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1. Corporate Governance

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1-1 Basic Concept of Corporate Governance

The basic concept of corporate governance at the T&D Insurance Group is to pursue an efficient and transparent business management structure capable of implementing flexible and united Group management. Based on this concept, T&D Holdings determines the Group's business strategies, adequately allocates management resources and sets capital policies. In addition, T&D Holdings properly identifies the business risks of its six direct subsidiaries centered on the three life insurance companies, together with T&D United Capital, T&D Asset Management, and Pet & Family Insurance, to create a system for supervising Group management by thoroughly managing revenues and risks for the entire Group. Meanwhile, the subsidiaries, which have their own business strategies, develop marketing strategies leveraging their strengths and conduct business operations autonomously, thereby increasing the Group's corporate value. In this way, the Group is committed to management that clarifies the respective roles and responsibilities of T&D Holdings and its direct subsidiaries.

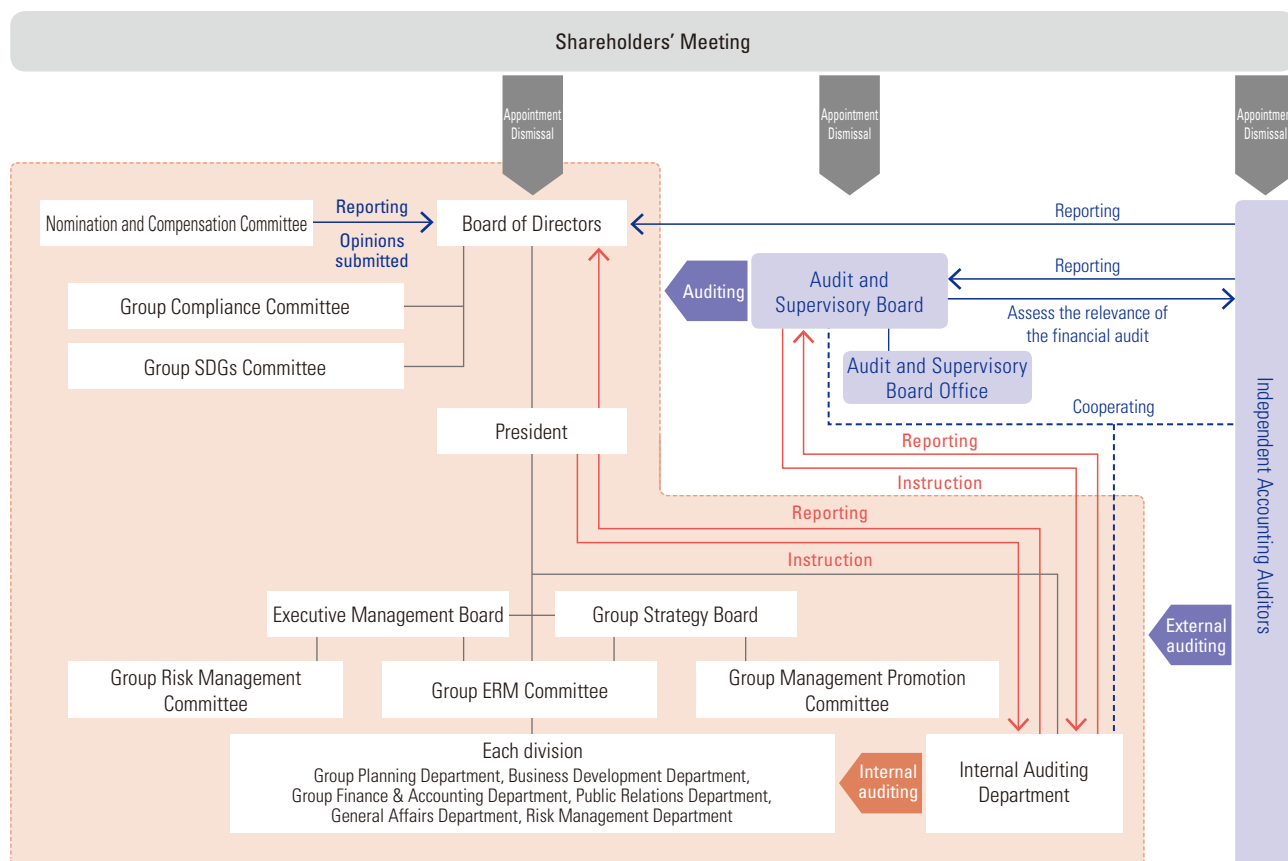
For details about corporate governance, please refer to the Report Regarding Corporate Governance that T&D Holdings submitted to the Tokyo Stock Exchange. (Japanese)

WEB <https://www.td-holdings.co.jp/en/company/governance/>

1-2 Outline of Corporate Governance Framework

T&D Holdings shall make decisions on important business matters and oversee the execution of business through its Board of Directors. The Company has adopted a "company with an Audit and Supervisory Board" system, and the Company shall audit the performance of directors' duties through its Audit and Supervisory Board, which is independent of the Board of Directors. In addition, a system of executive officers has been instituted to further strengthen business execution, and by clarifying oversight and execution responsibilities, the governance function of the Board of Directors is reinforced. Furthermore, the Company has established a Nomination and Compensation Committee as an advisory body to the Board of Directors. The Committee discusses the fairness and validity of officer appointments, dismissals, and compensation, among other related issues, ensures the transparency of management, and enhances accountability.

