

# Corporate Responsibility Report 2013

## About the Focus Edition and the Data Edition (this Document) of the T&D Life Group Corporate Responsibility Report 2013

The T&D Life Group Corporate Responsibility Report 2013 discloses information in two styles: the Focus Edition and the Data Edition.

### Focus Edition

● Discloses information, in an easily readable and intelligible way, that the Group would especially like to convey to our stakeholders

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### Data Edition

● Covers and reports the details of the T&D Life Group's activities  
● Presents a report in accordance with the GRI Guidelines

## T&D Holdings, Inc.

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T&D Holdings is participating in the Challenge 25 Campaign, a national movement to mitigate global warming.

## FOR ALL THE LIFE ON EARTH

We are considerate of biodiversity

This report was printed on Satoyama Monogatari paper, which contributes to preservation of biodiversity, with 100% vegetable oil (non-VOC) ink. The printing was done by the computer-to-plate (CTP) process, which makes no use of film, and a waterless method that does not generate any hazardous waste liquid.



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Striving to lead the way into the future

Data Edition

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

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About Corporate Responsibility Report 2013

Numbers at the top right of each section (e.g. 3.1 ) indicate the corresponding number of the G3.1 GRI Guidelines, which can be found at the end of this report.

Report Publication Information

Published in	November 2013 (Previous Issue: November 2012; Next Issue: Scheduled for October 2014)
Scope of report	All companies and foundations in the T&D Life Group *Contents of this report are selected taken into account the importance of each item, and we indicate the scope of each item as necessary.
Period covered	April 2012 to March 2013 (annual) *Also includes reports on some significant activities and events having occurred in and after April 2013.

For further information, please contact the following organization

CSR Group, Group Planning Department, T&D Holdings, Inc. 1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan E-mail: csr@td-holdings.co.jp

Third-party Opinion

Professor Takeshi Mizuguchi of Takasaki City University of Economics, an expert in environmental accounting and socially responsible investment who has extensive knowledge regarding CSR, provides a third-party opinion and advice on this report.

Editorial Policy

This report was prepared with the aim of providing stakeholders with a clear picture about the concept and approach to corporate responsibility adopted by the T&D Life Group. In order to help stakeholders better understand the activities of the Group, we have created two versions of our CR report 2013, as we did for the 2012 report: Focus Edition and Data Edition. Focus Edition, focusing on issues

and activities of particular interest to stakeholders as well as on information and messages that the Group would particularly like to communicate, is designed to include photos and illustrations to enhance approachability and readability. The Data Edition comprehensively reports on the Group's activities related to management, society, and the environment, in accordance with the GRI Guidelines as much as possible.

1. T&D Life Group’s Corporate Responsibility

1-1 Message from Top Management

1.1 1.2

Aiming at steady and continuous growth of corporate value keeping in mind the social responsibilities of life insurance companies

➡ What kind of group is the T&D Life Group?  
A major life insurance group with a robust presence that endeavors to contribute to people and society in a variety of insurance markets

The T&D Life Group is a corporate group centered on three life insurance companies: Taiyo Life, Daido Life and T&D Financial Life. These three life insurance companies offer products that meet the needs of customers in different markets, and there is no overlap among these companies in terms of products, customers or sales methods. Nevertheless, these companies do not operate in isolation and, although they do have their own particular identities and strengths, they are tied together by a firmly-established corporate philosophy, vision, and basic principles common to the entire Group, pursuing a wide range of life insurance business while mutually complementing and collaborating with each other. As summarized in the corporate philosophy which forms the basis of the T&D Life Group's activities, we aim to contribute to all people and societies, with our "Try & Discover" motto for creating value. The life insurance industry is involved in business of an extremely public/social nature in providing unshakable reassurance and emergency supports through products and services tailored to social changes and customer needs. Accordingly, we believe that our greatest social responsibility is to fulfill the roles expected of us by the public, and to grow steadily and continuously alongside the rest of society.

➡ The Group’s CSR views and approaches  
Contributing to society through business is the foundation of our CSR

CSR is often associated with social and cultural projects as well as with monetary donations and volunteer activities. However, since our Group, centered on life insurance business, can help bring about a better society, a society in which people can live with peace of mind, through the provision of insurance, committing ourselves to our core business of life insurance is itself our CSR endeavor, efforts for fulfilling our corporate social responsibilities. The fundamental issues we must address first and foremost are establishing company operations capable of steady and continuous growth while developing and offering insurance products that customers want and appreciate having, all the while complying faithfully with laws, regulations and rules and creating comfortable workplaces for employees capable of meeting the needs of society. Traditional life insurance takes the form of "principal policy + riders," with these riders automatically expiring upon the expiration of the principal policy. Taiyo Life has developed a highly-reputed product known as "Hoken Kumikyoku Best" that enables customers to freely combine insurance policies they need for the period of time they need them by making each and every insurance policy a principal policy. Taiyo Life has thus moved beyond the "conventional wisdom" surrounding insurance in pioneering a new approach ahead of the rest of the industry. With an average lifespan and an average length of active careers of company managers growing longer, Daido Life has discovered that conventional death security is no longer adequate, and it has thus developed insurance products to provide sufficient security to policyholders in the event of a serious illness before retirement. To meet the changing needs of customers, T&D Financial Life has developed and marketed whole life insurance available to new applicants up to age 95 simply with a job notification as well as a savings-type plan for preparation for post-retirement life. I believe that promoting active roles for women is also a very important

aspect of responding to social changes and demands, a stance underpinned in part by the demographic changes Japan is seeing. As you know, Japan's population has begun to decline. The overall population is forecast to drop to about 87 million by 2060, by which time the percentage of the population aged 65 or older will have risen to about 40%. Contributing to our society's efforts to halt this population decline and deal with a shrinking labor force, too, is one of our responsibilities as a company operating in our time. It is not sufficient to simply boost the number of women serving in managerial positions or entrust women with greater responsibilities. It is vital that we create workplace environments allowing women even after getting married to continue working as usual while raising children and enabling young people to get married and raise a family without anxiety. This is indeed a key social responsibility that companies must seek to fulfill at the moment, and we hope to lead the way forward.

➡ Looking to the future of the Group and the Group’s CSR  
Achieving sustained growth together with, and fulfilling our responsibilities to, the society

CSR is not simply a "mantra" for our Group. Each year when reviewing financial results of the Group companies, for instance, we assess whether each Group company has been able to develop appropriate products and offer satisfactory services to customers, and whether they have ensured thorough compliance as stated in our CSR Charter. We then put our findings to good use in determining the management issues for the next fiscal year. As a Group, we established the Group CSR Committee in 2011 through which we monitor the CSR activities of Group companies, apply these activities throughout the whole Group, examine basic policies and priority areas, and plan new activities to implement. Enterprise risk management (ERM) has been introduced at the T&D Life Group's three life insurance companies to manage profits, risks and capital in an integrated fashion. Unlike the conventional passive approach to risk management designed to avoid losses, ERM is a proactive approach to strategic risk management aimed at achieving the management targets of increasing corporate value and expanding profits. The introduction of ERM makes possible comprehensive assessment and more rational management decision-making in determining whether risk is excessive vis-à-vis capital and whether capital policies and revenue management are adequate. The business of life insurance companies is to conclude insurance contract with customers, receive insurance premiums in advance, securely manage those funds over an extended period, and promptly pay insurance benefits whenever necessary. Given the nature of the relationships with customers, life insurance companies must remain sound and survive not for just 100 years but for 200 and even 300 years. 2013 is a milestone year, marking T&D Holdings' 10th anniversary. The T&D Life Group now holds the insurance policies of an extraordinarily large number of customers. As one of the largest life insurance companies in Japan, the Group has a wide range of stakeholders and assumes heavy social responsibilities. Driven by a clear self-awareness of this position, the Group will work in concert to contribute to people and society through the creation of value via "Try & Discover," as stated in the Group's corporate philosophy.

Kenji Nakagome  
Representative Director and President  
T&D Holdings, Inc.

## 1-2 The T&amp;D Life Group and its Stakeholders

4.14



## 1-3 Basic Concept of our Corporate Responsibilities

4.8

## T&amp;D Life Group's Corporate Philosophy

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

## Group Management Vision

From the perspectives of customers

We aim to be the top insurance company in terms of customer satisfaction by providing the best products and services.

From the perspectives of shareholders, investors and financial market

We aim to be a major life insurance group with a strong market presence by increasing our corporate value in a steady and sustainable manner by taking on new challenges toward growth.

## Group Fundamental Strategies

1. To provide products and services tailored to customer needs accurately and quickly in a kind and polite manner.
2. To maintain and develop the Group management to maximize the individual strengths of each Group company within the Group.
3. To establish an integrated management system of profit, risk, and capital for stable and sustainable EV growth.
4. To achieve the mid- and long-term growth of the Group by expanding the life insurance business and entering into new business areas through alliances and M&As.
5. To fulfill our public mission as a life insurance business and our corporate social responsibilities for the broader society including customers and shareholders.

## Group CSR Charter

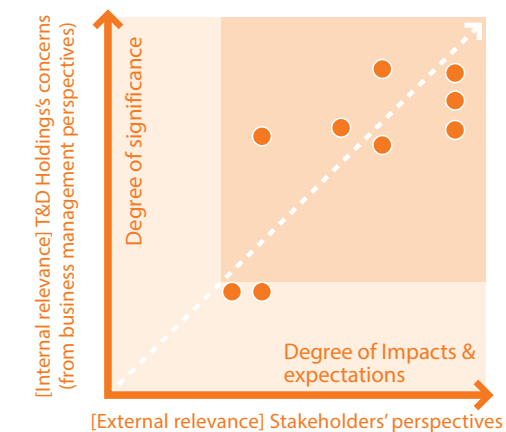
FS1

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. **Providing Better Products and Services**  
The T&D Life Group will offer well-suited and high-quality products and services 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.
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. **Contribution to Communities 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 full awareness of the importance of environmental concerns, and with sufficient consideration given to global environmental protection.

## 1-4 Prioritizing CSR Issues

At the T&D Life Group, which implements CSR activities in accordance with its CSR Charter, the Group CSR Committee determines priority areas for each year based on materiality analysis in consideration of potential impacts of the activities on business. In identifying material areas and their priority, a materiality matrix is created, from the perspectives of stakeholders represented in the questionnaire surveys conducted by major SRI rating agencies and from our business management perspectives identified by our Group through, for instance, employee surveys. In the matrix for fiscal 2012, among those issues specified in the CSR Charter, "respect for human rights" and "global environmental protection" emerged as high priority themes to be focused on as part of the Group's efforts for the year.

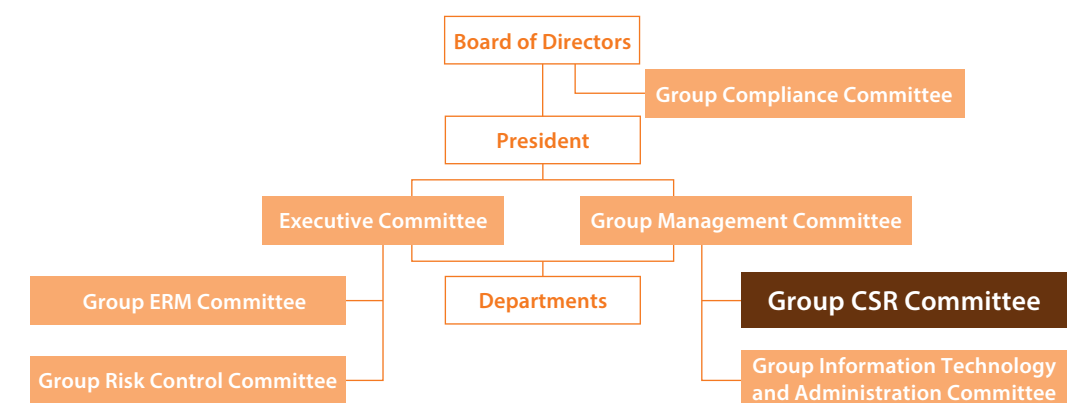


## 1-5 Promotion Structure for the Group-wide Corporate Responsibility

4.9

The T&D Life Group has established the Group CSR Committee, chaired by the president of T&D Holdings, and consisting mainly of directors in charge of CSR in each group company. The CSR promotion system has been reinforced to facilitate coordinated efforts across the Group through discussions at the Group CSR Committee over Group-wide CSR policies and initiatives, while allowing for independent activities at each group company.

## ■ Organization Structure



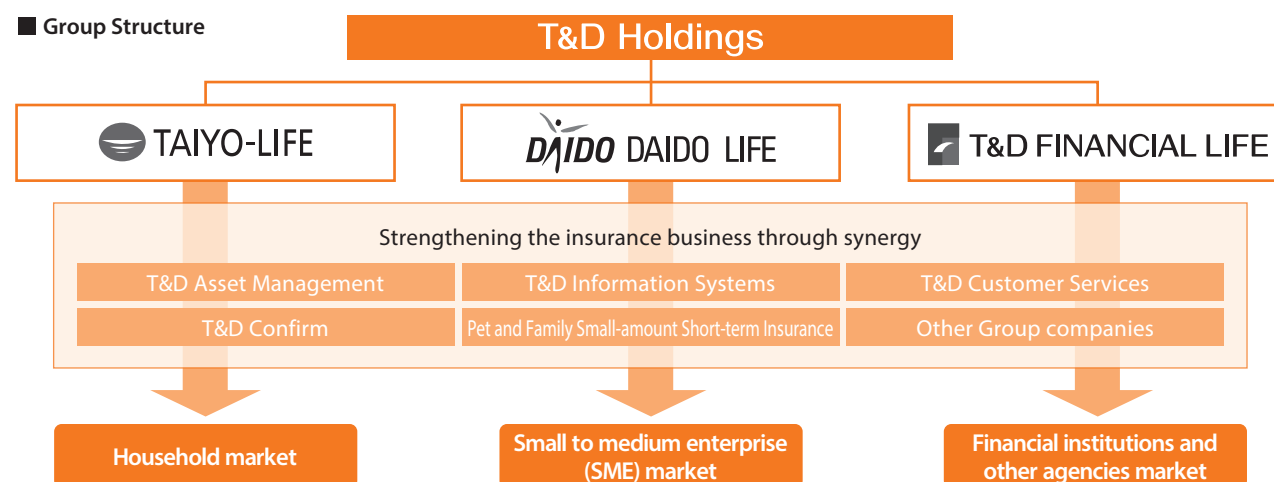


## 2. Outline of the Organization

### 2-1 Outline of the T&D Life Group's Business

2.2 2.3 2.7 4.11

The T&D Life Group is a corporate group mainly comprising three life insurance companies (Taiyo Life, Daido Life, and T&D Financial Life) under a group holding company, T&D Holdings. Taiyo Life, Daido Life and T&D Financial Life focus on the household market, the small to medium enterprise market, and OTC life insurance sales through financial institution agents, respectively. These group companies support our customers' daily lives and business activities by fully utilizing their respective strengths and unique business models.



