experience the joy of choral singing. On October 15, 2006, they demonstrated the results of their efforts at Dreamers Stage '06 held at Yokohama Sports and Culture Center for the disabled. There, they sang seven songs, including Hana no Machi, meaning flower town, and Beethoven's Ode to Joy, together with a noted soprano singer making a cameo appearance.



Recital at Rapport Art Space

### ■ The Daido Life Foundation

The Daido Life Foundation was established in 1985 in celebration of the Company's 80th anniversary. The purpose of the Foundation is to promote mutual international understanding by holding or sponsoring cultural exchanges between Japan and other countries, and to contribute to the internationalization of Japan. The Foundation's activities to date have met with high praise and been formally recognized with prizes like the Japan Mecenat Award in November 1995 and the Japan Foundation Special Prize in October 2000.



The primary activities of the Foundation 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 modern 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.

#### ● Award for Area Studies

With the support from the academic societies, the Daido Life Foundation has been presenting its Award for Area Studies and its Special Award to researchers who have performed outstanding work in the field of area studies. It has also been presenting its Special Prize for Area Studies for distinguished accomplishments in promoting mutual international understanding. All of these prizes are annually presented since 1986, to support overall area studies in the global level.



Presentation ceremony

### ■ Daido Life Welfare Foundation

The Daido Life Welfare Foundation was established in 1974 to help promote health maintenance and social welfare in Japan.

#### ● Regional Health and Welfare Research Subsidy

The Daido Life Welfare Foundation provides grants for research on regional health, medical, and welfare performed by people also engaged in health or welfare activities at the grassroots level.

#### Company Workers Volunteer Activity Subsidy

Since fiscal 1992, the Daido Life Welfare Foundation has been providing grants to Company workers who use the weekends or other free time to engage in activities at the local community level. Examples of targeted volunteer activities include (1) Activities in support of the elderly; (2) Activities in support of the disabled; and (3) Social activities aimed at supporting the emotional health of children. All targeted activities must be free of charge. As of the end of fiscal 2006, the Daido Life Welfare Foundation had awarded 2,625 of these grants, worth a total of 1,348.69 million yen.



Awards ceremony

# For a Sustainable Global Environment

## Global Environmental Protection Initiatives

### ■ Establishment and implementation of the T&D Life Group Environmental Policy

The T&D Life Group is pursuing various activities aimed at achieving thorough employee and director awareness of the T&D Life Group Environmental Policy, established in April 2006 to clearly present the T&D Life Group's position on the environment, and lowering the Group's environmental burden. In addition, the Group has developed Green Purchasing Standards and gives the highest priority to purchasing environmentally friendly products whenever possible.

### 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 public mission of life insurance and other businesses, 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.

## Signatory to the Principles for Responsible Investment

In March 2007, Taiyo Life became the first Japanese life insurance company to sign onto the Principles for Responsible Investment (PRI) being advocated by the United Nations Environment Programme Finance Initiative.

### ■ Cool Biz/Warm Biz cooperation

Cooperating with the government's Cool Biz and Warm Biz initiatives, and as a measure to help stop global warming, the T&D Life Group sets thermostats at 28°C from June through September, and 20°C from November through March.



2007 Cool Biz poster



2006 Warm Biz poster

### ■ Forest of Taiyo Life afforestation activities

In March 2006, Taiyo Life, as part of its efforts to secure green resources and make other contributions for the benefit of society and the environment, made use of the Forestry Agency's Corporate Forest System to establish the Forest of Taiyo Life in Nasushiobara City, Tochigi Prefecture.

This forest's environmental contribution in the form of CO2 absorption comes to 23.6 tons, according to Forestry Agency estimates, and timber culled from it is put to good use in manufacturing printing paper. Taiyo Life has also been selling to its employees and directors chopsticks manufactured with culled timber and timber waste under the Waribashi Project inaugurated in September 2006. In November 2007, Taiyo Life took the next step and established the Taiyo Life Kutsuki no Mori in Takashima City, Shiga Prefecture.