● Corporate Governance Framework (June 2020)



1-3 Corporate Governance Framework

● Shareholders' Meeting

The Shareholders' Meeting is the highest decision-making entity of T&D Holdings. At the meeting, reports are made on the Group's business and consolidated/non-consolidated financial statements for the fiscal year. Resolutions are made on important issues, which are stipulated in laws and ordinances and the Articles of Incorporation, such as the appropriation of retained earnings and election of officers. The Ordinary Shareholders' Meeting is held in June once in every year.

● Board of Directors

Roles and Responsibilities

The Board of Directors of T&D Holdings shall make decisions on important business matters and oversee the execution of business in accordance with laws and ordinances, the Articles of Incorporation, and the Company's relevant rules.

In accordance with the transition to a company with an Audit and Supervisory Board, the Board of Directors has delegated some important business execution decisions to directors by resolution of the Board of Directors based on provisions of the Articles of Incorporation. With this action, we have separated the management oversight function from the business execution function in order to further strengthen the Board of Directors' management function (determining management policy and overall strategy) and oversight function, as well as to improve the flexibility and efficiency of business execution. The Board of Directors met 24 times in fiscal 2019.

Composition

As stipulated by the Articles of Incorporation, the number of directors (excluding those who are Audit and Supervisory Board members) shall be no more than nine, and the number of directors who are Audit and Supervisory Board members shall be no more than five. The Board of Directors shall be made up of individuals representing a balance of knowledge, experience, and skills. They shall have diverse backgrounds as befitting the expansive range of business domains in the life insurance business, which is the core business of the T&D Insurance Group.

The Company shall appoint two or more directors (excluding those who are Audit and Supervisory Board members) who concurrently serve at the Company and its directly owned subsidiaries, including the presidents of the three life insurance companies. This shall be done from the standpoint of facilitating adequate communication and prompt decision-making within the Group, along with bolstering Group-wide governance.

Furthermore, the Company shall appoint five outside directors with extensive experience and knowledge in their capacity as outside corporate managers, legal experts, accounting professionals, and so forth. The opinions of outside directors are properly reflected in the Group's management policies and development of internal controls and other systems, as well as in the oversight of business execution. Outside directors shall be designated as independent officers who have no conflicts of interest with general shareholders and who fulfill the standards of independence set by the Company and the Tokyo Stock Exchange.

Chairperson of the Board of Directors	President
Directors	14
Men	13
Women	1
Outside directors	5 (including one woman)
Activities of outside directors (Fiscal 2019)	For its outside directors, the Company appoints attorneys who are familiar with corporate legal affairs, corporate managers with experience, such as partners in foreign-owned consulting firms, and individuals with experience in corporate management, such as through service as a representative of a financial holding company. These directors express their opinions as necessary at the Board of Directors meetings, while drawing on their expertise and wealth of knowledge and experience. Additionally, as the chair or members of the Nomination and Compensation Committee, which is an advisory body to the Board of Directors, they deliberate on matters including the selection/dismissal and compensation of directors and Audit & Supervisory Board members of the Company and its directly owned subsidiaries, and report the results of such deliberations to the Board of Directors, while expressing their opinions as necessary. Activities also include regular exchanges of views with representative directors, the independent accounting auditor, the heads of the divisions under their supervision, officers of major subsidiaries, and outside officers of major subsidiaries, as well as visits to business offices of major subsidiaries.

Effectiveness Evaluation

The Company conducts overall evaluation of the Board of Directors once a year, based on the self-evaluations of directors. In order to secure the Board's effectiveness, the Company evaluates if the Board is functioning properly to achieve results and how the Board is contributing to the improvement of corporate value in the medium- to long-term.

《Summary of Evaluation of Effectiveness of Board of Directors as a Whole in Fiscal 2019》

1. Scope	The Company conducted an analysis and evaluation of the Board of Directors based on self-evaluations (questionnaires), interviews of members of the Board of Directors and Audit & Supervisory Board members and other means. These efforts related to the effectiveness of the Board of Directors as a whole (including the non-statutory Nomination and Compensation Committee) in fiscal 2019.
2. Areas Evaluated (5)	① Functioning ② Composition ③ Operation ④ Provision of information to outside directors and audit & supervisory board members ⑤ Overall evaluation
3. Overall Evaluation	We have determined that the Company's Board of Directors has generally fulfilled its roles and duties effectively overall. This was achieved by such means as enhancing initiatives prior to Board discussions and improving its operation.
4. Status of Improvement of Issues from Previous Evaluation	The issues recognized in the fiscal 2018 evaluation were generally improved. These included issues related to strengthening the monitoring function of the Group's management to reinforce governance, explaining the content of deliberations by the Nomination and Compensation Committee, and improving meeting materials and explanations to deepen and stimulate deliberations by the Board of Directors.
5. Issues from Current Evaluation and Future Initiatives	We continue to recognize the need for a framework to improve the Board's effectiveness. From the perspective of integrated Group management, for example, we will work to further enhance deliberations about the Group's management strategy and other issues, further examine the Nomination and Compensation Committee's deliberations on agenda items, and create concise and easy-to-understand meeting materials and explanations. Based on the evaluation of the Board's effectiveness and other information, and in light of our transition to a company with an Audit and Supervisory Board, we will work to further improve the Board's oversight function and decision-making processes.