### 2-2 T&D Life Group Companies and Foundations

2.5 3.6 3.7

<Group companies> The T&D Life Group consists of T&D Holdings, 15 consolidated subsidiaries and two affiliated companies that are engaged in life insurance and other businesses as described below.

(● : Consolidated subsidiaries ◆ : Equity method affiliate companies)

#### T&D Holdings, Inc. <http://www.td-holdings.co.jp/en/>

Insurance and Insurance-related Businesses (7 companies)	Insurance	● Taiyo Life Insurance Company ● Daido Life Insurance Company ● T&D Financial Life Insurance Company ● Pet and Family Small-amount Short-term Insurance Company	<a href="http://www.taiyo-seimei.co.jp/">http://www.taiyo-seimei.co.jp/</a> <a href="http://www.daido-life.co.jp/">http://www.daido-life.co.jp/</a> <a href="http://www.tdf-life.co.jp/">http://www.tdf-life.co.jp/</a> <a href="http://www.petfamilyins.co.jp/">http://www.petfamilyins.co.jp/</a>
	Insurance-related	● T&D Confirm Ltd. ● Toyo Insurance Agency Co., Ltd. ● Daido Management Service Co., Ltd.	<a href="http://www.sonpo.co.jp/toyohkdaiko/">http://www.sonpo.co.jp/toyohkdaiko/</a> <a href="http://www.dms-hp.co.jp/">http://www.dms-hp.co.jp/</a>
Investment-related Businesses (6 companies)	Investment Management and Advisory	● T&D Asset Management Co., Ltd.	<a href="http://www.tdasasset.co.jp/en/">http://www.tdasasset.co.jp/en/</a>
	Others	● T&D Lease Co., Ltd. ● T&D Asset Management Cayman Inc. ● Taiyo Credit Guarantee Co., Ltd. ◆ Alternative Investment Capital Ltd. ◆ AIC Private Equity Fund General Partner, Ltd.	<a href="http://www.taiyo-life-lease.co.jp/">http://www.taiyo-life-lease.co.jp/</a> <a href="http://www.taiyo-sinyo-hosyo.co.jp/">http://www.taiyo-sinyo-hosyo.co.jp/</a> <a href="http://www.aicapital.co.jp/english/">http://www.aicapital.co.jp/english/</a>
Administration-related Businesses (4 companies)	Administration-related	● T&D Customer Services Co., Ltd.	
	General Affairs and Calculation-related	● T&D Information Systems, Ltd. ● Nihon System Shuno, Inc. ● Zenkoku Business Center Co., Ltd.	<a href="http://www.td-system.co.jp/">http://www.td-system.co.jp/</a> <a href="http://www.nss-jp.com/">http://www.nss-jp.com/</a> <a href="http://www.zbc-jp.com/">http://www.zbc-jp.com/</a>
Foundations	The Taiyo Life Welfare Foundation		<a href="http://www.taiyolife-zaidan.or.jp/">http://www.taiyolife-zaidan.or.jp/</a>
	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>

### 2-3 Description of Companies (as of March 31, 2013)

2.1 2.4 2.8

#### T&D Holdings, Inc.

Established	April 2004
Head office location	1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan
Capital stock	207.1 billion yen
No. of employees	90
Independent auditor	Ernst & Young ShinNihon LLC
Description of business	Holding company for the T&D Life Group as well as for a small-amount short-term insurance company, conducting the following: <ul style="list-style-type: none"> <li>● Management control of life insurance subsidiaries and affiliates under the Insurance Business Act and other laws and regulations</li> <li>● Other businesses associated with the above</li> </ul>

#### Daido Life Insurance Company

Established	July 1947 (Founded July 1902)
Head office location	1-2-1 Edobori, Nishi-ku, Osaka 550-0002, Japan
Capital stock	1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan
No. of employees	110 billion yen
	Sales: 3,943
	Administrative: 3,274
	Total: 7,217

#### T&D Financial Life Insurance Company

Established	July 1947 (Founded April 1895)
Head office location	1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan
Capital stock	56 billion yen
No. of employees	222

#### Taiyo Life Insurance Company

Established	February 1948 (Founded May 1893)
Head office location	1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan
Capital stock	62.5 billion yen
No. of employees	Sales: 8,856
	Customer service: 453
	Administrative: 2,707
	Total: 12,016

#### Industry association to which the three life insurance companies belong

The Life Insurance Association of Japan

4.13

### 2-4 Awards Received during the Reporting Period

2.10

#### ● UCDA Award 2013\* ("Easy-to-Understand" Award for Life Insurance Notification Form Category) hosted by Universal Communication Design Association: Taiyo Life

Taiyo Life is working to make contract procedures partially paperless and cashless in an effort to simplify and expedite the procedures. One recent example is the introduction of a digital pen system to capture the handwriting of policy purchasers entering their medical history on the portable devices carried by sales representatives and instantly convert it into digital data. The handy system helps prevent erroneous entries and omissions, thereby shortening lead time up to the start of the policy period. In recognition of this, the company was awarded the "Easy-to-Understand" Award in the Life Insurance Notification Form Category.

\* The UCDA Award aims to provide a third-party evaluation to communication tools, including brochures, created by corporations, focusing on the quality of being "easy to look, easy to understand and to be infectious." The UCDA expects that the evaluation results will serve as an indicator for improved communication quality and development of design technology, thereby contributing to increased benefit to both enterprises and consumers.

### 3. Outline of Businesses

#### Life Insurance

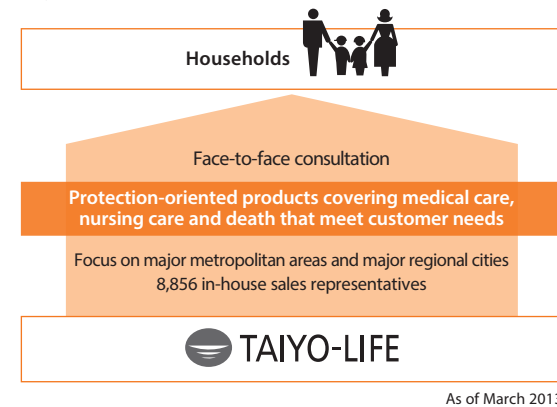
##### 3-1 Taiyo Life Insurance Company

2.2 2.3 2.7 FS6 FS7

##### Supporting Households through Comprehensive Life Security

In the household market, Taiyo Life is engaged in the sale of comprehensive protection-oriented insurance products covering death, medical care, and nursing care, through its in-house sales representative channel. Our in-house sales representatives call on individual customers to directly ascertain their needs, make suggestions or providing advice for arranging plans that best meet their needs. Customer service staff call on customers on a regular basis to introduce new products and services, assist them with documentation and other necessary procedures as well as receiving and responding to their requests. Aiming to become a trusted and needed lifelong partner for individual customers, we are working to enhance our sales force to offer optimally customized products and services, taking a customer-oriented approach with a focus on face-to-face consultation.

##### Taiyo Life's Business Model



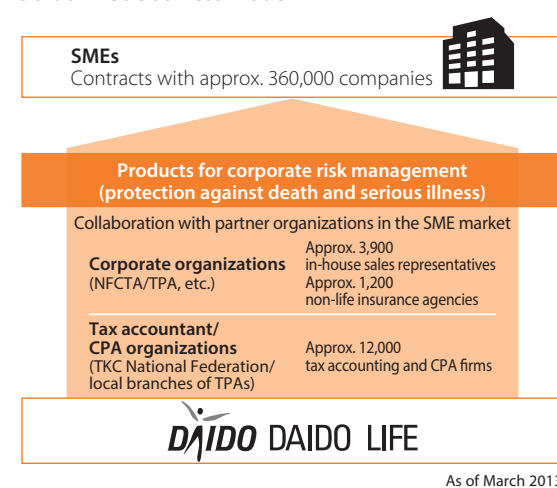
##### 3-2 Daido Life Insurance Company

2.2 2.3 2.7 FS6 FS7

##### Supporting SMEs, which Form the Backbone of the Japanese Economy

Daido Life positions, as its core business, the sale of partner-specific insurance products through its partner organizations in the SME market, and has developed an effective marketing system that links market, sales channels and products organically. Daido Life develops insurance products specially designed for each partner organization and the partner-specific products so developed are proposed to member enterprises of the partner organizations as a benefit program for owners and employees of those enterprises. These products are also introduced by tax accountants and certified public accountants belonging to the partner organizations to their corporate clients as a part of their management advice. In fiscal 2012, over 90 percent of our new contracts were made with corporate clients and our market share in individual term insurance was the largest in Japan, 17.8% as of March 31, 2012, in terms of policy amounts in force. We will continue developing and offering the insurance products that meet the needs of corporate owners in the SME segment.

##### Daido Life's Business Model



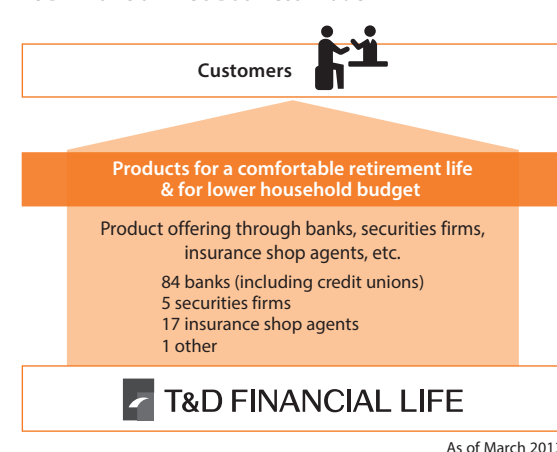
##### 3-3 T&D Financial Life Insurance Company

2.2 2.3 2.7 FS6 FS7

##### Supporting Customers to Lead a Comfortable Retirement Life and for Lower Household Budget

T&D Financial Life specializes in OTC life insurance, offering products including whole life insurance and income protection insurance that are sold mainly through financial institution agents. Our basic business policies are: to strengthen our compliance and internal control system to fully protect our customers' interests; to develop and offer new product packages that can differentiate the company from its competitors, thereby achieving sustainable growth; and to increase the amount of insurance policies in force and improve profitability while maintaining sufficient financial soundness. In accordance with these management policies, we are working to develop new products that can offer bespoke plans to meet diversifying customer needs and to provide quality services using our "communicators" (call-center agents), who handle customer inquiries and benefit applications. Committed to maintaining a customer-oriented perspective, we will continue working hard to improve customer satisfaction.

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



#### Asset Management

##### 3-4 T&D Asset Management Co., Ltd.

2.2 2.3 2.7 FS6 FS7

T&D Asset Management is engaged in asset management for the T&D Life Group. Aiming to become one of the most trusted companies in this sector in Japan, and upholding the slogan "Make a Difference," the company is working to offer unique, valued services in a variety of categories, including investment trust and investment advisory. We are making efforts to strengthen our own asset management capabilities while seeking effective alliances with leading overseas asset management institutions, thereby providing competitive products and services that respond to investors' needs in a timely manner.

#### Pet Insurance

##### 3-5 Pet and Family Small-amount Short-term Insurance Company

2.2 2.3 2.7 FS6 FS7

Pet and Family Small-amount Short-term Insurance Company is an insurance company specializing in pet insurance that compensates for a certain percentage of the costs incurred when a pet, a member of the family, receives treatment at an animal hospital. With the acceleration of Japan's declining birthrate and aging population, and the rise in the number of single-member households, the number of pets is increasing and the attitude of pet owners is changing as they see their pets as family members. Pet insurance market is expected to continue growing and, in such an environment, Pet and Family Small-amount Short-term Insurance Company will strive to enhance its products and services more than ever so that pets and pet owners can enjoy healthy and affluent lives with peace of mind.

### 4. Business Overview

##### 4-1 Fiscal 2012 (Ended March 2013)

EC1

##### Total policy amount in force for the Group's three life insurance companies (individual insurance and individual annuities)

The three companies posted a total of 6,722.4 billion yen for new insurance policies, up 5.9 percent year on year, while recording 4,046 billion yen for surrendered and lapsed policies, down 5.1 percent year on year, bringing the total amount of policies in force to 59,221.2 billion yen as of the fiscal year end, up 1.4 percent over the previous year.

##### Financial results of T&D Holdings (consolidated)

Ordinary revenues stood at 2,418.9 billion yen, up 15.0 percent year on year, of which income from insurance premiums, etc.

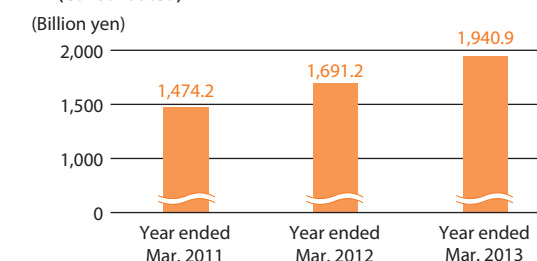
was 1,940.9 billion yen, up 14.8 percent year on year. Ordinary profit and net income stood at 151.6 billion yen, up 25.5 percent, and 63.7 billion yen, up 138.1 percent, from the previous year, respectively. Core profit, a performance indicator for the mainstay life insurance business, stood at a combined 182.4 billion yen (up 25.9% year on year) for the Group's three life insurance companies.

\* For financial results for the latest accounting period, please visit the T&D Holdings website: <http://www.td-holdings.co.jp/en/>

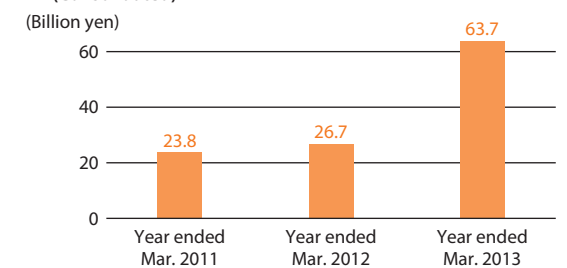
##### Policy Amount in Force (Three life insurance companies combined)



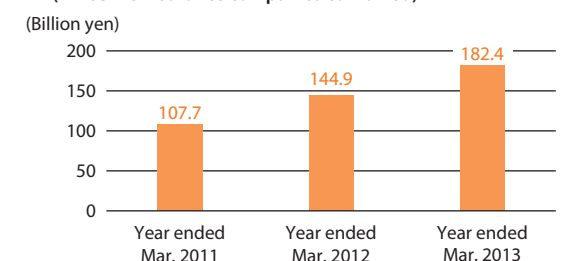
##### Income from Insurance Premiums, etc. (Consolidated)



##### Net Income (Consolidated)



##### Core Profit (Three life insurance companies combined)



4-2 Corporate Value (MCEV)

3.10 EC1

The T&D Life Group has been disclosing its embedded value (EV), one of the indicators for assessing the corporate value of life insurance companies since the year ended March 2004. From the year ended March 2013, the Group has begun to report its market consistent embedded value (MCEV) to improve the disclosure of EV and to be consistent with its risk management on an economic value basis. Our MCEV disclosure provides data for the latest available two years.