### Voice of a Participant in Afforestation Activities



Ms. Kiyomi Shirotzuki  
Omori Branch

Our family of three participated in the autumn afforestation activities. It was the first time for us to do so and I was a little bit worried, but, with the guidance of the District Forest Office and volunteers, we were able to participate and have a good time. As a family, we are looking forward to seeing the Nikko Maple we planted grow.

Through this experience, we came to understand the need for forest thinning, and my

son, who likes to do things with his hands, had a great time using a saw to help cut back unwanted growth. The work may have been a little bit difficult for him, but after dinner there was a gathering at which we enjoyed learning more about forests and that capped off a very good experience. I want to bring my family back again to refresh ourselves.

### ■ Production of environmentally friendly novelty goods

Based on the “3.9% CO2 Reduction ‘Kizukai’ Movement” aimed at promoting domestic forests and using them to absorb



Pen made by small branch of camellia

3.9% of CO2 emissions in achieving the domestic CO2 reduction of 6% agreed upon in the Kyoto Protocol, T&D Financial Life has produced “Tsubaki no Koeda Pens,” ballpoint pens made of domestic culled trees, to use as novelty goods for distribution to financial institution agents.

## Environmental Communications

The T&D Life Group is working with the NPO, Associates of the Earth, which produces the Japanese version of “Our Planet” and “Tunza” published by United Nations Environment Programme, to deepen understanding of environmental issues by distributing these two publications to Group companies, primary and middle schools, public libraries, and other entities. Additionally, through seminars for Group company executives and e-learning materials for employees, the T&D Life Group is working to achieve broad understanding of environmental problems.

Related website

<http://www.ourplanet.jp/supporters.htm>

### Voice of an Environmental NPO

I think many people will recall the detective in the Taiyo ni Hoero! television series of 30 years ago when they hear my name. A later television program, which visited out-of-the-way places over its run of nearly 10 years, caused me to change the way I thought about the earth and the environment. Now, through an NPO, I work together with companies and volunteers to help solve global environmental problems.



**Mr. Jun Miyauchi**  
NPO “Associates of the Earth” Chairman

Based on the idea of learning more about the earth and people, we are promoting greater understanding of environmental problems through UNEP education activities. We also worked to communicate the growing seriousness of environmental problems to large numbers of people through UNEP “Focus on Your World” World Environment Photographic Exhibitions in Asia’s seven international airports in June 2007. For the future, we are considering tree-planting and other activities.

## Setting of Environmental Objectives

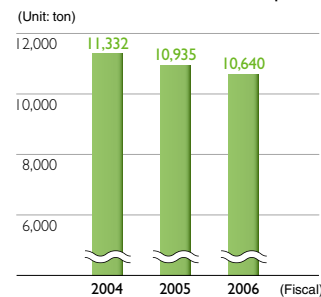
In the past, environmental data was gathered and disclosed in connection with work aimed at lowering environmental burden. And it has been decided that beginning in the second half of 2007 quantitative targets is set and periodically revised for the following three items in an effort to achieve ongoing improvements.

### Environmental Objectives

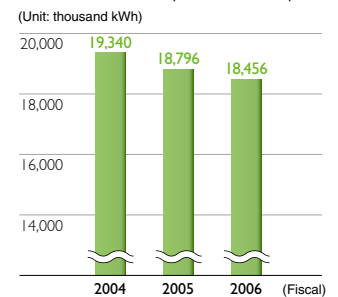
Item	Objectives
Electricity Consumption at Shiodome Head Office	0.6% year-on-year reductions to achieve an average 2% or greater reduction compared to fiscal 2006, over the fiscal 2008-2012 periods.
Use of Copy and Printing Paper for Administrative Purposes	1.3% year-on-year reductions to achieve a 7% or greater reduction compared to 2006, in fiscal 2012.
Green Purchasing Ratio	Reliance on environmentally friendly products for 95% or more of office supplies.