● Activities of the Audit & Supervisory Board

In fiscal 2019, Audit & Supervisory Board members monitored the performance of directors' duties, including by attending important meetings, such as those of the Board of Directors, Executive Committee, Group Management Committee, Group Compliance Committee, Group Risk Management Committee, and Group SDGs Committee. Outside Audit & Supervisory Board members were appointed as independent auditors who meet the criteria for independence set by the Company and the Tokyo Stock Exchange and do not present any risk of conflict of interest with general shareholders. The Audit & Supervisory Board met 19 times in fiscal 2019. At those meetings, it received reports from individual members on important audit issues and discussed or made decisions on such issues.

Audit & Supervisory Board members	4
Men	4
Women	0
Outside Audit & Supervisory Board members	2
Activities of Outside Audit & Supervisory Board members (Fiscal 2019)	Made necessary statements as appropriate at meetings of Board of Directors and Audit & Supervisory Board, based on expertise as attorney. Activities also included regular exchanges of views with the representative directors, the independent accounting auditor, the heads of the divisions under their supervision, officers of major subsidiaries, and outside officers of major subsidiaries, as well as visits to business offices of major subsidiaries.

In accordance with resolution to amend the Articles of Incorporation at the 16th Ordinary General Meeting of Shareholders held on June 25, 2020, the Company transitioned to a company with an Audit and Supervisory Board, effective the same day. There are five directors who are members of the Audit and Supervisory Board, three of whom are outside directors.

● Selection of Directors

Process

Candidates for directors are reviewed by the Nomination and Compensation Committee and appointed by the Board of Directors. Candidates for directors who are Audit and Supervisory Board members are subject to approval by the Audit and Supervisory Board.

Criteria

Directors are primarily required to have sufficient knowledge and experience to oversee the management of T&D Holdings in a proper, fair, and efficient manner, and to have earned the trust of society. In addition to the requirements set forth above, outside directors must satisfy the independence criteria established by the Company and the Tokyo Stock Exchange and must be recognized as being free from the risk of any conflicts with the common interests of shareholders.

● Executive Compensation

1. Our Executive Compensation System (Fiscal 2019)

(1) Policies Concerning the Determination of Compensation for Directors and Audit & Supervisory Board Members

The Company's policy on the compensation for directors and Audit & Supervisory Board members is set forth in its Basic Policy on Corporate Governance (as of March 31, 2020) as show below:

- ① The executive compensation system and compensation amounts shall be designed so that they function as a sound incentive aimed at improving the Group's performance and increasing corporate value in the medium and long term. Compensation for directors (excluding outside directors and other part-time directors) shall consist of monthly compensation and bonuses that vary according to individual role and performance, as well as trust-type stock compensation (not applicable to non-residents in Japan), in which the Company's shares are distributed under a trust structure.

- ② To ensure that director compensation functions as a sound incentive, appropriate payment ratios shall be set for each type of compensation.
- ③ Compensation amounts shall be set according to the duties and responsibilities of each position, and a mechanism shall be in place under which monthly compensation and bonuses are linked to business performance and other factors and fluctuate accordingly.
- ④ Compensation for outside directors and other part-time directors, as well as Audit & Supervisory Board members, shall consist of monthly (fixed) compensation.
- ⑤ Monthly compensation and bonuses for each director shall be determined following deliberation by the Nomination and Compensation Committee based on individual performance assessments of the Company and the division of which the director is in charge, in accordance with evaluation criteria determined by the Board of Directors, and within limits set by the resolution of the Ordinary General Meeting of Shareholders.
- ⑥ Trust-type stock compensation shall provide directors (excluding outside directors and other part-time directors, as well as non-residents in Japan) with shares and monetary payments based on points awarded in accordance with their positions, within limits set by the resolution of the Ordinary General Meeting of Shareholders.
- ⑦ Monthly compensation for each Audit & Supervisory Board member shall be determined following discussion among Audit & Supervisory Board members within limits set by the resolution of the Ordinary General Meeting of Shareholders.