■ Corporate Value of the T&D Life Group (Billion yen)			
	As of Mar. 31 2012	As of Mar. 31 2013	Change
Group MCEV	1,543.0	1,664.4	121.3
MCEV of covered business*1	1,516.7	1,638.0	121.3
Net asset value of non-covered business*2	26.3	26.4	0
Value of new business*1	68.3	61.6	(6.6)

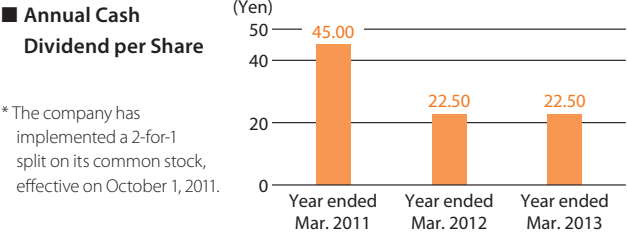
\*1 MCEV of the Group's life insurance business  
\*2 Net asset value of the Group's businesses other than life insurance, calculated based on Japanese GAAP

 Please visit the T&D Holdings website for details. (URL: <http://www.td-holdings.co.jp/ir/finance/data/>)

4-3 Basic Profit Distribution Policy

EC1

T&D Holdings has a policy of maintaining the soundness of its own operations and those of the Group companies, securing retained earnings required by the Group, enhancing shareholder value, and continuing a stable profit distribution. The annual cash dividend for fiscal 2012 was set at 22.5 yen per share.



4-4 Solvency Margin Ratio

EC1

The Group's solvency margin ratio\*, remains at an adequate level.

\*The solvency margin ratio is an indicator used by regulatory authorities to judge whether an insurance company has sufficient financial capability to pay insurance claims in the event of unforeseeable risks. A solvency margin ratio of 200 percent and above demonstrates that the insurance company meets the criteria for financial soundness.

	(Unit: %)	
	As of Mar. 31, 2012	As of Mar. 31, 2013
Taiyo Life (non-consolidated)	747.3	823.4
Daido Life (non-consolidated)	851.9	1,043.2
T&D Financial Life (non-consolidated)	553.7	648.4
Pet and Family Small-amount Short-term Insurance (non-consolidated)	979.8	543.5
T&D Holdings (consolidated)	810.6	943.8

4-5 Credit Ratings

The three life insurance companies in the T&D Life Group have obtained credit ratings regarding solvency for paying insurance claims. The Group has received high evaluation marks from major rating agencies, as shown below.

Rating Agency	Taiyo Life	Daido Life	T&D Financial Life
Japan Credit Rating Agency (JCR)	A+	A+	A+
Rating and Investment Information (R&I)	A+	A+	A+
Standard & Poor's (S&P)	A-	A-	
Fitch Ratings (Fitch)		A+	
Moody's Japan (Moody's)	A2		

Disclaimer: The above ratings represent the opinions of credit rating agencies and do not guarantee any actual payment of insurance claims. These ratings are based on numerical figures and other data as of a certain date and may change in the future. The rating agencies listed above are independent third-party organizations and the definitions of ratings are those made public by each rating agency. The plus (+) and minus (-) signs or figures (2), etc. following the ratings show relative standings within the major rating categories. All ratings were obtained through formal requests to the rating agencies by the Group's three life insurance companies.

■ Definitions of Ratings

- **Standard & Poor's (S&P) <Insurer Financial Strength Ratings>**  
Rating A: Has strong ability to honor commitments on obligations but is somewhat more likely to be affected by adverse business conditions than insurers with higher ratings AAA and AA.

○ **Japan Credit Rating Agency (JCR) <Insurance Claims Payment Ability Ratings>**  
Rating A: Strong ability to honor financial commitments on obligations.

○ **Rating and Investment Information (R&I) <Insurance Claims Payment Ability Ratings>**  
Rating A: Strong ability to pay insurance claims and excellence in some evaluation factors.
- **Fitch Ratings <Insurer Financial Strength Ratings>**  
Rating A: High level of payment ability. Unlikely to suspend or stop payments and has strong ability to fulfill its obligations to insurance policyholders and other contract obligations without delay. However, it may face a stronger possibility of being affected by changes in business or economic conditions than insurers with higher ratings.

○ **Moody's Japan <Insurer Financial Ratings>**  
Rating A: Upper middle rank for debt with low credit risk

Management

1. Corporate Governance

1-1 Basic Concept of Corporate Governance

4.1 4.10

The basic concept of corporate governance at the T&D Life 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, appropriately allocates management resources and sets capital policies. In addition, T&D Holdings appropriately identifies the business risks of its five subsidiaries (Taiyo Life, Daido Life, T&D Financial Life, T&D Asset Management, and Pet and Family Small-amount Short-term 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 subsidiaries.

1-2 Corporate Governance Framework

4.1 4.10

● **Board of Directors** 4.2 4.3 4.5 4.7  
The Board of Directors at T&D Holdings makes decisions on important issues regarding its own operations, and as the holding company, on business strategies and allocation of management resources with regard to the entire Group. It also oversees the performance of directors and executive officers. Director candidates are appointed through assessments of their qualifications by the Board of Directors. External directors are appointed as independent directors, who do not present any risk of creating a conflict of interest with general shareholders. As an incentive measure for executives, a stock option program was introduced for directors, excluding external directors.

Chairman of the Board of Directors	President
Directors	11
External director	2 (including one female)
External director's role	The Board's external directors provide specialist knowledge in their capacity as academics or lawyers and offer advice during deliberation of agenda items at meetings of the Board of Directors.

● **Executive Officer System** 4.2  
To improve corporate governance, T&D Holdings and its subsidiaries have adopted the executive officer system in order to clearly separate supervisory and executive responsibilities.

● **Board of Corporate Auditors** 4.6  
T&D Holdings has established a Board of Corporate Auditors. The auditors monitor the operating performance of directors and executive officers by means of attending important meetings, such as those of the Board of Directors, Executive Committee, Group Management Committee, Group Compliance Committee, Group Risk Control Committee and Group CSR Committee, as well as by other means. External corporate auditors are appointed as independent auditors, who do not present any risk of creating a conflict of interest with general shareholders. The Board of Corporate Auditors receives reports from individual auditors on important audit issues, and discusses and makes decisions on the issues.

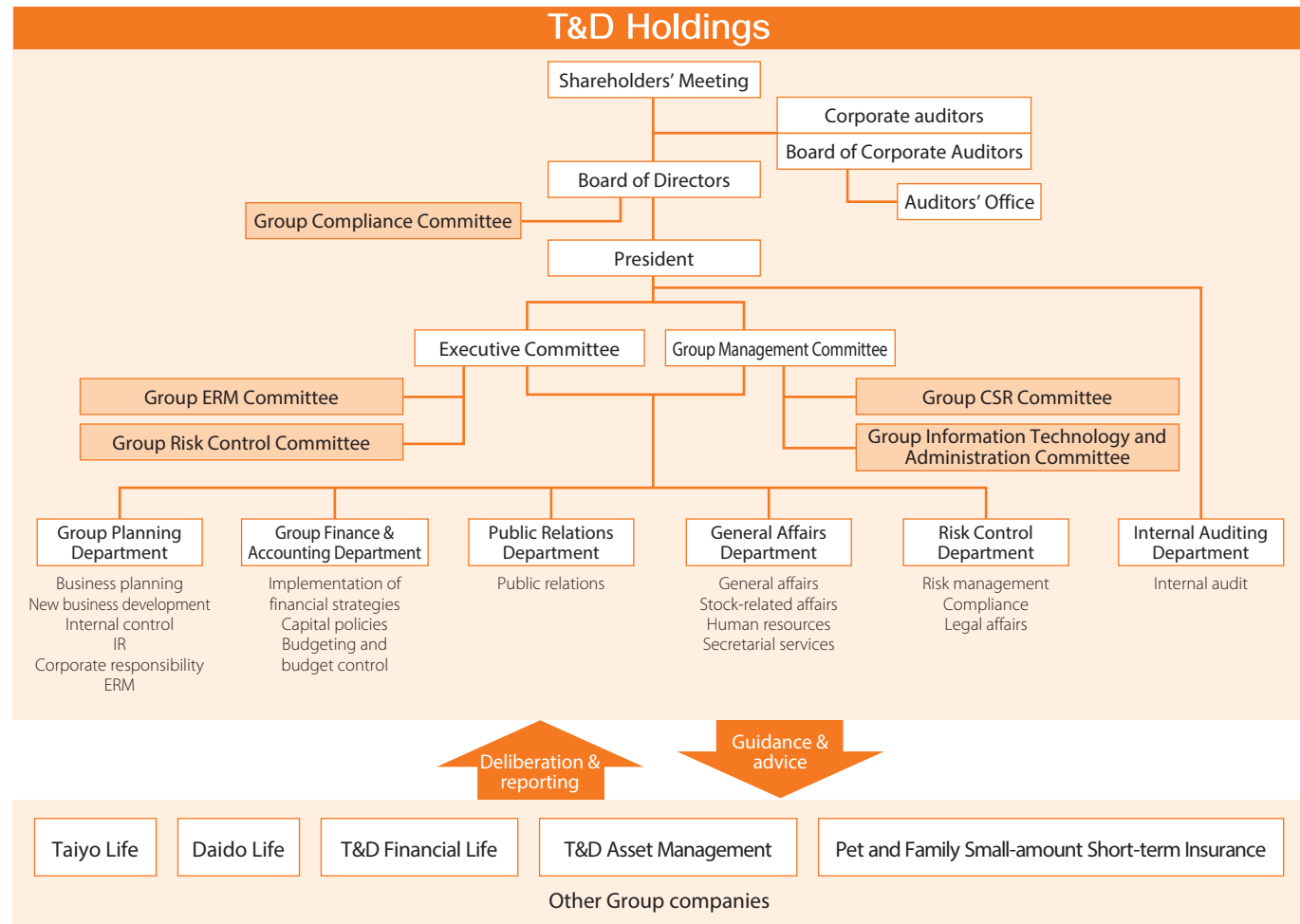
Auditors	4
External corporate auditors	2
External corporate auditors' role	The Board's external auditors provide specialist knowledge in their capacity as lawyers and offer advice during deliberation of agenda items at meetings of the Board of Directors.

● **Executive Committee and Group Management Committee** 4.2  
T&D Holdings has established an Executive Committee and a Group Management Committee. The Executive Committee is composed of the president, executive vice president and executive officers, and primarily discusses important business and management issues related to T&D Holdings and the Group. The Group Management Committee consists of the President, the executive officers in charge of the business planning units and business management units, and the Presidents of the Group's three life insurance companies, who are also members of the Group's Board of Directors. The Group Management Committee discusses strategically important issues affecting the Group as a whole.



1-3 Outline of Corporate Governance Structure

4.1



1-4 T&D Life Group Internal Audit System

4.6 FS9

Within the T&D Life Group, T&D Holdings and its subsidiaries have an internal audit unit independently.

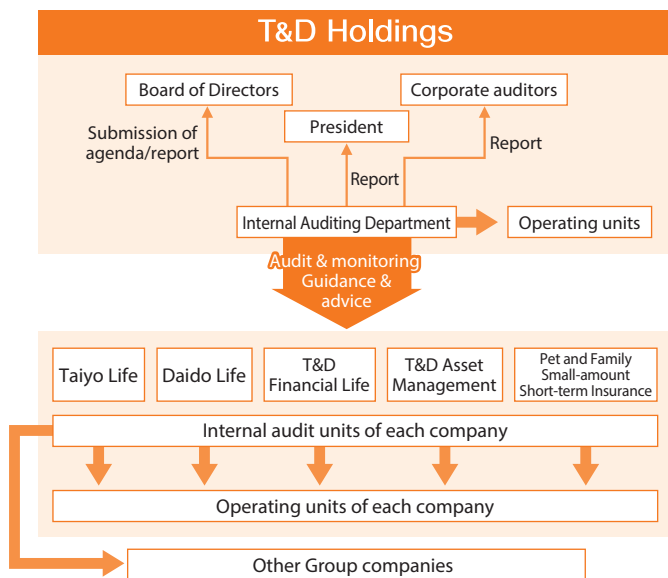
The internal audit units conduct audits of the operating units, examining and assessing the appropriateness and effectiveness of the internal management and compliance system, and identifying and raising issues related to them, in order to effectively achieve management objectives. The internal audit units also give advice on possible improvements on the issues identified.

By auditing and monitoring the performance of internal audits by subsidiaries, the Internal Audit Department of T&D Holdings grasps the status of the internal management system of the entire Group and provides guidance and advice as necessary to strengthen the Group's internal audit systems.

\*1 The T&D Life Group's Internal Auditing Department underwent an external review of internal audit quality in July 2011. In the review, we were evaluated as "Generally Conforms," indicating the best in the three-level rating for conformity with IIA Standards.

\*2 IIA Standards refer to the International Professional Practices Framework established by The Institute of Internal Auditors, an international guidance body for internal auditing professionals.

Outline of the Group's Internal Audit System



1-5 Internal Control

4.6 4.10

Establishment of Internal Control System

In light of the social and public nature of the Group's core insurance business, the T&D Life Group believes it important to properly control the execution of its business operations and minimize the management impact of unforeseeable events arising out of its operations in order to secure the soundness and appropriateness of the management and respond to the trust and mandate of society. Based on this idea, T&D Holdings and the subsidiaries have decided, through Board of Directors' resolutions by the respective companies, to establish an internal control system, as stipulated under the Companies Act.

Internal Control Reporting

The Group regularly reports to the authorities in compliance with the internal control reporting system introduced in accordance with the Financial Instruments and Exchange Act with an aim to ensure the appropriateness of accounting and other financial reports prepared and verified by individual enterprises. To do this, the Group has built a solid system to maintain effective internal control and its self-verified reports appropriately undergo external auditing, largely performed by certified public accountants, as required under the regulatory system.

2. Compliance

2-1 Basic Concept of Compliance

4.11

The T&D Life Group defines compliance as a key theme of corporate management, publicly stating that we will strictly observe laws, regulations and rules, and act with integrity, as provided in the T&D Life Group CSR Charter. Based on the understanding that compliance is a vital concept indispensable to carry out corporate responsibility activities, the Group promotes compliance by ensuring that all Group executives and employees thoroughly understand the T&D Life Group Compliance Code of Conduct and act accordingly.

The T&D Life Group Compliance Code of Conduct (excerpt)

4.8 FS1

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 practice compliance in their daily business operations.

1. Strict Compliance with Laws, Regulations, and Rules
2. Maintenance and Promotion of Fair and Free Competition
3. Proper Information Disclosure & Accountability
4. Proper Information Management
5. Prohibition of Insider Trading
6. Handling of Antisocial Forces
7. Limitations on Business Entertainment
8. Distinction between Private and Public Matters
9. Respect for Human Rights

Responsibility and Duty of Management

The T&D Life Group management shall 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.