Use of paper for administrative purposes and green purchasing ratio is of T&D Holdings.

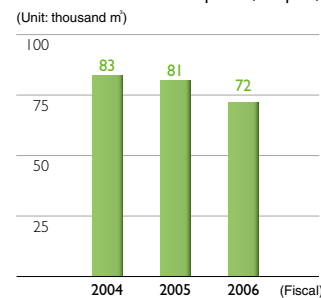
### Trend in CO<sub>2</sub> Emissions (Graph1)



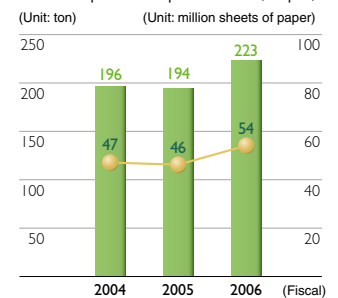
### Trend in Electric Consumption Amount (Graph2)



### Trend in Water Consumption (Graph3)



### Trend in Paper Consumption Amount (Graph4)



### Trend in Amount of Waste Generation and Recycle (Table) (Unit: ton)

	Fiscal 2004	Fiscal 2005	Fiscal 2006	
Paper Waste	Generated Amount	722	783	605
	Recycled Amount	602	651	506
	Recycle Ratio	83%	83%	84%
	Finally Disposed Amount	120	132	99
Waste other than Paper	Generated Amount	348	522	294
	Recycled Amount	41	177	61
	Recycle Ratio	12%	34%	21%
	Finally Disposed Amount	307	344	233

# Third Party Opinion



Ms. Mariko Kawaguchi

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

At a time when mutual companies were common in the life insurance industry, the T&D Life Group was one of the first to convert its life insurance companies into corporations and establish a holding company. This governance-enhancing initiative increased management's awareness of the need for transparency and the outcome of that can be seen in proactive stances toward communications with stakeholders. This year was the third year for me to review the T&D Life Group report and every time I have done so I have come away with the impression that this company group has a very strong customer orientation. It is also obvious to me that CSR initiatives have become more consistent among the individual members of the Group.

The present report is slightly shorter than the previous one, but it devotes five pages to descriptions of conditions, and actions taken, at the Group's three life insurance companies over the past five years regarding the problem of insufficient insurance claim payments. Among measures to prevent a recurrence of that problem, the report devotes particular attention to making policy details simple and straightforward. Recently, fierce competition has resulted in the increasing attachment of unnecessary product features, not only in insurance but in other industries, as well. With regard to financial products in particular, a great deal of importance is placed on self-responsibility, so ease of understanding is extremely important. Even after carefully reading them, many people who are not insurance experts cannot understand explanations of insurance policies with numerous riders, so measures that take insurance back to the basics and help avoid confusion are welcome. It is my fervent hope that such measures will add significant momentum to the approach of offering products that are truly in the best interest of customers.

In explaining what is done for the benefit of customers, information provided as "voices of customers" has been enhanced. While last year's report included such information only for Taiyo Life, this year's report provides it for all three life insurance companies, showing specific examples where improvements have been made, and demonstrating that the customer-focused PDCA cycle is beginning to work.

Regarding employee satisfaction initiatives, all three life insurance companies have won certifications under the Law for Measures to Support the Development of the Next Generation and, in view of factors like the gradual increase in the number of employees taking childcare leave, it appears that all three are making steady progress in creating better workplaces for employees. Regarding consideration for the rights of customers when purchasing new policies, I cited shortcomings for last year's report, and this year's report includes a discussion on this matter.