(2) Composition of Compensation

The Company has designed its compensation system and compensation amounts so that they function as a sound incentive aimed at improving the Group's performance and increasing corporate value in the medium and long term. Compensation for directors (excluding outside directors and other part-time directors) consists of monthly compensation and bonuses that vary according to individual roles and performances, as well as trust-type stock compensation (excludes non-residents in Japan) aimed at encouraging directors to share a sense of reward with shareholders.

The Company regards performance-linked compensation as not suitable for outside directors and other part-time directors, who are independent from operational functions, as well as Audit & Supervisory Board members. Therefore, they receive monthly (fixed) compensation amounts.

Compensation Types	Compensation Details
Monthly compensation	Monthly compensation and bonus amounts are determined in accordance with individual evaluations for each officer based on the compensation table determined by the Board of Directors.
Bonus	
Trust-type stock compensation	Trust-type stock compensation grants points to directors (excluding outside directors and other part-time directors and non-residents in Japan) according to their position based on the compensation table determined by the Board of Directors. When officers retire, they receive shares and monetary payments according to the points they have accumulated. The system has malus and clawback provisions*.

* Malus and clawback provisions

The trust-type stock compensation plan stipulates that if a plan grantee engages in misconduct (fails to perform duties, violates laws and regulations, leaks confidential information, and so forth) as determined by the Company prior to the date of determination of beneficial ownership, the plan grantee shall not receive the Company's shares or the proceeds of the sale of such shares. If the plan grantee engages in misconduct after the date of determination of beneficial ownership, moreover, the plan stipulates that the Company can seek a reimbursement amount, obtained by multiplying the calculated number of basic shares by the calculated stock price.

(3) Individual Evaluations for Officers

Individual evaluations of officers are performed in accordance with the evaluation criteria determined by the Board of Directors, based on evaluations of corporate performance and of the division in charge.

Corporate performance evaluation (See (4) for key performance indicators)	<ul style="list-style-type: none"> • Corporate performance evaluations are based on multiple key performance indicators established under the Group's medium-term management plan, as well as total shareholder return, in order to clearly assess the degree of achievement toward corporate performance. • Key performance indicators are calculated by multiplying coefficients according to their achievement rates in each item. • Total shareholder return is calculated based on actual results and the degree of deviation from a benchmark of listed life insurance companies.
Evaluation of division in charge	<ul style="list-style-type: none"> • The status of execution against each division's execution plan is evaluated and the degree of achievement of divisional targets is considered to arrive at a score for each division.

Scores for corporate performance evaluations and relevant division performance evaluations are weighted averages based on the evaluation allocations established for each position and responsibility. The distribution of evaluation points for representative directors and others is based on 100% of the corporate performance evaluation.

Evaluations of individual officers as calculated above are deliberated by the Nomination and Compensation Committee, then decisions are made by the president after consultation with the other representative director.

(4) Key Performance Indicators for Corporate Performance Evaluations (Performance-Linked Indicators)

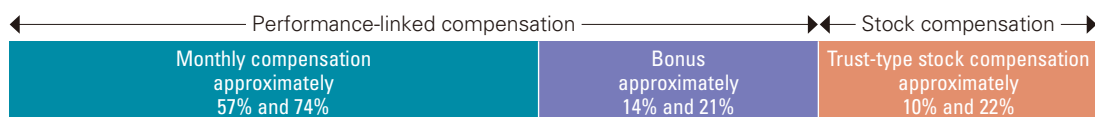
Key performance indicators for evaluating the corporate performance are shown below.

	Target	Actual	Achievement ratio
Value of new business	¥135.0 billion range	¥115.8 billion	85.8%
Consolidated adjusted net income*	¥64.0 billion range	¥67.1 billion	104.8%

* Adjusted net income is calculated by adding net income and additional internal reserves in excess of the legal standard requirements related to reserves for contingency and price fluctuations (after taxes).

(5) Payment Ratio of Compensation by Type

With regard to the composition of compensation for the Company's directors, the ratio between performance-linked compensation (monthly compensation and bonuses) and trust-type stock compensation has been set to ensure that it functions as a sound incentive for improving medium-to-long-term performance and increasing corporate value. Monthly compensation, which is performance-linked, shall range between approximately 57% and 74% of the total compensation (commensurate with the duties of each position), while bonuses shall range between approximately 14% and 21%, and trust-type stock compensation shall range between approximately 10% and 22%. Monthly compensation shall be a variable amount within the range between approximately 95% and 105% of the standard evaluation, in accordance with the individual evaluations of each officer. Bonuses shall be a variable amount within the range between approximately 60% and 140% of the standard evaluation, in accordance with individual evaluations of each officer.



(6) Disclosure of Total Amount of Compensation by Officer Category and Type of Compensation

Category	Monthly compensation		Reserve for bonus		Trust-type stock compensation (the Board Incentive Plan Trust)		Total amount of compensation	
	Number of persons paid	Amount (million yen)	Number of persons paid	Amount (million yen)	Number of persons paid	Amount (million yen)	Number of persons paid	Amount (million yen)
Directors (excluding outside directors)	11	190	6	62	6	62	11	315
Audit & Supervisory Board members (excluding outside members)	2	54	0	—	0	—	2	54
Outside directors	3	28	0	—	0	—	3	28
Outside Audit & Supervisory Board members	2	19	0	—	0	—	2	19
Total	18	292	6	62	6	62	18	418

* The number of persons paid and the amount of compensation above include those for two directors who retired as of the conclusion of the 15th Shareholders' Meeting held on June 26, 2019. As of March 31, 2020, the Company had 12 directors and four Audit & Supervisory Board members.