2-2 Group Compliance Promotion Structure

4.11 FS4

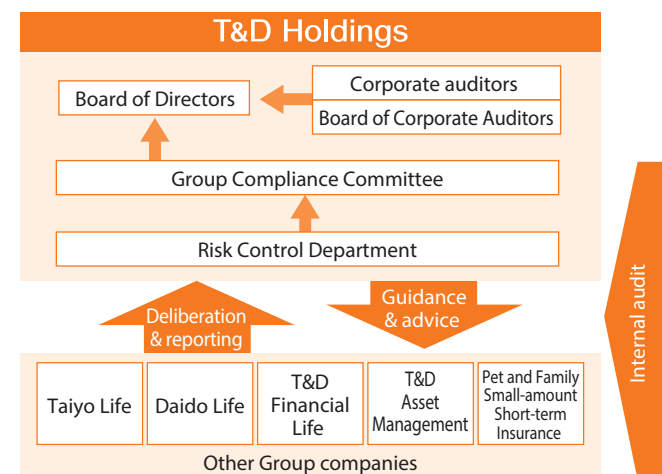
T&D Holdings has established a compliance promotion structure based on the T&D Life Group Basic Policy for Strengthening the Compliance Structure.

The Group Compliance Committee oversees and improves the Group's compliance arrangements. This committee, headed by the President and comprised of all executive officers, examines compliance-related matters and reports findings to the Board of Directors, presenting a detailed report if necessary, to ensure thorough compliance.

T&D Holdings also has a Risk Control Department, which has overall responsibility for promoting compliance. In coordination with the compliance units of the Group's three life insurance companies and other Group members, this department performs regular monitoring and provides the Group companies with guidance and advice.

The Group's three life insurance companies and other Group members also have compliance promotion systems consisting of the compliance committees and the departments in charge of compliance.

Outline of the Group Compliance Promotion Structure



2-3 Compliance Promotion Activities

4.11 SO3 FS4

● Compliance Program

Each member company in the T&D Life Group takes measures to raise awareness of compliance in a way appropriate for the respective companies in terms of size and business characteristics, based on the Group's basic compliance policies. For example, T&D Holdings and the Group's three life insurance companies as well as other Group members have put in place their compliance programs as detailed and actionable plans aiming at having all executives and employees act in compliance with laws and regulations, and compliance training is provided to reinforce compliance in the course of business operations.

● Compliance Manual

The T&D Life Group has prepared separate compliance manuals for different parties such as sales representatives, administrative personnel, agents and others which serve as a daily business operation manual and are also utilized as a textbook for compliance training.

2-4 Whistleblower System

4.11

At the T&D Life Group, each of the Group's three life insurance companies and other Group members used to operate their own whistleblower systems. In April 2005, however, the T&D Life Group Helpline was established for use by all executives and employees in the Group.

● Implementation of the Whistleblower System

As a rule, our executives and employees who report information through the T&D Life Group Helpline shall not suffer negative consequences for having done so. To ensure the effectiveness of the system, the Group has made it possible for executives and employees to report information to a contracted third-party company by phone, via website, and through other channels, and to do so anonymously as well.

3. Corporate Management

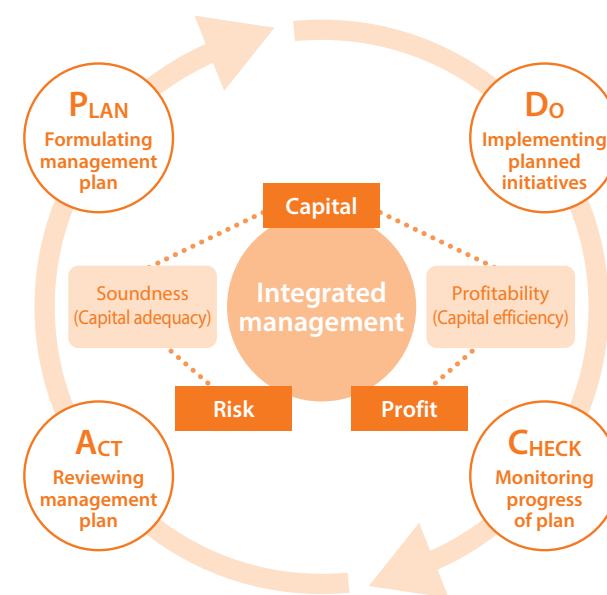
3-1 ERM for Management on an Economic Value Basis

● Introducing ERM

ERM stands for Enterprise Risk Management and refers to a method of corporate management that seeks to maximize corporate value and profit while ensuring the soundness of business through integrated management of profit, risk and capital. As opposed to conventional approaches designed primarily to avoid risks (losses), ERM takes a strategic stance with respect to risks, viewing them as a factor to be taken on in order to increase return (profit) and, as such, not something that should necessarily be reduced or eliminated. Using this new method, businesses can quantify profit, risk and capital on a uniform evaluation standard, helping manage these elements in an integral fashion and incorporate them into management decision-making, thereby allowing pursuit of growth in profitability while maintaining sound management of business operations. The T&D Life Group has established the Group ERM Committee in fiscal 2013 to fully introduce ERM to the Group's management. In order to effectively use the method across the Group, we have built a system based on a PDCA cycle. Under the system, the Group's management plan is formulated (Plan) so as to meet the risk appetite set out in terms of soundness and profitability based on the assessment of profit, risk and capital on an economic value basis; a range of initiatives developed under the plan are implemented (Do); the progress of implementation of the plan is monitored (Check); and the plan is reviewed and revised

as necessary (Act). In this way, we will enhance the Group's corporate value stably and sustainably while maintaining a sound business foundation.

■ PDCA Cycle



4. Risk Management

4-1 Basic Concept for Risk Management

4.9

At the T&D Life Group, T&D Holdings has formulated a Group Risk Management Policy setting forth the Group's basic approach to risk management and, based on this policy, the three life insurance companies and other Group members have developed their risk management system that covers their affiliates as well. T&D Holdings has established a Group Risk Control Committee and manages risks within the Group. The Committee receives regular and ad hoc reports on risks assessed using uniform economic

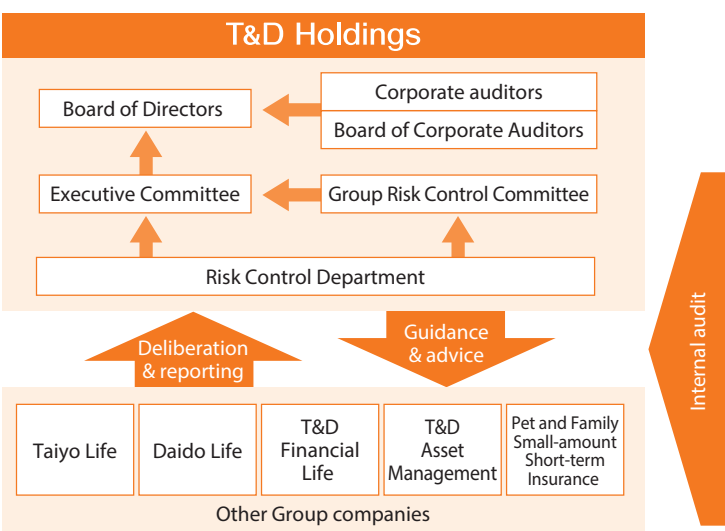
value-based risk management indicators, from the three life insurance companies and other Group members, in order to identify and manage the various types of risks faced by Group companies. Based on the report received, T&D Holdings reports on these risks to the Board of Directors and provides guidance and advice to the Group companies as necessary, thereby ensuring that appropriate risk control is implemented at each company and strengthening risk management system for the entire Group.

4-2 Risk Management System

4.9 SO2 FS2

In light of the social and public nature of the life insurance business, the T&D Life Group views risk management as a key priority in order to ensure sound and appropriate business management. Under overall control by the holding company, T&D Holdings, each Group company implements necessary risk management suited to its business model based on the principle of self-responsibility.

■ Outline of the Group's Risk Management System



4-3 Risk Classification and Responses

4.9 4.11 EC2 FS2

The T&D Life Group classifies major management risks as shown below. Risk management policies have been established for each of these risks, and efforts are made to prevent these risks from occurring or to control them within certain acceptable levels.



\* Among the above classification, risks in five categories (administrative, system, legal, labor and personnel, and hazard) are addressed as Operational Risks collectively.

 Please visit the T&D Holdings website for details of risk classification and measures taken. (URL: <http://www.td-holdings.co.jp/company/group/governance/risk/index.html>)

4-4 Crisis Management

4.11

The T&D Life Group has formulated the Rules on the Group's Crisis Management, which address basic matters related to the Group's response to crisis situations.

In case of major natural disasters or similar emergency events, the Rules place top priority on securing the lives and safety of our staff, and then on continuity or early restart of insurance claims and benefit payment operations to support affected people and areas, with the recognition that such efforts are our social mission. To make this possible, the Rules set forth basic policies for developing systems that enable the Group to respond promptly and take appropriate actions.

The Group has also implemented a number of measures to improve the effectiveness of crisis management. These include introducing a system for confirming the safety of our executives and employees individually and Group-wide emergency drills as a preparation for a possible large-scale disaster.



5. Toward Openness in Management

5-1 Basic Concept 4.16

● Management Reflecting Stakeholders’ Opinions

At the T&D Life Group, proactive communication with stakeholders is set out in the T&D Life Group CSR Charter. (See p.3, “4. Communication”) By taking every possible opportunity to interact, the Group’s three life insurance companies collect the opinions of policyholders, sales agents and other stakeholders and reflect them in their respective business management.

● Proactive Information Disclosure

The T&D Life Group pursues proactive communication activities and works to make a comprehensible information disclosure to customers, shareholders, investors, and all other stakeholders. To maintain and even heighten the trustworthiness in the eyes of society, T&D Holdings and the Group’s three life insurance companies have formulated Disclosure Rules\*. In keeping with the

Rules, we are striving to secure the transparency of management and to practice group-wide and well-managed information disclosure in a timely, fair and accurate manner especially in the event of emergency. Each Group company issues disclosure brochures on its management policies, business performance and other matters, and posts product and service information, company news and other information on their website. T&D Holdings informs its shareholders, numbering 278,410 as of March 31, 2013, of the status of Group operations and other matters twice a year, in June and December, through shareholder news bulletins.

\* Based on its Disclosure Rules, T&D Holdings has prepared and makes available a Basic Disclosure Policy.

5-2 Third-party Participation in Management 4.14 4.16

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

Payment Assessment Special Committee .... Taiyo Life

- <External members> Physicians, attorneys, academic experts, consumer affairs experts, etc.
- <Main issues considered> Assessment of insurance claims and benefits, payment administration; improvement of insurance claim documents; appropriateness in insurance claim payment operations

Consumer Feedback Utilization Committee .... Taiyo Life

- <External members> Attorneys, secretary-general of consumer groups
- <Main issues considered> Feedback from customers; progress of the initiatives for reflecting customer feedback to improve operations

Advisory Council for Insurance Payment .... Daido Life

- <External members> Attorneys and consumer affairs experts
- <Main issues considered> Deliberation on payment complaint responses and dispute settlements; re-examination of non-payment claims; improvement of clarity of notices and documentation provided to the customers

Service Supervision Committee .... T&D Financial Life

- <External members> Attorneys, consumer affairs experts and media representatives
- <Main issues considered> Protection of policyholders’ interests by ensuring appropriate payment structure for insurance claims and benefits as well as comprehensive deliberation on activities for improving customer satisfaction

5-3 IR Activities 4.16

T&D Holdings proactively engages in IR activities based on the principles of timeliness, fairness, and accuracy in information disclosure, and works to make continuous and comprehensible information disclosure on the Group’s management and financial situations. More specifically, we hold business results briefings, teleconferences, in-person visits to domestic and overseas investors and actively engage in exchanging opinions with securities analysts. Valuable feedback from investors received through IR activities are regularly communicated to the management team.

5-4 “Fureai Club” Taiyo Life 4.16 PR5 FS5 FS16

Taiyo Life holds regular meetings with policyholders called “Taiyo Life Fureai Club” in order to have them gain a deeper understanding about Taiyo Life and life insurance, as well as to ask them for their opinions and requests regarding our products and services. In fiscal 2012, the meetings were held at 56 branches and 24 other venues during a month from August to September and attended by 436 clients. Taiyo Life made presentations on its business and services and received 234 opinions from the participants concerning a broad range of its business operations. The feedback from policyholders were shared by the whole company as valuable information and utilized to achieve improvements in various business practices.

5-5 Business Partner Meetings Daido Life 4.16 FS5

Daido Life has built partnerships with SME industry associations as well as the professional organizations of tax accountants and certified public accountants, aiming at offering life insurance products to association members and the clients of organization members. These partner organizations and agents are key stakeholders of Daido Life. Daido Life holds regular meetings with its partners to report the latest business developments and to hear their views on Daido Life’s business operations.

5-6 Shareholder Meetings 4.4 4.16

T&D Holdings views shareholder 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 annual meeting, we post a convocation notice complete with an English translation on our website as well as sending the notice to individual shareholders at an appropriately early date to allow them time to prepare. In addition, we have introduced an online electronic voting system to improve shareholder convenience. At the shareholder meetings, the president reports on agenda items using charts and images displayed on a large screen. In the Q&A session that follows, directors respond to questions and opinions from the floor respectfully and appropriately, with the intention of enhancing shareholders’ understanding of our business.

5-7 Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) Taiyo Life 4.12

Taiyo Life endorses the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)\*1, and in November 2011, the company signed on to this initiative organized by Japanese financial institutions. Taiyo Life will continue promoting efforts towards creation of a sustainable society through its life insurance business.

\*1 This set of principles (see the right column) was drawn up as guidelines for action by financial institutions seeking to fulfill their roles and responsibilities in shaping a sustainable society to the extent possible in light of their business context. The principles have been formulated by the Drafting Committee for Environmental Finance Principles, in which financial institutions from wide-ranging areas within the sector have voluntarily participated. The process of the initiative is supported by the Japanese Ministry of Environment which serves as a secretariat.

1. We will recognize our roles and responsibilities, taking into account the precautionary approach, and promote those actions that contribute towards shaping a sustainable society.
2. We will contribute to the formation of a sustainable global society through the development and provision of financial products and services leading to the development and increased competitiveness of “industries contributing to a sustainable society” as represented by the environmental technologies and services sector.
3. From the perspective of regional development and improvement in sustainability performance, we assist the environmental programmes of small and medium enterprises. We will also back activities that will raise environmental awareness amongst citizens and support disaster readiness and community activities.
4. In the formation of a sustainable society we will recognize the importance of cooperation with diverse stakeholders and will not only participate in its activities but will endeavor to take a proactive role.
5. We will not be limited to complying with environmental laws and regulations but will take active steps to reduce our own environmental footprint through resource and energy savings as well as encouraging our suppliers to do likewise.
6. We will recognize activities that will further profile sustainability as a business issue and will endeavor to disclose information on our activities.
7. In order to implement the above actions we will aim to raise the awareness of environmental and societal issues of our own board and support them to take an active role through their normal duties.

5-8 Signing Principles for Responsible Investment (PRI)

4.9 4.12 FS12

Taiyo Life and T&D Asset Management have signed up to the PRI.