Concerning investment operations, which I pointed out as an area needing improvement in last year's report, T&D Holdings, Inc President, Naoteru Miyato mentions in his message that Taiyo Life was the first Japanese life insurance company to sign on to the Principles of Responsible Investment. This is a declaration that investment processes will incorporate the Environmental, Social, and Governance

perspectives, which, as of August 2007, have been adopted by over 230 institutional investors with \$10 trillion in total assets throughout the world. In principle, becoming an ESG signatory means pledging the practice of investment based on evaluations of investees' environmental, human rights, labor, and other track records, in addition to traditional finance analysis. In passing, I would like to note that "responsible investment" is based on the philosophy that it is the responsibility of investors to use the power of investment to help solve environmental and social problems.

Life insurance related investment is mainly long-term investment. In the case of long-term investment, not only recent performance trends but also long-term strategies, including approaches to environmental, labor, and other issues, the quality of employees, the quality of management, and other factors are critical in making important investment decisions. The responsible investment concept, therefore, is consistent with such long-term investment. Presently, insurance benefits and annuities account for 26% of the personal financial assets of Japanese individuals. And it is commonly the case that, even if a policyholder understands the terms of his/her own coverage, he/she is unaware of the ways in which premiums are being invested. Recently, however, at the grassroots level there has been a slight increase in individuals taking responsibility for their own investments. It is conceivable, therefore, that in the future there will be an increasing number of individuals who, when they purchase insurance, are interested in not only the terms of policy coverage but also how funds are invested. Wouldn't it be nice if insurance companies operated under the philosophy of building competitiveness with simple, straightforward insurance products and socially responsible investment. If that comes to pass, I would certainly want global environmental problems to be a focus of attention.

Global warming is now a critical international political and economic issue, and the most pressing responsible investment perspective. T&D Asset Management has started to manage an environmental fund. This fund is limited to investments in companies with environmental businesses and it is expected that it will have the indirect impact of supporting the development of solutions to environmental problems by focusing funds on businesses addressing these problems. In addition to this sort of themed investment, it is hoped that the T&D Group's three life insurance companies will adopt responsible investment that incorporates evaluations of environmental friendliness in investment decisions. What I would like these companies to do now is to focus their attention on considerations of environmental friendliness in existing ordinary investment operations as well. If life insurance, annuity, and other long-term institutional investors would require evaluations of environmental friendliness in investment decisions, the chances of stopping global warming and realizing global sustainability would be increased. It is my fervent hope that the T&D Life Group will become a leader in the field of responsible investment, just as it did in converting its life insurance companies to corporations.

# Comparative Table on GRI Guidelines



This logo signifies membership in Sustainability Forum Japan. It does not indicate that Sustainability Forum Japan has approved the contents of this report.

Item	Indicator	Pages in this report
<b>1 Strategy and Analysis</b>		
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	3-4
1.2	Description of key impacts, risks, and opportunities	3-4
<b>2 Organizational Profile</b>		
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2.2	Primary brands, products, and/or services	21-22, 27-28
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	2, 45
2.4	Location of organization's headquarters	2
2.6	Nature of ownership and legal form	2
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	2, 21-22
2.8	Scale of the reporting organization	2, 17
2.9	Significant changes regarding size, structure, or ownership	18
<b>3 Report Parameters</b>		
<b>Report Profile</b>		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	1
3.2	Date of most recent previous report (if any)	1
3.3	Reporting cycle (annual, biennial, etc.)	1
3.4	Contact point for questions regarding the report or its contents	Back cover
<b>Report Scope and Boundary</b>		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	1
3.7	State any specific limitations on the scope or boundary of the report	1
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	42
<b>GRI Content Index</b>		
3.12	Table identifying the location of the Standard Disclosures in the report	44
<b>Assurance</b>		
3.13	Policy and current practice with regard to seeking external assurance for the report.	43
<b>4 Governance, Commitments, and Engagement</b>		
<b>Governance</b>		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	13
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	13
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	13
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	13
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	11-12, 20
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	14, 16, 20, 41
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	14, 37
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4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	41
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> <li>Has positions in governance bodies;</li> <li>Participates in projects or committees;</li> <li>Provides substantive funding beyond routine membership dues; or</li> <li>Views membership as strategic.</li> </ul>	1
<b>Stakeholder Engagement</b>		
4.14	List of stakeholder groups engaged by the organization	11
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	21-26, 37-38
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	5-9, 21-26
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EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	16
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Item	Indicator	Pages in this report
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EN5	Energy saved due to conservation and efficiency improvements	42
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EN8	Total water withdrawal by source	42
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LA9	Health and safety topics covered in formal agreements with trade unions	35
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# The T&D Life Group's Subsidiaries and Affiliates