* Since no officers received total consolidated compensation of ¥100 million or more, compensation amounts for individual officers are not disclosed.

2. Process for Determining Compensation (Fiscal 2019)

(1) Establishment of Nomination and Compensation Committee

In January 2015, the Company established the non-statutory Nomination and Compensation Committee as an advisory body to the Board of Directors. The Committee deliberates on the fairness and validity of officer appointments, dismissals, and compensation, with a view to ensuring management transparency and clarified accountability. The Nomination and Compensation Committee consists of the president (representative director) and outside directors. The majority of the Committee's members is selected from outside directors in order to ensure independence and neutrality. An outside-director member of the Committee is selected as the committee chair by mutual vote.

(2) Involvement of Nomination and Compensation Committee and Board of Directors

The Nomination and Compensation Committee deliberates items regarding important decisions or changes relating to executive treatment at the Company or directly owned subsidiaries and, together with reporting the results of its deliberations to the Board of Directors, offers its opinions as required. Decisions on monthly compensation and bonus amounts for individual officers are based on evaluations of corporate performance and of the division in charge, and are based on the compensation table determined by the Board of Directors after deliberation by the Nomination and Compensation Committee.

In fiscal 2019, the Nomination and Compensation Committee discussed "Results of fiscal 2018 evaluations of directors and executive officers" (which is the basis for determining compensation for each officer), "Results of fiscal 2018 evaluations of representative directors of directly owned subsidiaries" (related to compensation for officers of directly owned subsidiaries), "Compensation for directors and officers of a subsidiary scheduled to be established*," and other items. In addition, the Board of Directors has decided on "Results of the corporate performance evaluation for fiscal 2018" and "Guidelines for implementing the corporate performance evaluations system for fiscal 2019," and other items.

* T&D United Capital Co., Ltd. (established June 2019)

(3) Resolutions of the Ordinary General Meeting of Shareholders

At the 13th Ordinary General Meeting of Shareholders held on June 28, 2017, it was resolved that total annual compensation for directors shall be ¥500 million, of which annual bonus amounts for directors shall be determined by the Board of Directors. In addition to this total compensation, at the 14th Ordinary General Meeting of Shareholders held on June 27, 2018, it was resolved that the amount of trust money to be contributed to the trust for trust-type stock compensation shall be ¥500 million (over three fiscal years) or less.

At the 8th Ordinary General Meeting of Shareholders held on June 27, 2012, it was resolved that total annual compensation for Audit & Supervisory Board members shall be ¥130 million, with specific amounts decided through deliberation by Audit & Supervisory Board members.

3. Executive Compensation after Transition to a Company with an Audit and Supervisory Board

At the 16th Ordinary General Meeting of Shareholders held on June 25, 2020, a resolution was passed to amend the Company's Articles of Incorporation and transition to a company with an Audit and Supervisory Board. Compensation amounts for directors after the transition are described below.

(1) Compensation for Directors Who Are Not Audit and Supervisory Board Members

Compensation for directors who are not Audit and Supervisory Board members (excluding outside directors and other part-time directors) is the same as that described earlier in "(2) Composition of Compensation" through "(5) Payment Ratio of Compensation by Type" of "1. Our Executive Compensation System (Fiscal 2019)." At the 16th Ordinary General Meeting of Shareholders held on June 25, 2020, it was resolved that total annual compensation for directors who are not Audit and Supervisory Board members shall be ¥450 million or less (including ¥40 million or less for outside directors), in consideration of such directors' duties and other circumstances, including recent economic conditions.

Compensation for outside directors (including part-time directors) who are not Audit and Supervisory Board members and are independent from the execution of business is fixed at monthly amounts, because it is not appropriate for their compensation to be linked to the Company's performance.

(2) Compensation for Directors Who Are Audit and Supervisory Board Members

At the 16th Ordinary General Meeting of Shareholders held on June 25, 2020, it was resolved that total annual compensation for directors who are Audit and Supervisory Board members shall be ¥150 million or less, in consideration of such directors' duties and other circumstances, including recent economic conditions.

Compensation for directors who are Audit and Supervisory Board members and are independent from the execution of business is fixed at monthly amounts, because it is not appropriate for their compensation to be linked to the Company's performance.

● Executive Management Board and Group Strategy Board

Please refer to "Executive Management Board and Group Strategy Board" under "8. Management Approach" on page 24.

● Executive Officer System

T&D Holdings has introduced an executive officer system for the purpose of bolstering its business execution capabilities. By sharply delineating responsibilities for oversight and execution, the Company shall strengthen the governance function of the Board of Directors.