Taiyo Life

In order to further fulfill its social responsibility as an institutional investor, Taiyo Life determined that it was essential to exert more influence for the betterment of society and the global environment through investment and lending activities to a greater extent than ever and contribute to realization of a sustainable society. In March 2007, Taiyo Life became the first Japanese life insurance company to sign the Principles for Responsible Investment (PRI), a global investor initiative in partnership with the UNEP Finance Initiative (UNEP FI) and the UN Global Compact. Before signing the PRI, Taiyo Life had taken

into account profitability, safety, and public nature in making investment of insurance premiums received from the customers, and also, when necessary, took actions to suspend or refrain from business transaction with companies involved in scandals or social problems. After signing the PRI, the company has developed its asset management process based on the PRI, and has promoted asset management taking into account the environmental (E), social (S), and corporate governance (G) issues. The latest information on our activities concerning PRI is posted on the Taiyo Life website\*1.

The Principles for Responsible Investment (PRI) and Taiyo Life's Main Activities

The Principles for Responsible Investment (PRI)	Main Activities
1) We will incorporate ESG issues into investment analysis and decision-making processes	● The company has adopted the guidelines for investment and lending in due consideration of environmental, social, and corporate governance aspects, and has incorporated ESG issues into asset management processes. ● The company has reflected the PRI concept in its internal rules and regulations for asset management.
2) We will be active owners and incorporate ESG issues into our ownership policies and practices	● The company has specified the PRI concept in the voting guidelines, and plays a role as a responsible shareholder. ● Taiyo Life discloses, on the company website, its basic policy on voting for domestic shares.
3) We will seek appropriate disclosure on ESG issues by the entities in which we invest	● In order to check the latest situation of investees and borrowers in terms of ESG, the company collects and carefully reviews the CSR reports (environmental reports) published by them.
4) We will promote acceptance and implementation of the Principles within the investment industry	● To promote the PRI, the company explains to corporate pension insurance clients and others about its asset management policies and activities associated with the PRI.
5) We will work together to enhance our effectiveness in implementing the Principles	● To promote the PRI and conduct related activities more effectively, the company holds meetings with other signatory companies on a regular basis to discuss specific promotion measures.
6) We will each report on our activities and progress towards implementing the Principles	● Taiyo Life reports the status of its activities on its website and in its corporate communication reports. ● The company promotes employees' awareness about the PRI by means of internal seminars, in-house magazines and e-learning.

T&D Asset Management

T&D Asset Management, agreeing with the ideas of the United Nations' Principles for Responsible Investment (PRI), signed them in March 2012. By doing so, the company pledges to reflect the ESG (Environmental, Social and Governance) factors in its investment process unless contrary to its fiduciary responsibility. T&D Asset Management believes that companies that carry out ESG-conscious business activities are widely respected by society and can achieve a sustainable growth, and it is aiming to improve its long-term investment performance through incorporating the ESG factors into corporate evaluation.

\*1 For details about Taiyo Life's Principles for Responsible Investment (PRI) Activities, please visit its official website at <http://www.taiyo-seimei.co.jp/summary/pri.html>

5-9 Inclusion in SRI Indexes

T&D Holdings is included in various SRI (socially responsible investment) indexes. SRI is a method of choosing investment targets not simply based on financial considerations but also on assessments of companies' corporate responsibility performance including contributions to the global environment and society. We aspire to be a corporate group trusted by global long-term investors.

T&D Holdings is a member of the following SRI Indexes (as of the end of March 2013)

FTSE4Good Global Index

The FTSE4Good Global Index is a global SRI index of companies meeting environmental, social and other globally recognized standards. It has been developed by FTSE, a wholly-owned subsidiary of the London Stock Exchange.



1. Together with Our Customers

Customer-oriented Business Management

1-1 Basic Concept

PR1 FS5

Obtaining Customer Feedback through Daily Business Activities

In the course of daily business activities, the Group's three life insurance companies receive feedback from their customers. We set up many points of contact with customers, such as sales representatives, agents, call centers (Customer Service Centers), the Internet and so forth, to continually enhance the system for gathering customer feedback. We also conduct regular, as well as ad-hoc, surveys to straightforwardly ask customers about their satisfaction level.

Reflecting Customer Feedback in Operations

The Group's three life insurance companies have set up departments and committees including external members in charge of customer satisfaction management. We are working on developing a total system ensuring customer satisfaction at all stages of interaction with customers, from making contracts to payment of insurance claims and benefits, based upon the clearly stated policy for customer satisfaction and specific guidelines for the handling of customer complaints. All feedback from customers is integrated into a centralized database, and it is shared by the relevant units for the development and quality improvement of products and services, as well as for the improvement of business practices.

1-2 Examples of Improvements Based on Customer Feedback

4.17 PR1

Taiyo Life

Customer's opinions	How we responded
● The company accepts only a seal registration certificate issued within three months. This requirement regarding the term of validity should be eased.	● Regarding public certificates, including seal registration certificates, that beneficiaries are asked to submit to confirm their identity when making death insurance and benefit claims and when filing maturity claims and annuity through designated proxy applicants, we have since August 2012 until recently required that these documents be the ones issued within the previous three months. This limit on this term of validity has been extended to within six months as a way to increase customer convenience.
● I filed a claim for a surgical benefit that was unexpectedly rejected. I was shocked when I was told that the operation was not covered by the policy I held.	● In April 2013, we carried out major revisions to the medical insurance coverage available under the <i>Hoken Kumikyoku Best</i> program, including enhanced protection for hospitalization and surgery, while lowering the premium rate and reducing premiums for hospitalization and other medical insurance plans. The revision includes the launch of new products that cover outpatient surgery, which was not previously covered, provided that it is covered by the public health insurance system. We have also begun to offer benefit options covering surgical operations and therapies, including radiotherapy, designated as advanced medical care. Expanded hospitalization protection includes starting coverage from the first day (one-day hospital care is also included) and lifting limits on the number of days covered in the case of cancer.

Daido Life

Customer's opinions	How we responded
● A policy should go into effect as soon as policy purchase procedures are completed.	● Shortening lead time up to the start of the policy period To start the policy period as soon as possible, we have begun to offer a special handling option concerning the effective date of insurance payout obligation. Under this option, a policy takes effect either on the date of application or the date of medical notification, whichever comes later. This means that the policy takes effect prior to the initial premium payment.
● When applying for a surrender, I was asked to affix the seal I used when purchasing the policy, but I couldn't find which seal I used.	● Expanding the scope of simplified procedures We have simplified our application procedures by eliminating a requirement to affix the registered seal when applying for a surrender and policyholder loan. Instead, policyholders are asked to submit a valid form of identification and to affix any seal.

T&D Financial Life

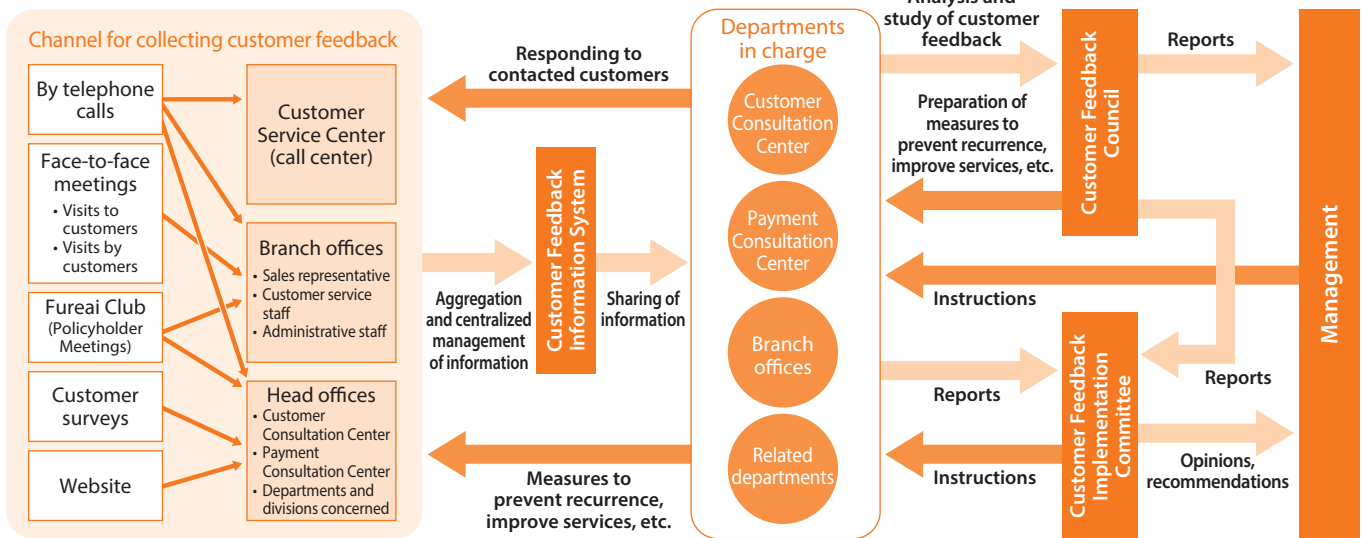
Customer's opinions	How we responded
● It is bothersome to submit the insurance certificate for application for a policyholder loan.	● We have changed the rule for handling policyholder loan applications and now accept requests for loans up to predefined amounts by submission of a copy of a valid form of identification, such as a driver's license or passport instead of submission of policy certificates. We have also eliminated requirements to submit insurance certificates at the time of application for maturity proceeds and annuity.
● It is annoying to submit a seal registration certificate when filing an annuity claim.	● We have eliminated the requirement for submission of a seal registration certificate for processing annuity claims, provided that annuity certificates are submitted, for the case that the policyholder and the recipient of annuity are the same.

Activities to Respond to the Customer Feedback

1-3 Measures Taken by Taiyo Life

System for Reflecting the Customer Feedback in Operations

[Workflow for reflecting customer feedback in operations]



Acquiring ISO10002 Certification

Taiyo Life is committed to continually enhancing its customer-oriented service and operations by utilizing customer feedback (including complaints). As part of this effort, we obtained certification in ISO10002, an international standard for quality management, customer satisfaction and guidelines for complaints handling in organizations, in March 2008. Since then we have been working to improve our business processes based on ISO10002 and educate employees through training programs.

Breakdown of Customer Feedback Received

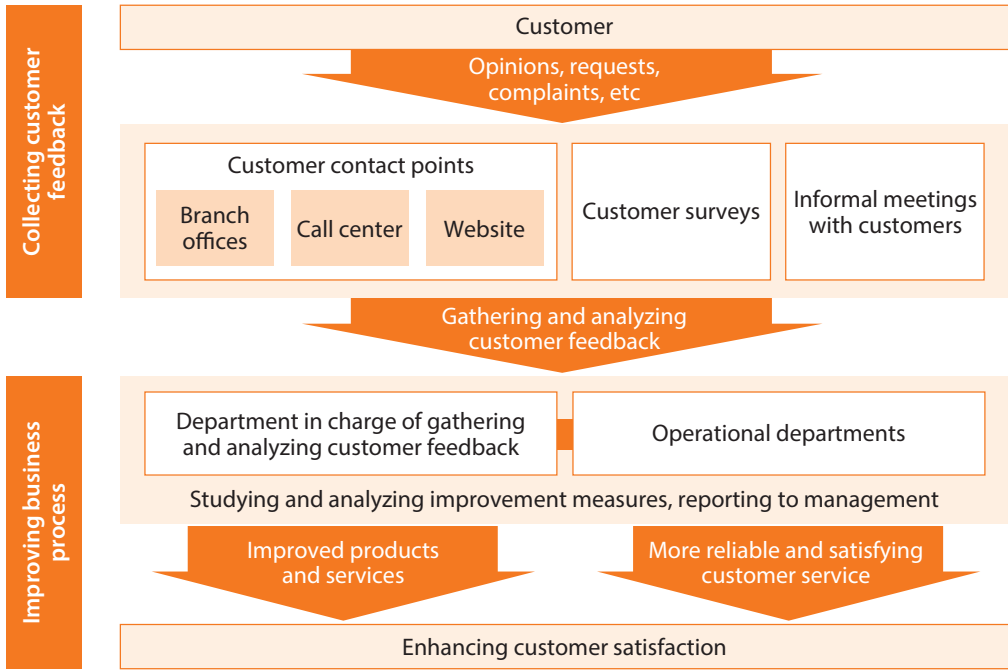
(Units: no. of responses; proportion: %)

Type of feedback	FY 2010		FY 2011		FY 2012	
	No. received	%	No. received	%	No. received	%
Complaint*	14,730	35.4	11,935	33.1	9,523	28.7
Comment, request & inquiry	2,114	5.1	2,302	6.4	2,412	7.3
Appreciation & praise	24,785	59.5	21,837	60.5	21,256	64.0
Total	41,629	100.0	36,074	100.0	33,191	100.0

\* "Complaint" refers to an expression of dissatisfaction by customers.

1-4 Measures Taken by Daido Life

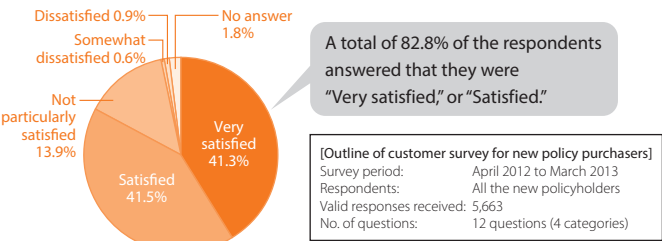
System for Reflecting Customer Feedback in Operations



Customer Survey

Daido Life conducts a number of customer surveys in a bid to identify hidden issues related to its business that are difficult to uncover by passively receiving customer opinions and requests. Major examples include questionnaires filled out by new policyholders upon completing new application procedures, with a focus on the attitudes of sales representatives and on application forms and other documents, as well as customer satisfaction surveys to identify the level of satisfaction of business owners/managers about our products, services and after-sale services.

Survey for New Policyholders on Satisfaction with Attitude of Sales Representatives



Response to Customer Complaints

We define "complaint" as customer dissatisfaction expressed regarding the company's operations. Upon receiving complaints, we immediately respond in a sincere manner, setting out to resolve such issues. At the same time we take these complaints as valuable information to be used for improving our business processes.