## 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:	As both an insurance holding company and small-amount short-term insurance company, the T&D Life Group engages in the following business activities. <ul style="list-style-type: none"> <li>● The management of subsidiary companies in accordance with the provisions of life insurance and other insurance business laws.</li> <li>● Management of the T&amp;D Life Group and its subsidiaries</li> <li>● All duties incidental to the above business</li> </ul>
Capital Amount:	118.5 billion yen
Number of Employees:	108
Accounting Auditor:	Ernst & Young ShinNihon
URL:	<a href="http://www.td-holdings.co.jp/e/">http://www.td-holdings.co.jp/e/</a>
Group Members	As of March 31, 2007, the T&D Life Group consists of T&D Holdings, 17 subsidiaries, and 2 affiliates, which, in addition to core life insurance operations, are engaged in the following business activities.

■ : Consolidated subsidiary    ● : Equity method affiliate

### Insurance & Insurance related Businesses (7 companies)

Insurance Business	■ Taiyo Life Insurance Company	<a href="http://www.taiyo-seimei.co.jp">http://www.taiyo-seimei.co.jp</a>
	■ Daido Life Insurance Company	<a href="http://www.daido-life.co.jp">http://www.daido-life.co.jp</a>
	■ T&D Financial Life Insurance Company	<a href="http://www.tdf-life.co.jp">http://www.tdf-life.co.jp</a>
	■ Pet and Family Small-amount Short-term Insurance Company	<a href="http://www.petfamilyins.co.jp">http://www.petfamilyins.co.jp</a>
Insurance related Businesses	■ T&D Confirm Ltd.	
	■ Toyo Insurance Agency Co., Ltd.	<a href="http://www.toyohokendaiko.co.jp">http://www.toyohokendaiko.co.jp</a>
	■ Daido Management Service Co., Ltd.	<a href="http://www.dms-hp.co.jp">http://www.dms-hp.co.jp</a>

### Investment related Businesses (7 companies)

Investment Management and Advisory Business	■ T&D Asset Management Co., Ltd.	<a href="http://www.tdasset.co.jp">http://www.tdasset.co.jp</a>
	■ T&D Asset Management (U.S.A.) Inc.	
Other Asset Management related Business	■ T&D Lease Co., Ltd.	<a href="http://www.taiyo-life-lease.co.jp">http://www.taiyo-life-lease.co.jp</a>
	■ T&D Asset Management Cayman Inc.	
	■ Taiyo Credit Guarantee Co., Ltd.	<a href="http://www.taiyo-sinyo-hosyo.co.jp">http://www.taiyo-sinyo-hosyo.co.jp</a>
	● Alternative Investment Capital Ltd.	<a href="http://www.aicapital.co.jp/intro.html">http://www.aicapital.co.jp/intro.html</a>
	● AIC Private Equity Fund General Partner, Ltd.	