1-4 Participation in Management by Outside Experts

The Group's three life insurance companies work toward ensuring adequate and transparent business management through the participation of outside experts in some internal committees dealing with key management issues.

● Service Quality Improvement Committee (Taiyo Life)

<Outside members> Physicians, attorneys, person with relevant knowledge and experience, and experts on consumer issues
<Main topics of deliberation> Status of building framework for management of payments of insurance and other benefits, adequacy of examinations of payments of insurance and other benefits, ease of understanding insurance claim procedures, adequacy of insurance and other benefit-payment processes, status of customer feedback, and initiatives to improve operations utilizing customer feedback

● Customer Feedback Council (Daido Life)

<Outside members> Physicians, attorneys, and experts on consumer issues
<Main topics of deliberation> Validation of adequacy and effectiveness of initiatives and operations to improve customer service. Further utilization of product and service development from the customer's perspective

● Stewardship Committee (Daido Life)

<Outside members> Attorneys and experts in stewardship activities
<Main topics of deliberation> Enhancement of governance of voting process (e.g. prevention of conflicts of interest) and further enhancement of stewardship activities as a whole

● Advisory Council for Insurance Payment (Daido Life)

<Outside members> Attorneys and experts on consumer issues
<Main topics of deliberation> Adequacy of insurance and other benefit-payment processes, adequacy of examinations of payments, status of customer feedback, and initiatives improve operations

● Service Supervision Committee (T&D Financial Life)

<Outside members> Attorneys, experts on consumer issues, and members of the media
<Main topics of deliberation> Initiatives aimed at ensuring an adequate framework relating to payment of insurance and other benefits, protecting legitimate interests of policyholders and others, and improving customer satisfaction

● Payment Assessment Committee (T&D Financial Life)

<Outside members> Attorneys
<Main topics of deliberation> Fair and accurate payment assessment for decision-making on payment of insurance claims, etc.

1-5 Committees

● Nomination and Compensation Committee

In January 2015, the Company established the non-statutory Nomination and Compensation Committee as an advisory body to the Board of Directors. The Committee deliberates on the fairness and validity of officer appointments, dismissals, and compensation, with a view to ensuring management transparency and clarified accountability. The Nomination and Compensation Committee deliberates items regarding appointment, dismissal, and compensation of officers of the Company or directly owned subsidiaries, as well as matters related to succession plans for the Company's president (representative director), and together with reporting the results of its deliberations to the Board of Directors, offers its opinions as required.

The Nomination and Compensation Committee consists of the president and three or more outside directors, and a majority of the members are appointed from outside directors to ensure independence and neutrality. In addition, outside-director appointments to the Nomination and Compensation Committee are decided by the president following deliberation by the Committee, and an outside-director member of the Committee is selected as the Committee chair by mutual vote.

《Major Deliberations and Reports by Nomination and Compensation Committee (Fiscal 2019)》

Major Deliberations and Reports	
1st meeting	<ul style="list-style-type: none"> • Selection of directors and substitute Audit & Supervisory Board member candidates • Selection of directors and Audit & Supervisory Board member candidates, as well as executive officers, for directly owned subsidiaries
2nd meeting	<ul style="list-style-type: none"> • Fiscal 2018 evaluation results for directors and executive officers • Fiscal 2018 evaluation results for representative directors of directly owned subsidiaries • Selection of directors, Audit & Supervisory Board member candidates, and executive officers for subsidiary scheduled to be established • Internal rules on executive treatments of directly owned subsidiaries
3rd meeting	<ul style="list-style-type: none"> • Compensation for directors and other officers of subsidiary scheduled to be established • Internal rules on compensation for officers of subsidiary scheduled to be established
4th meeting	<ul style="list-style-type: none"> • Succession planning
5th meeting	<ul style="list-style-type: none"> • Collation of issues related to strengthening the governance system
6th meeting	<ul style="list-style-type: none"> • Selection of executive officers • Selection of executive officers of directly owned subsidiaries
7th meeting	<ul style="list-style-type: none"> • Revision of internal rules on executive treatments

《Committee Member Attendance Record (Fiscal 2019)》

Name	Title	Attendance
Haruka Kato* (Committee Chairperson)	Outside Director	Attended all 7 meetings
Naoki Ohgo	Outside Director	Attended all 7 meetings
Seiji Higaki	Outside Director	Attended all 7 meetings
Hirohisa Uehara	Representative Director and President	Attended all 7 meetings

* Ms. Haruka Kato's maiden name is Haruka Matsuyama. She uses the name Haruka Matsuyama for her professional duties.

● Audit and Supervisory Board

Due to a resolution to amend the Articles of Incorporation at the 16th Ordinary General Meeting of Shareholders held on June 25, 2020, the Company transitioned to a company with an Audit and Supervisory Board on the same date. There are five directors who are Audit and Supervisory Board members, three of whom are outside directors.