Customer Complaints by Type

(Units: no. of complaints received; proportion: %)

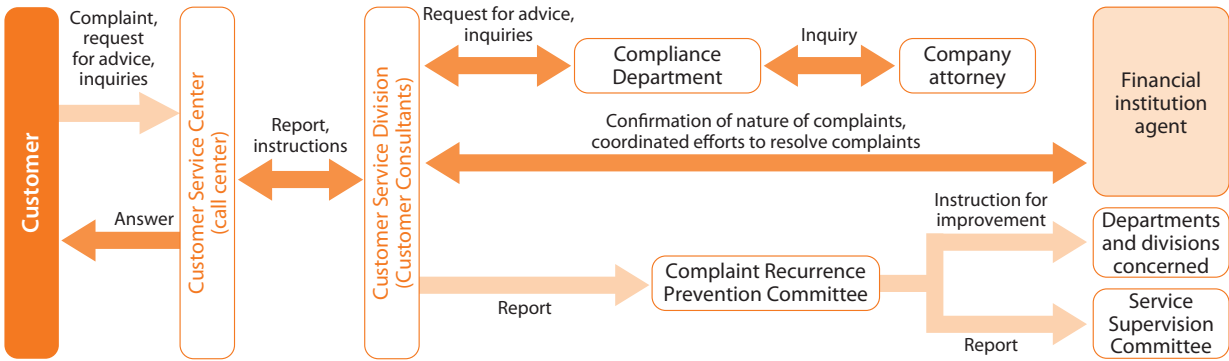
Complaints about	FY 2010		FY 2011		FY 2012	
	No. of complaints	%	No. of complaints	%	No. of complaints	%
Purchase of life insurance policy	1,775	16.8	1,762	15.7	1,660	15.6
Payment of premiums	1,210	11.4	1,321	11.8	1,141	10.7
Procedures after making a contract	3,662	34.6	3,922	35.0	3,571	33.5
Payment of insurance claims and benefits	2,347	22.2	2,256	20.1	2,165	20.3
Other	1,577	14.9	1,939	17.3	2,113	19.9
Total	10,571	100.0	11,200	100.0	10,650	100.0



1-5 Measures Taken by T&D Financial Life

PR1 PR5

● System for Rapidly Responding to Customer Feedback



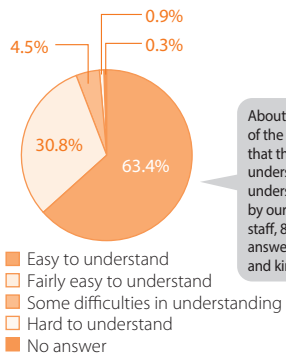
● Customer Survey

T&D Financial Life conducts a customer satisfaction survey to proactively reflect customer feedback in its operations. This survey includes questions about the quality of call handling by the Customer Service Center staff and understandability of application forms and documents involved in various procedures.

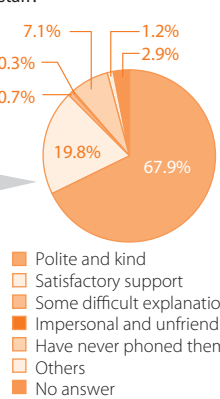
For more details about the survey, please refer to our website.

■ Summary of Survey Findings

Q. How did you feel about the application form you filled out for the procedures?



Q. How did you feel about the quality of call handling by our Customer Service Center staff?



About application forms, 94.2% of the respondents answered that they were "Easy to understand" or "Fairly easy to understand." About call handling by our Customer Service Center staff, 87.7% of the respondents answered that they were "Polite and kind" or "Satisfactory."

[Outline of Survey]

Methodology: The survey was sent to the customers, together with documents for procedures, who purchased insurance policies through financial institution agents and requested for insurance conservation procedures.

Survey period: November 1, 2012 to January 15, 2013 (Responses received by the end of April 2013 were processed)

No. of surveys sent: 2,412  
Valid responses: 886  
Response rate: 36.7%

● Provision of Information on the Internet

T&D Financial Life discloses a summary of customer feedback information such as inquiries, FAQs, complaints, comments and requests on the website.

● Customer Complaints by Type

(Units: no. of complaints received; proportion: %)

Complaint about	FY 2010		FY 2011		FY 2012	
	No. of complaints	%	No. of complaints	%	No. of complaints	%
New contracts	153	13.4	155	9.7	187	14.3
Payment of premiums, etc.	102	9.0	90	5.7	40	3.1
Procedures after making a contract	380	33.4	611	38.4	533	40.8
Insurance claims and benefits	183	16.1	285	17.9	222	17.0
Others	321	28.2	449	28.2	324	24.8
Total	1,139	100.0	1,590	100.0	1,306	100.0

\* "Complaints" refers to customers' complaints and dissatisfaction about products and services, and expressions of dissatisfaction.

■ Providing Wholehearted Reassurance

1-6 Assistance to Areas Struck by the Great East Japan Earthquake

EC8

Shortly after the Great East Japan Earthquake, the T&D Life Group began offering assistance toward recovery in the disaster-hit areas. The Group promptly dispatched its executives and employees to the affected areas, where they participated in volunteer activities such as removing rubble, conveying relief goods, and rebuilding individual homes and temples/shrines. In fiscal 2012, the second fiscal year after the disaster, the Group provided a broad range of assistance, including making part of branch premises available for use by local governments in the disaster-hit areas, coordinating purchases of local specialty produce from these areas, and providing donations.

1-7 Fairness in Offering Insurance Products to the Broader Public

PR1 FS15

Life insurance is a mutual aid system in which costs paid to insured deaths, hospitalizations, nursing care, etc. are covered by premiums statistically calculated by mortality and accident rates according to the law of large numbers.

For this reason, life insurance companies are unable to accept every person who wishes to purchase policies regardless of their circumstances. In order to maintain the viability of the life insurance system, some people whose expected mortality rates

or insurance accident rates exceed certain limits are unfortunately either rejected or accepted only under certain conditions such as application of additional premiums and so on.

The Group's three life insurance companies and other Group members respect customers' human rights, develop and offer many unique insurance products which meet a wide variety of customer needs, health conditions, gender, enrollment age and other specific circumstances.

1-8 Providing Products and Services that Meet Social Needs

PR5 FS7

Taiyo Life

- Insurance program that offers a variety of options to be selected and combined flexibly to build plans that meet the needs of individual customers
  - *Hoken Kumikyoku Best*
- Medical insurance for people with past hospitalization or surgery history, or who are currently under medical treatment
  - Nonparticipating nonselective medical insurance: *Taiyo-seimei no Yasashii Hoken*
  - Nonparticipating semi-selective medical insurance: *Kisei Kanwa*
- Making procedures and consultations "easy, convenient and quick" by introducing new portable terminals
 

As part of efforts to enhance customer service, we have begun to digitize our policy application procedures using portable terminals (touchscreen notebook computers) carried by sales personnel. Since its introduction in March 2012, the digitization initiative has helped considerably make the procedures paperless and cashless, thereby reducing documentation-related burdens on and improving convenience for applicants. We also use videophone functions built in to these mobile devices to enable customers to remain at home while we perform necessary processes for them, including responding to inquiries and confirming medical information. Starting in December 2012, the paper-free processing was expanded to include filing a maturity claim.

By promoting our electronic processing system, we have largely simplified the documentation work involved in applying for our services. This, in turn, has enabled us to shorten the time leading up to the completion of underwriting procedures and to allocate more time to communicating with customers for improved understanding.

T&D Financial Life

- Whole life insurance plan that offers annual additions of a prescribed bonus policy amount to the accumulated policy value throughout the lifetime of the insured. Intended to be a preparation against post-retirement expenses.
  - *Shougai Premium Series* (three plans)
- Whole life insurance plan available to new purchasers up to the age of 95 simply by submitting a job notification
  - Non-participating whole life insurance (increasing death benefit type I): *Minna Ni Yasashii Shushinhoken*
- Income guarantee insurance plan that offers monthly survivor annuity payments for a predetermined period in the event of death or disability of the insured
  - Non-participating income protection insurance (no surrender value type I): *Kakei Ni Yasashii Shunyuhoshou*

Daido Life

- A range of term life insurance plans designed to support smooth business succession in the event of death of the business owner [High-protection and low-premium]
  - *R-Type, Z-Type, D-Type*
- [Protection and wealth-building]
  - *L-Type, L-Type (for life security), Low SV-L-Type, Shin-Teizo 50*
- Critical illness insurance plan for business owner with living benefit that covers cancer, acute myocardial infarction, and cerebral stroke
  - *J-Type*
- Comprehensive medical insurance plan offering broad-coverage hospitalization benefits that can be used for working capital during the temporary absence of the insured business owner
  - *M-Type*
- Savings-type single premium whole life insurance plan designed to support smooth inheritance of property to family
  - *Life Gift*
- Consulting service based on calculation of the appropriate amount of protection required for risk of death and serious disease
  - We calculate the appropriate amount of funds expected to be required in the event of death or retirement due to serious disease of business owners and directors, particularly for small and medium enterprises. The calculations are based on two different perspectives: preparation for cash flow for business continuity (company protection) and preparation for retirement benefits (family protection). Using the calculations, we offer advice and consultation that best meets the need of each customer regarding their risk management.

Pet and Family Small-amount Short-term Insurance

- Insurance offering protection against illness or injury of pets, as family members
  - Pet medical insurance: *Genki Number One*

The information concerning insurance products on this page is provided for the purpose of describing corporate responsibility activities in the T&D Life Group, not for that of insurance product offering. For more details about products, please see the product pamphlets and so on.

1-9 Establishment of Solicitation Policy

PR6 FS15

The Group's three life insurance companies and other Group members have established individual Solicitation Policies for offering life insurance and other products. Under these policies, each Group company strives to develop and offer appropriate products that meet customers' needs and circumstances.

Sales Policies (Taiyo Life)

The following are the Taiyo Life's basic solicitation policies for offering financial products including life insurances to customers. We always endeavor to develop and offer right products in an appropriate manner in due consideration of customers' desires, circumstances and privacy.

- We will comply with the applicable laws, rules and regulations in solicitation activities.
- We will endeavor to carry out appropriate solicitation activities in consideration of the customer's circumstances.
- We will give due consideration to the time and the place for solicitation activities.
- We will explain the important issues appropriately.
- We will make efforts to enhance employee education and training program.
- We will safeguard customer information strictly in confidence.
- We will make continuous efforts to establish an internal structure ensuring appropriate solicitation activities.

1-10 Protection of Personal Information

PR1

The Group's three life insurance companies and other Group members have formulated Personal Information Protection Declarations (Privacy Policies) and publicly announced them on their websites. In addition, T&D Information Systems, a Group company that supports the information management system of the T&D Life Group, handles various data, including personal information, appropriately under strict control. In May 2005, T&D Information Systems obtained Privacy Mark certification, which is given to enterprises that take appropriate measures to protect personal information. Following this, the company acquired certification for ISO27001, an international standard for information security management systems. The information service firm has continued to renew both of these certifications as part of its efforts to maintain a high level of information security management.



1-11 Efforts to Offer Customer-Oriented Services

PR6

From contract making and after-sales service to payment of insurance claims and benefits, the three life insurance companies endeavor to provide services with an emphasis on understandability on the part of customers as an approach to earn trust from customers.

<At the Time of Making a Contract>

Major Documents

- Clearly worded "Product Pamphlet"
- "Product Summary Sheet" (contract summary) tailored to the life plan of each individual customer
- "Notifications of Important Matters," as a reminder, for calling the customer's attention to particularly important points
- "Policy Leaflet and Policy Provisions" describing the various procedures when making a contract, and the structure of the product
- "Confirmation of Intent" as a final step to ensure that the customer's needs are met by the insurance product offered

◆ Awards for Customer Services

(See page 6 for more details.)

☆ UCDA Award 2013, "Easy-to-Understand" Award for Life Insurance Notification Form Category (Taiyo Life)

2.10

<After-sales Services>

The Group's three life insurance companies work to ensure customer satisfaction by providing various kinds of information after contracts. We also work to enhance our services so that the policyholders can make insurance and benefit claims more easily.

Major Information Provision Services

- Notification of policy details
- Notification of account transfer payment
- Accounting method guidance service

Examples of Measures to Facilitate Making Insurance and Benefit Claims

- Distribution of booklets and leaflets that comprehensively describe insurance and benefit claims procedures as well as payable case examples.
- Reimbursement of expenses for obtaining a medical certificate in the event that the related insurance claim is completely rejected
- Enhancement of Customer Service Center, or call-center, functions
- Recommendation for adding a designated proxy application option

1-12 Working toward Better After-sales Service

PR1

The Group's three life insurance companies have each set up various systems aiming at providing quality after-sales services. At the Customer Service Center, professionally trained staff handles inquiries and insurance claims from customers nationwide over the telephone in a considerate, polite, prompt, and accurate manner. Also, all our branch counter staff and sales representatives, fully aware of the importance of post-contract support, attend to individual customers, offering best possible service to each of them.

At Taiyo Life, customer service staff calls on customers regularly after contract. As of the end of fiscal 2012, 453 customer service staff members are offering a range of customer support services, such as changing registered personal information, e.g. addresses, arranging necessary procedures for making insurance claims, introducing new products and services, and receiving diverse requests from customers. Daido Life dispatches sales personnel and agents to individual customers to conduct after-sale activities, particularly to identify any changes in needs by reviewing the details of the current policy and calculating the appropriate amount of protection needed. These representatives also offer quality and enhanced service tailored to individual circumstances, for instance, providing advice and plans to help customers address a range of risks facing their business, including introduction of risk management methods.

1-13 Other Services

PR1

As shown below, the Group's three life insurance companies offer a diversity of services to meet the requests of customers.

● T&D Club Off

T&D Club Off provides a range of services for promoting health and off-time activities to the policyholders of the three life insurance companies and Pet and Family Small-amount Short-term Insurance.

■ Examples of Services

- Domestic accommodations
- Online reservations for overseas hotels
- Business hotel desk
- Golf desk
- Leisure facilities
- Complimentary telephone advisory service on childcare, nursing care, taxation, pensions, asset management, post-retirement life, etc.
- Services for supporting daily living, full of many useful services



Please visit each company's website for more details of the services.

● Customer Service Center Open on Saturdays and Sundays Taiyo Life

In order to provide services to customers who are busy on weekdays, Taiyo Life's Customer Service Center or call center, operates on Saturdays and Sundays from 9:00 to 17:00 as well. (Sunday operation started on March 25, 2012.)

● Establishing Support Center Taiyo Life

Taiyo Life established its Support Center in December 2011. Using the videophone functions built into the portable terminals carried by sales representatives, the Support Center responds in real time to inquiries concerning specific details and other matters originating from customers. The Support Center is in operation from 9:00 to 21:00, seven days a week.

● Useful Services for SMEs Daido Life

Daido Life provides various services to corporate policyholders to support their business management and promotion of health.

■ Examples of Services

- Providing reports on management strategies, industry trends and other useful business information
  - Providing a standard form of company regulations
  - Complimentary assessment on possibility to receive public subsidies and supports
  - Complimentary assessment of employment regulation
  - Providing information on public subsidies and supports
  - Health counseling and second-opinion service
  - Health screening referral service
- \* For more details, please contact the customer service center of Daido Life.

● Services through the Internet

FS14

The Group's three life insurance companies and other Group members provide various kinds of information on their websites. To improve the convenience of customers, we also offer online services for payment, inquiries and change of registered information. At Pet and Family Small-amount Short-term Insurance, customers can purchase pet insurance on the company's website.

■ Examples of Internet Services

Taiyo Life

- Change of information related to contract, such as change of address, request for adding designated proxy application option, change of personal identification number
- Sending application forms on request for change of account, change of first/family name, loan repayment
- Services to raise convenience of policyholders, such as fund transfer for policyholder loans, withdrawal of accumulated dividends and deferred funds
- Reissue of insurance certificates, annuity payment certificates, deferred insurance fund payment certificates and life insurance premium payment certificates
- Inquiries about insurance policy details

Daido Life

- Change in contract and insurance claim such as change of address, account, etc.