### Administration and General Affairs related Businesses (5 companies)

Administration related Businesses	■ T&D Customer Services Co., Ltd.	
	■ Taiyo Life Career Staff Co., Ltd.	<a href="http://www.taiyo-seimei-careerstaff.co.jp">http://www.taiyo-seimei-careerstaff.co.jp</a>
General Affairs and Calculation related Businesses	■ T&D Information Systems, Ltd.	<a href="http://www.td-system.co.jp">http://www.td-system.co.jp</a>
	■ Zenkoku Business Center Co., Ltd.	<a href="http://www.zbc-jp.com">http://www.zbc-jp.com</a>
	■ Nihon System Shuno, Inc.	<a href="http://www.nss-jp.com">http://www.nss-jp.com</a>

Public Corporations	Taiyo Life Himawari Foundation	
	Daido Life Welfare Foundation	<a href="http://www.daido-life-welfare.or.jp">http://www.daido-life-welfare.or.jp</a>
	The Daido Life Foundation	<a href="http://www.daido-life-fd.or.jp">http://www.daido-life-fd.or.jp</a>

For each Group company's outline, please refer to the websites.

### Examples of disclosure materials



Financial Disclosure Report 2007



Annual Report



Taiyo Life Communication Report



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

## The T&D Life Group's 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 Company Workers 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 of scholarships, donations of Japanese books to schools in South East Asia, assistance to schools in other Asian countries, etc. to promote mutual understanding with other countries 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 or Goodwill Club, a voluntary corporate citizen activity organized by its employees. Daido Life provided special assistance for the inaugural Yu-Aipic Tokyo Games, which was a national sports competition for the mentally handicapped and Daido Life supported it every year it was held, through both financial assistance and the efforts of employees volunteering their time. Daido Life began providing special assistance for the National Sports Games for the Disabled in and after October 2001.
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 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 Yasashii Hoken, 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. Daido Life implemented a unique and outstanding strategy that resulted in its receiving of a "2004 Porter Prize," as a company that has achieved and maintained superior profitability.
2005	The CSR Team was established in the Public Relations Department of 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. Taiyo Life Goodwill Circle Associates was established. Forest of Taiyo Life was established in Nasu-shiobara City, Tochigi Prefecture, and launched afforestation activities. The Group's three life insurance companies re-examined data related to the nonpayment of insurance claims & benefits and strengthened payment management systems.
2006	Established the T&D Life Group CSR Charter, T&D Life Group Compliance Code of Conduct, and T&D Life Group Environmental Policy. Introduced the Executive Officer System, and reinforced corporate governance systems. Consolidated the headquarters functions of T&D Holdings, Taiyo Life, Daido Life's Tokyo head office, T&D Financial Life, and T&D Asset Management in the environmentally conscious, energy-efficient Shiodome head office building. Taiyo Life launched Kisei Kanwa, which offers more coverage options and can be purchased with a simple disclosure of health status. Taiyo Life became a signatory to the Principles for Responsible Investment.
2007	The Pet and Family Small-amount Short-term Insurance Company began operations. The Group's three life insurance companies were awarded certifications under the Law for Measures to Support the Development of the Next Generation. T&D Asset Management established an environmental fund focusing on sustainability. The Group's three life insurance companies disclosed the results of internal investigations of insurance claim & benefit payments.

### Afterword

This is the third edition of the T&D Life Group CSR Report. For this report, we determined that the section titled, "The Results of the Examination of Insurance Claim & Benefit Payments and the Response in the Future" encompassed the most important information to be reported, and, accordingly, positioned it immediately after the Message from the Group's President. We hope that this section will be read and understood in light of the explanations of the Group's ideas regarding CSR and its various CSR activities.

The Group's awareness of the triple - social, environmental, and economic - bottom line as the foundation of CSR is expressed on the cover of this report, which portrays the cohesiveness of the Group's CSR activities in the image of a single, large heart.  
We respectfully look forward to your ongoing support.

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



# Try & Discover

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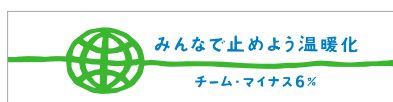
**T&D** T&D Life Group

TAIYO-LIFE DAIDO LIFE T&D FINANCIAL LIFE T&D Asset Management Co., Ltd.



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Stop Global Warming  
Team minus 6%



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

The T&D Life Group is practicing green purchase.

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