Based on (annual) audit plans, directors who are Audit and Supervisory Board members exchange opinions with the accounting auditor, inspect and examine important documents, and perform audits aimed at validating the Company's internal control system. They also attend meetings of the Board of Directors and other important meetings, and audit the directors' execution of duties.

● Group Compliance Committee

Please see "Group Compliance Committee" under "8. Management Approach" on page 24.

● Group SDGs Committee

Please see "Group SDGs Committee" under "7-1 Sustainability promotion framework" on page 23.

● Group Risk Management Committee

Please see "Group Risk Management Committee" under "8. Management Approach" on page 25.

● Group ERM Committee

Positioned under the Executive Management Board and Group Strategy Board, this Committee is charged with pursuing the steady and continuous growth of the Group's corporate value through the promotion and improvement of Enterprise Risk Management (ERM), a practice that integrates the management of capital, profit, and risk on an economic value basis.

The Committee chairperson is the executive officer in charge of the Group Planning Department and the vice chairpersons are the executive officers in charge of the Group Finance & Accounting Department and the Risk Management Department.

In fiscal 2019, the Committee held 15 meetings and reported the results of deliberations to the Executive Committee, the Group Management Committee, and the Board of Directors.

1-6 Internal Audit System

● Internal Audit of the Group

Internal audits are performed to evaluate the appropriateness and effectiveness of internal management of the operating units, as well as to provide advice and recommendations, with the aim of helping the Group achieve its management targets effectively.

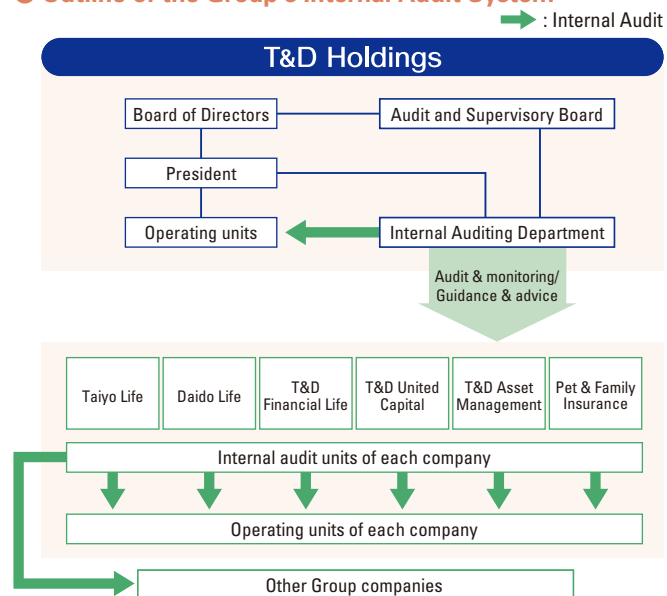
In order to ensure the effectiveness and efficiency of the T&D Insurance Group's internal audits, we established the Group Basic Policy on Internal Audits, as well as an internal audit system for the Group. Based on this Policy, the Company and its directly owned subsidiaries have established internal audit units, independent from other operating units. (Internal audit staff: A total of 77 personnel, including six from T&D Holdings and others from directly owned subsidiaries.)

● Functions and Roles

The Company's Internal Auditing Department reports directly to the Board of Directors and the Audit and Supervisory Board, as well as to the president. In addition, the Company has established a system whereby the Audit and Supervisory Board gives direct instructions to, and receives reports from, the Internal Auditing Department. The Audit and Supervisory Board must agree on such matters as the formulation of annual internal audit plans and appointment of the Internal Auditing Department managers to ensure the independence of internal audits.

In addition, the Internal Auditing Department of T&D Holdings monitors the implementation of internal audits of directly owned subsidiaries to understand the entire Group's internal management system and provides guidance and advice as necessary to strengthen the entire Group's internal audit system.

● Outline of the Group's Internal Audit System



1-7 Internal Control

● Internal Control System

The T&D Insurance Group's core business of life insurance has a social and public nature. Accordingly, we consider it vital to properly control business execution and minimize the impact on management from unforeseen events occurring in the process of Group operations, to ensure the soundness and adequacy of our operations and fulfill our social responsibilities.

With this in mind, T&D Holdings and its directly owned subsidiaries have established internal control systems as required under Japan's Companies Act. Moreover, the boards of directors of each company continuously work to improve and strengthen their internal control systems, including by periodically monitoring the preparedness and operational status of these systems to confirm their adequacy and making revisions as necessary.

● Response to the Internal Control Reporting System

With regard to the internal control reporting system pursuant to the Financial Instruments and Exchange Act, the Group builds internal controls necessary for ensuring the trustworthiness of securities reports and other financial reports. Managers personally evaluate and report on its effectiveness. Following this process, a certified public accountant who is an outside Accounting auditor and a system auditor audit the suitability of this assessment.

2. Disclosure of Information to Shareholders and Investors

2-1 Shareholder Return Policy

T&D Holdings' policy is to provide stable returns to shareholders as part of enhancing shareholder value, while retaining sufficient internal reserves to ensure the management soundness of T&D Holdings and its Group companies.