- Web-ATM for making loans to policyholders, withdrawal of accumulated dividends, etc.
- Inquiries about insurance policy details, inquiries about accounts for automatic withdrawal of insurance premiums, and advice on insurance premiums accounting method

T&D Financial Life

- Inquiries about brief summary and details of policy such as coverage details and change in accumulated funds
  - Transfer of accumulated funds, set up transfer ratio, in case of contracts with periodic increase of amount
  - Requests for various forms for procedures, change of address, reissue of life insurance premium payment certificates, etc.
- \* For more details, please contact the respective customer service centers of the Group's three life insurance companies.

■ Professional Training for High Quality Service

1-14 Development of Service Staff Skills LA11 PR1 FS4

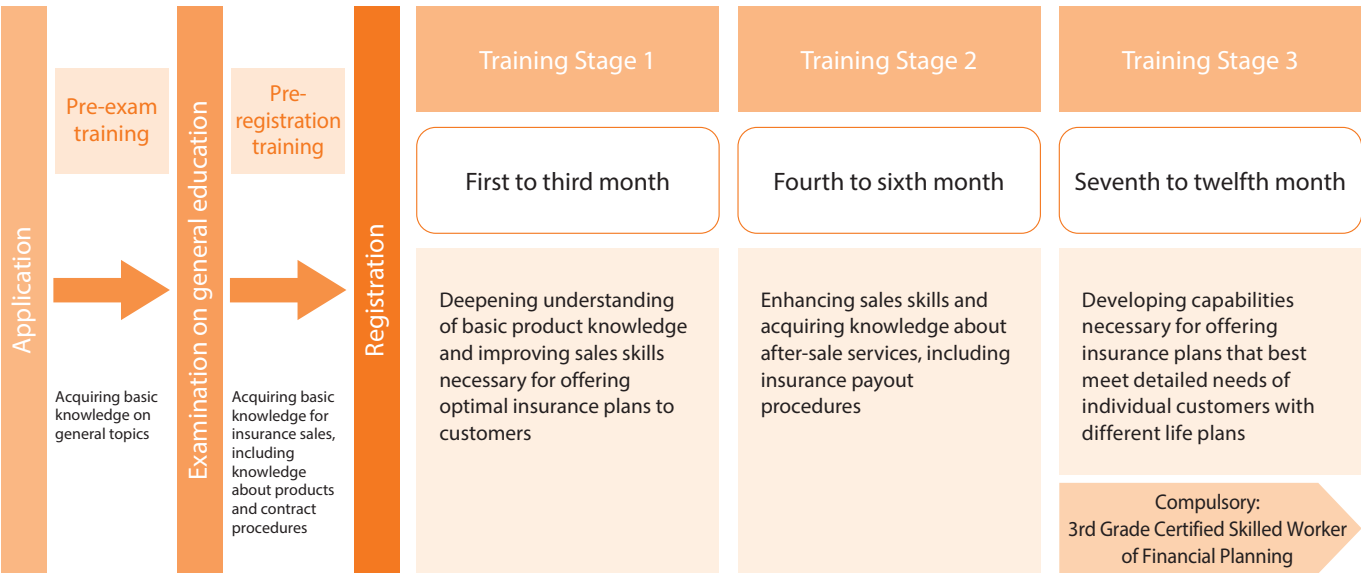
Group's three life insurance companies are working to enhance the skills of their customer service staff to increase customer satisfaction focusing on basic and specialist knowledge about life insurance as well as compliance.

The three life insurance companies have diverse staff members such as sales representatives, customer service staff, agents and wholesalers who are engaged in duties to provide the most suitable services to customers depending upon each individual business model. We have developed human capital training programs for such diverse staff, and always work to provide them with the best educational and training opportunities.

1-15 Education Program for New Employees (eCompass) Taiyo Life LA11 PR1 FS4

Taiyo Life has a system in place to train sales representatives to develop their capabilities to design and offer optimal insurance plans that meet each customer's needs depending on a variety of factors, including family structure, occupation, income, plan for children's education, insurance already purchased and so on, aiming to increase each customer's satisfaction. Our sales personnel undertake internal training programs and work to obtain external qualifications to gain specialist knowledge on insurance products as well as tax affairs and financial planning expertise.

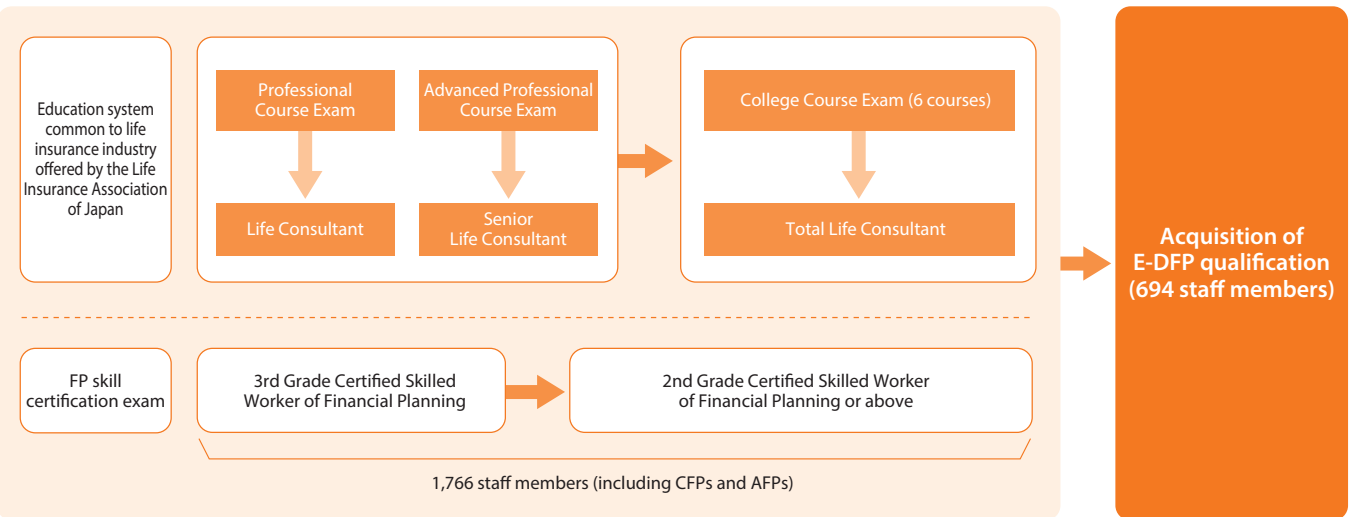
■ Education Programs for New Sales Representatives



1-16 E-DFP (Executive Daido Financial Planner) Program Daido Life LA11 PR1 FS4

Sales representatives must get a firm grasp of customer needs, which are diversifying and becoming more sophisticated, and practice high-quality consulting-oriented sales. For this reason, Daido Life has set up its own E-DFP (Executive Daido Financial Planner) system whose purpose is enabling its sales representatives to obtain a wide range of professional knowledge including taxation, finance, and financial products.

■ E-DFP Program (As of March 2013)



1-17 Sales Agent Training Program Daido Life LA11 PR1 FS4

At Daido Life, the head office and branches closely work together to provide high-quality support for sales agents, by assisting them to be able to respond to customers' diversified needs. As a part of the efforts, the company develops programs to offer practical training, using its own e-learning materials and practical guides to help sales agents learn more about compliance and insurance business.

1-18 Wholesaler Activities T&D Financial Life LA11 PR1 FS4

T&D Financial Life carries out elaborate support activities for the sales agents, e.g. banks and other financial institutions, through its staff assigned to assist sales agents called "wholesalers" in order to enable them to make the best proposals to customers.

In addition, in order to win the trust of customers and sales agents, the company provides practical training to wholesalers, covering a broad range of knowledge about insurance and other financial products, overall asset management, related laws and regulations as well as presentation skills for accurately explaining features of our products to customers and sales agents.



2. Together with Our Employees

■ Utilization and Development of Human Resources

2-1 Basic Concept of Human Resources Development Policy FS4

Human resources development at the T&D Life Group focuses on “development of future leaders” and “creation of corporate culture that encourages demonstration of diverse talents,” as stated in its Medium-Term Management Plan. Under these shared goals, each Group company has formulated its training programs to develop and enhance the skills and capabilities of employees.

2-2 Employee Education and Training LA11 FS4

The Group’s three life insurance companies provide employees with education and training through on-the-job training, group training, and supporting self-educational efforts. The Group encourages personal career improvement efforts of individual employees by actively supporting their efforts to earn professional qualifications and offering a broad array of courses through correspondence study, e-learning and so forth.

2-3 Initiatives to Offer Employees Opportunities for Growth LA11 FS4

The T&D Life Group carries out a systematic job rotation so that employees can enhance their ability to work with a broad perspective of the entire company by experiencing various jobs within the organization. Young employees are rotated through different positions, for example moving between the Head Office and branches for a certain period after they start working, or moving from sales to administrative jobs, or vice versa, in order to acquire basic knowledge and improve their skills. At the managerial level, employees who have served as Head Office division managers are to serve as branch managers, or branch managerial staff are rotated to Head Office positions in order to strengthen their managerial skills. In addition, the Group’s three life insurance companies furnish employees with opportunities to actively develop their own skills and offer support for their preparation of career plans.

Taiyo Life, Daido Life, T&D Financial Life

- **In-house Recruiting System**  
Under this system, employees can take up various challenges, such as application for positions of their choice and MBA programs.
- **Personnel Exchange**  
Personnel exchange is promoted among Group companies with a view to facilitating the sharing of the well-developed skills and useful know-how possessed by each company.

Taiyo Life

- **Working Experience at Different Workplace**  
Taiyo Life has developed a personnel program to offer employees an opportunity to work at different branches or at the head office, with a view to assisting employees to gain a wider range of insurance business experience, increasing operational efficiency and facilitating in-house communication.

Daido Life

- **Overseas Training Program**  
Daido Life organizes overseas training programs mainly for young employees, seeking to foster future leaders that are capable of flexibly responding to constantly changing business environments resulting from economic globalization, as well as to help them develop strong leadership and language skills. This project annually invites applications and sends selected applicants abroad to participate in overseas trainee or internship programs hosted by local companies.

■ Diversity Initiatives

2-4 Employment of People with Disabilities and Seniors LA11 LA13

As of the end of March 2013, a total of 316 employees with disabilities, including 41 new recruits for fiscal 2012, worked in the Group’s three life insurance companies, accounting for 2.04 percent of the total number of employees. We will continue working to create a workplace environment that encourages and supports people with disabilities to work comfortably. The Group’s three life insurance companies have introduced a reemployment program for employees reaching the mandatory retirement age. Under this program, individuals can be re-hired up to the age of 65. In addition, Taiyo Life and Daido Life hold life plan seminars for employees of a certain age before their retirement. The seminars offer them opportunities to think about their future styles of working and living.

2-5 Human Rights Education HR3 FS4

The T&D Life Group holds human rights education sessions for all employees more than twice a year on various issues, such as discrimination due to social class or disability and sexual harassment, to deepen employees’ understanding of the importance of respecting human rights.

2-6 Initiatives to Support Women’s Careers LA11

To create a corporate environment where employees feel motivated and enthusiastic about their work, the T&D Life Group conducts a variety of activities. Among others, our Group as a whole is promoting a women empowerment initiative under which talented female employees are promoted to management positions and career path seminars are organized.

- **Roundtable talks held for female employees at three life insurance companies**  
A roundtable talk was held for female personnel at each of the Group’s three life insurance companies. Organized by an all-female working group, the event provided participants, mainly from payment and sales sections, with an opportunity to exchange opinions on various topics. Details of the talk were posted in the Group newsletter for dissemination to Group executives and employees.  
**Taiyo Life**
  - **Training for manager candidates**  
A management development program is in place under which training is provided en masse to competent manager candidates selected from among mid-career employees at offices across the country. Candidacy for the program is not restricted to any career category (clerical versus career-track) or gender.
  - **Training for female managers**  
An introductory management training program is held to improve the managerial capabilities of new female managers. Also, female manager forums are organized with the intention of providing female managers with a networking opportunity.

- **Promoting diversity**  
Diversity Promotion Project Team conducts company-wide activities aimed at expanding the roles and responsibilities of female employees.  
**Daido Life**
  - **Training programs and seminars**  
An in-house internship program has been established to provide locally hired employees, who are generally not subject to relocation, with opportunities to temporarily engage in different operations away from their regular jobs. The program’s goal is to inspire such employees to take on new challenges and pursue their own development. Various training programs and seminars are also organized for female employees.
  - **Restructure of the personnel system**  
The personnel system has been revised to abolish the administrative three-grade job posting scheme (career-track, area career-track, clerical) and replace it with a system consisting of two categories: the “nationally hired” (subject to nationwide transfer) and the “locally hired” (not subject to nationwide transfer). Under the new system, employees, regardless of employment category, can be promoted to managerial positions up to division manager or branch head level, and can take on a new challenge in a wider scope of responsibilities regarding sales, administrative operations and other areas.

■ Worker-friendly Work Environment

2-7 Work-life Balance Initiatives

The T&D Life Group promotes work-life balance as part of its efforts to create a rewarding workplace that encourages individual employees to demonstrate their capabilities to the fullest. We offer e-learning training on this theme on a continuing basis to explain about the goals the Group aims to achieve through this initiative and approaches toward the goals, encouraging employees to reevaluate their workplaces and work style. Regarding support for the development of young people, the Group’s three life insurance companies received a certification as meeting the criteria of the Act on Advancement of Measures to Support Raising Next-

Generation Children for four consecutive biennial periods starting from the first period from April 1, 2007 to March 31, 2009. For the fourth period ended in fiscal 2012, T&D Asset Management obtained the certification for the first time in addition to three life insurance companies. Additionally, in April 2008, T&D Information Systems became the first company with less than 300 employees in the information services sector in Saitama Prefecture to acquire the same certification. The company received a certification under the same initiative for three consecutive periods in May 2012.

2-8 Dialogue and Consultations with Labor Unions 4.4

Each of the three life insurance companies in the T&D Life Group has an independent labor union, and the companies and labor unions work together to maintain a sound labor-management relationship based on the spirit of trusting each other. The companies have proactively discussed with the unions on a wide range of issues including business management, corporate policies, wages, working hours, holidays, personnel management systems, fringe benefits and so forth. We believe that a truly meaningful cooperative relationship between companies and the labor unions can be built only through straightforward discussions based upon their respective viewpoints, and that kind of relationship will motivate employees and bolster the competitiveness of the companies.

2-9 Initiatives Reflecting Employee Feedback 4.4

The Group’s three life insurance companies conduct employee awareness surveys addressing issues like job satisfaction, working conditions and the personnel evaluation system, and have implemented various measures based on the survey results. We obtain the views from employees as reference information for management, which include opinions about the current personnel system and the operation of the system, as well as the employee satisfaction, a critical element leading to a greater customer satisfaction.