2-2 Information Disclosure

T&D Holdings works proactively to disclose information to all stakeholders so that they can understand the current situation and future business development of the T&D Insurance Group.

● Annual Reports (Integrated Report)

Annual reports are issued to investors, shareholders, and other stakeholders. They are integrated publications that aim to provide fuller and more comprehensive disclosure of non-financial information. They communicate the various activities of the T&D Insurance Group in a systematic manner.

● Disclosure Documents

The disclosure documents of each company that have been produced in accordance with the Insurance Business Act of Japan have been posted on our website.

● Shareholder Newsletters

The newsletters that we have sent out to our shareholders reporting our business performance and circumstances along with various topics have been posted on our website.

● Annual Securities Report

Annual securities reports and suchlike made and submitted based on the provisions of the Financial Instruments and Exchange Act have been posted on our website.

For more details about these reports, please visit "IR Library" under "Investor Relations" on our website.

WEB <https://www.td-holdings.co.jp/en/ir/document/>

2-3 IR Activities

T&D Holdings proactively engages in IR activities based on the principles of timeliness, fairness, and accuracy. It also works to make continuous and comprehensible information disclosure on the T&D Insurance Group's management environment, business strategies and financial situations. More specifically, we hold business results briefings, teleconferences, individual meetings for institutional investors, presentations for individual investors and actively engage in exchanging opinions with securities analysts. Valuable feedback from investors received through IR activities is regularly communicated to the management team.

● Main activities

《Presentations for Individual Investors》

We held briefing sessions for individual investors where the director in charge of IR, other officers and managers acted as presenters.

《Presentations for Institutional Investors and Securities Analysts》

We held conference calls chaired by the director in charge of IR for each quarterly earnings announcement and IR meetings by the president for each interim and yearly earnings report. The president and the director in charge of IR also held individual meetings with institutional investors and securities analysts.

《Presentations for Overseas Investors》

For overseas institutional investors, mainly in Europe, United States, and Asia, the president and the director in charge of IR conducted individual meetings and also participated in conferences for overseas institutional investors held by securities companies.

《IR Information Posted on Our Website》

On our website, we have posted IR information for individual investors, financial information, timely disclosure materials other than financial information, IR presentation materials, and video and audio materials of IR presentations and teleconferences.

For more details, please visit "IR Events" under "Investor Relations" on our website.

WEB <https://www.td-holdings.co.jp/en/ir/event/>

2-4 Shareholders' Meeting

T&D Holdings views Shareholders' Meetings as important opportunities for communicating with its shareholders and endeavors to make these events sufficiently accessible and open to all shareholders. Prior to the Shareholders' Meeting, we strive to send out the convocation notice as early as possible, posting it on our website before sending it out, and we prepare and disclose an English translation on our website so that shareholders can sufficiently examine the items for resolution in advance. In addition, we have introduced an online electronic voting system to improve shareholder convenience. At the Shareholders' Meetings, a large screen is used to report on agenda items, displaying charts and images. In the Q&A session that follows, the directors respond to questions and opinions from the floor respectfully and accurately, with the intention of enhancing shareholders' understanding of our business.

For our meeting in fiscal 2020, we took various measures to protect against COVID-19 infections. For example, we encouraged shareholders to exercise their voting rights in advance and refrain from physically attending the meeting. Other measures included shortening the proceedings and ensuring that shareholders, executives, and employees wore masks.

2-5 Shareholders

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● Proportion of Shares Held (as of March 31, 2020)

Shareholder category	Financial institutions	Financial product dealers	Other corporations	Foreign corporations	Individuals and others	Total
No. of shares held (1,000 shares)	212,877	22,400	110,342	216,629	70,748	633,000
Proportion of shares held (%)	33.63	3.54	17.43	34.22	11.18	100.00

● Principal Shareholders (as of March 31, 2020)

Name of shareholders	Number of shares held (1,000 shares)	Percentage of total shares outstanding (%)
The Master Trust Bank of Japan Ltd. (Trust Account)	46,342	7.70
Japan Trustee Services Bank, Ltd. (Trust Account)	35,235	5.86
Japan Trustee Services Bank, Ltd. (Trust Account 9)	21,360	3.55
Japan Trustee Services Bank, Ltd. (Trust Account 7)	15,938	2.65
Japan Trustee Services Bank, Ltd. (Trust Account 5)	12,008	2.00
MUFG Bank, Ltd.	10,325	1.72
JPMorgan Securities Japan Co., Ltd.	10,223	1.70
JP MORGAN CHASE BANK 385151	9,635	1.60
STATE STREET BANK WEST CLIENT—TREATY 505234	8,456	1.41
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	7,695	1.28
Total	177,221	29.46

Note: The Company holds 31,513 thousand shares of treasury stock, but this is excluded from the list of principal shareholders above. The percentage of total shares outstanding is also calculated minus treasury shares.