2-10 Health Promotion for Employees

- **Initiatives by Human Resources Department** LA8  
The T&D Life Group is concerned about management of the mental health of its employees. It has concluded contracts with physicians specializing in mental health and made arrangements for employees to get consultation and treatment without worry. In addition, the Group’s three life insurance companies implement the following measures.  
**Taiyo Life**  
To prevent their subordinate staff from experiencing mental disorders and to build a vibrant workplace, all the managers are encouraged to take the Certification Test for Mental Health Management sponsored by the Osaka Chamber of Commerce and Industry.  
**Daido Life**  
For newly appointed supervisors and managers, mental health training is conducted by outside lecturers and through e-learning.

- T&D Financial Life**  
E-learning programs for mental healthcare are provided to all executives and employees.
- **Health Insurance Societies** LA9  
The Group’s three life insurance companies have their own independent health insurance societies, which work to prevent lifestyle diseases, promote good health and engage in other activities to help society members manage their health. The societies cover medical costs for the members and their dependents; conduct public relations campaigns to raise awareness about proper use of health insurance; pay subsidies for annual physical examinations such as complete medical check-ups and promote cancer screening. Since fiscal 2008, the companies’ health insurance societies have also been implementing specified medical check-ups and health care guidance with the aim of preventing lifestyle diseases.

3. Growing with Society

3-1 Basic Concept EC8

With a strong awareness of the public and social nature of its core business of life insurance, the T&D Life Group implements a variety of initiatives aimed at contributing to society and conserving the environment. In addition, the Group supports the volunteer activities of its employees and gets involved in social action programs by partnering with foundations. Our efforts focus primarily on “improving health, medical care and welfare,” “developing a sound society, including sound growth of young people” and “protecting the global environment,” the themes considered highly relevant in view of our commitment to fulfilling our public mission and meeting our social responsibilities with the ultimate aim of achieving sustained growth in step with society.

\* With regard to protecting the global environment we have established the T&D Life Group Environmental Policy, based on which a range of measures have been taken to reduce our environmental impact.

Improving Health, Medical and Welfare

3-2 Blood Donation Drive EC8

The T&D Life Group cooperates with blood drives hosted by the Japanese Red Cross Tokyo Metropolitan Blood Center. In this semiannual joint group project, a blood donation clinic is set up for two days at the Shiodome Head Office Building and executives and employees are encouraged to donate blood. In fiscal 2012, a total of 371 people in the Group contributed their blood to the drive.

3-3 Supporting the Japan Down Syndrome Society Taiyo Life EC8

Taiyo Life and Friends of Taiyo Life Goodwill Circles support the Japan Down Syndrome Society, assisting its activities in various forms as a partner.

**<Main Activities>**

- The company supports activities as a co-sponsor.
- The company provides meeting rooms in its buildings for seminars, council and board meetings held by the Society.
- Executives and employees from branches and Head Office departments take part in the Society's activities as volunteers.

**<Main Volunteer Participation Activities in FY 2012>**

- Eight employees participated as volunteers in the Yorokobi (“Happiness”) Festa held on July 1.

3-4 The Taiyo Life Welfare Foundation EC8

**<Purpose of Establishment>**

Established in 1984 to commemorate the 90th anniversary of the founding of Taiyo Life. This foundation works to improve social welfare in Japan by sponsoring the projects to enhance welfare of the elderly and the disabled.

\* In December 2009 when the foundation was authorized as “public interest corporation,” the name of the foundation was changed from Taiyo Life Himawari Foundation to the Taiyo Life Welfare Foundation.

**<Main Activities>**

- Project grants: Grants to the projects by volunteer groups and NPOs working to contribute to the welfare of the elderly and the disabled living at home.
- Research grants: Grants for study and research regarding lifestyle diseases and the health care and welfare of the elderly.

**<Cumulative Grants from Establishment to FY 2012>** 1,681 grants, 1,120 million yen

- Main Activities in FY 2012

Aiming to fulfill its key founding objective of contributing to improved social welfare, the organization since its establishment has been offering grants to projects undertaken by volunteer groups working resolutely to enhance the welfare of local communities. It also provides funding to support reconstruction efforts in areas affected by the Great East Japan Earthquake. The foundation also awards research grants to study and research programs seeking to improve the welfare of the elderly and other vulnerable people. In fiscal 2012, a total of 75 grants (worth 22 million yen) were offered to 69 volunteer/NPO projects (19 million yen) and six study/research projects (3 million yen).

3-5 Daido Life Welfare Foundation EC8

**<Purpose of Establishment>**

The foundation was established in 1974 by Daido Life with the aim of contributing to public health and welfare by providing grants to programs designed to address health problems arising from the deterioration of living environments and various issues associated with the sharp increase in the number of elderly people.

**<Main Activities>**

- **Regional health and welfare research grants & volunteer activity grants**
  - Regional health and welfare research grants: Support research programs conducted by people involved in public health promotion and welfare activities to address issues faced by local communities in the areas of health, medical care and social welfare
  - Company worker volunteer activity grants: Support volunteer activities conducted by people who use their days off to work toward enhancing the welfare of senior citizens or disabled people, or fostering the healthy mental development of children through social interchange
  - Senior volunteer activity grants: Support volunteer activities conducted by people aged 60 and over to enhance the welfare of senior citizens or disabled people, or foster the healthy mental development of children through social interchange

**<Cumulative Grants from Establishment to FY 2012>** 3,268 grants, 1,519 million yen

- **Home care/nursing consultation and workshop**

The foundation hosts a workshop program in partnership with the Osaka Center of the Japanese Red Cross Society. At the workshops, participants who are not familiar with nursing care learn about home care and home nursing for the elderly and sick and receive practical training according to their needs. Since its launch in 1980, approximately 4,800 people in total have participated in the program. In fiscal 2012, a free DVD rental service for a video made of the workshop was launched in a bid to provide a learning tool for the large number of people seeking training opportunities in this area.

- **Publication of health brochures**

Publish the “Environment and Health” series brochures, which contain articles written by experts in a compact and reader-friendly style on various issues of particularly high public interest in areas of the environment, health and welfare. Since its launch in 1975, 68 brochures have been published.

In response to growing public interest in these themes, new and part of past publications are digitized and made publicly available on the foundation’s website.

Developing a Sound Society, including Sound Growth of Young People

3-6 Nationwide Clean Campaign Taiyo Life EC8

As a part of its activities for contribution to the community, Taiyo Life began cleaning of the vicinity of its Head Office in 1982. In 2004, it renamed this activity the “Nationwide Clean Campaign,” and its branches nationwide, from Hokkaido in the north to Okinawa in the south, began clean-up campaigns in the surrounding community. In fiscal 2012, the Campaign attracted 8,638 participants (executives, employees, and their families) from the Head Office, affiliated firms, and branches.

The Head Office, based in Shiodome district in Tokyo, organized a joint street cleanup campaign in cooperation with the Minato Eco-conscious Consortium (mecc) based in Minato Ward in Tokyo. Employee volunteers from Group companies (Daido Life, T&D Financial Life, T&D Asset Management, T&D Holdings) and Taiyo Life’s affiliates as well as from mecc member companies participated in the event.

3-7 Sponsorship of the Japan Junior High School Rugby Football Tournament Taiyo Life EC8

Since fiscal 2011, Taiyo Life has been a special sponsor of the Japan Junior High School Rugby Football Tournament hosted by the Japan Rugby Football Union (JRFU). Taiyo Life chose this sponsorship in sympathy with the “all for one, one for all” spirit that is frequently associated with the sport and also invokes the idea of mutual help, one of the basic principles of insurance. In full endorsement of the objective of the tournament, which can be summarized as “helping young rugby players and other youth to develop the quality and skills necessary for creating a sound society,” we support the sound development of young people through promoting junior high school rugby in cooperation with the JRFU.

3-8 Supporting the National Sports Games for the Disabled Daido Life

EC8

In 1992, when the company celebrated its 90th anniversary, the first National Sports Games for the Mentally Handicapped (Yuaipic)\* was held in Japan, and Daido Life has been a special supporter of this annual event since then. It is the largest sports event for people with disabilities in Japan, aiming at helping the disabled experience the joy of playing sport, raising public awareness about their lives, and promoting greater social participation. Every year, Daido Life sets up a company booth in the Fureai Hiroba (Get-Together Plaza), a venue for interacting with participating athletes, where many executives and employees of Daido Life work as volunteers to support this event. Joined by Taiyo Life in 2000, the Group's volunteer activities to support the Games have been expanding since then.

\* The National Sports Games for the Mentally Handicapped merged with the National Sports Games for the Physically Disabled in 2001, and has been held as the National Sports Games for the Disabled since then.

3-9 Endowed Open Courses at Universities Daido Life

EC8

Daido Life began supporting open lectures at universities in fiscal 2002 as part of the company's centenary celebrations. The lectures are organized to provide owners and managers of small- to medium-size enterprises with opportunities to acquire knowledge and skills relevant to business management, by exploring a variety of themes selected for each university using theoretical and practical approaches. In fiscal 2012, the open lectures were held at six universities. Over the past 11 years, approximately 9,100 people have attended the lectures, which have been favorably received by the participants.

In fiscal 2012, open courses were held at:  
Fukushima University, Rikkyo University, Meiji University, Kwansei Gakuin University, Kansai University, Fukuoka University

3-10 Friends of Taiyo Life Goodwill Circles

EC8

The Friends of Taiyo Life Goodwill Circles ("Friends"), which was established in December 2005 and is composed of executives and employees from the company and its affiliates, has 9,144 members as of March 31, 2013. In order to support social charitable activities, the members contribute every month odd amounts under 100 yen, or any amount from 100 yen to 1,000 yen, integral multiple of 100 yen, from their take-home salary. At present, the Friends mainly provides supports for community-based social charitable activities driven by branches nationwide and Head Office departments; environmental conservation activities in cooperation with NPOs and the like; and educational activities. The details of the activities are posted in Taiyo Life's in-house journal, through which the company is calling for broader participation by executives and employees.

- <Main Activities in FY 2012>
- Contribution to local communities: Participation in the Yorokobi ("Happiness") Festa held by the Osaka Branch of the Japan Down Syndrome Society; participation in a concert hosted by a childcare facility for kids with special needs in Setagaya Ward in Tokyo; and collection and donation of pull tabs, aluminum cans and PET bottle caps.
  - Educational support: Donations of school bags to children in Afghanistan through JOICFP (an international cooperation NGO)

3-11 Daido Life Employees' Community Contribution Club

EC8

The Daido Life Employees' Community Contribution Club, which was established in 1992 as an independent organization for corporate citizenship activities and is composed of its executives and employees, works to promote and support fund-raising activities and volunteer activities. In addition, since 1994, we have been implementing a program of "One-day Outing Volunteer Activity for the Physically Disabled." Under this program, employees take a volunteer work leave to help people with physical disabilities who have few opportunities to go outside take part in an outing. The program offers participants opportunities to deepen their understanding of disabilities by directly interacting with disabled people while talking and dining together, assisting wheelchair users, providing walking assistance, or engaging together in other activities.

- <Main Activities in FY 2012>
- Fund raising and donation: Proceeds from donations from executives and employees and revenues from the charity calendar exhibitions were used as funds to make contributions to organizations that support social charitable activities and facilities for the disabled.
  - Used stamps and pre-paid cards collection drive: Used stamps and pre-paid cards collected by Head Office departments, branches nationwide, and affiliates were put to good use in supporting overseas medical cooperation and in giving wells as gifts to the areas in Asia suffering from water shortages through organizations supporting social contribution activities. In addition, by collecting PET bottle caps, the Daido Life Employees' Community Contribution Club also assisted the ECOCAP Movement, which works to improve the global environment and to send vaccines to the children of the world.
  - Volunteer activities: In addition to participating as volunteers in the "National Sports Festival for the Disabled" and conducting "One-day Outing Volunteer Activity for the Physically Disabled," the Club also participated in clean-up activities in the areas surrounding the Osaka Head Office and the Tokyo Head Office.

3-12 Hosting Internship Program Daido Life

EC8

Daido Life provides college students with internship opportunities in the life insurance business, organizing programs that introduce general business operations as well as the work processes involved in specialized areas, including actuarial science and asset management. Through these programs, we hope to provide participants with meaningful firsthand experience in professional fields related to their university major or career interest. It is hoped that the experience will inspire participants to launch onto a suitable career path while at the same time helping them to develop an accurate understanding of their chosen specialty, required skills and a typical workplace environment. For individual interns, the program can also serve as a basis for designing a specific career plan and for considering their aptitude.

3-13 Providing Asset Management Services to Universities T&D Asset Management

EC8

Believing that the essence of its corporate responsibility lies in broadly contributing to society through its core business of asset management, T&D Asset Management provides asset management services to universities to help them establish governance over their asset management and strengthen their financial foundations so that they can engage in high-quality education and research.

3-14 The Daido Life Foundation

EC8

<Purpose of Establishment>  
The Daido Life Foundation was established in 1985 in celebration of the company's 80th anniversary. The objective of the foundation is to promote international mutual understanding through cultural exchanges with or grants to other countries, thereby contributing to the internationalization of Japan.

<Main Activities>  
The foundation organizes an award project to support area studies conducted globally. "Daido Life Foundation Awards for Area Studies" and "Daido Life Foundation Encouragement Awards for Area Studies" are presented to researchers who have achieved superior results in area studies of various parts of the world. In addition, "Daido Life Foundation Area Studies Special Awards" are presented to individuals who have made a distinguished contribution to enhancing international understanding and friendship.

- Translation and publication activities  
In an effort to promote friendly relationships between Japan and other Asian countries, the foundation undertakes translation of literature produced in the region as a dual engagement. On one side, contemporary Asian works are translated into Japanese, with the aim of helping Japanese people deepen their understanding of the history, cultures and customs of other Asian countries. A total of 60 works from 12 countries have been translated and donated to universities and public libraries across Japan. With a view to increasing readership of and interest in these works, the organization in fiscal 2012 started to digitize these publications, including new and past projects, and make them available for free in an electronic form via the foundation's website. On the other side, Japanese literature and biographies of Japanese figures are translated into various Asian languages in a bid to help people in the region to develop a better understanding of Japan and its culture. A total of 31 Japanese works have been translated into local languages for publication in eight countries and donated to local universities and libraries.
- Educational support activities  
The foundation offers support to improve educational environments in Southeast Asian countries by sponsoring school building projects (18 schools constructed in five countries as of March 2013) and donating books and school supplies in the hope of raising awareness of the importance of school-based education in local communities. In commendation of its efforts over the years, the foundation was conferred a First Order of Labor Merit by the government of Laos in February 2013.

3-15 Disaster Relief Fund Donations

EC8

The T&D Life Group and the Group companies make contributions to disaster relief funds when major disasters occur.



Protecting the Global Environment

3-16 Basic Concept 4.8 EN26 FS1

In April 2006, the T&D Life Group formulated the T&D Life Group Environmental Policy, to clarify the Group's stance on the environment and to publicize the policy among executives and employees. The Group promotes various activities to reduce our environmental impacts based on the policy.

In addition, based on the above environmental policy, the Group has set out its Green Purchasing Standards and Detailed Rules and gives priority to the purchase of products and services that help reduce its environmental impact in procuring a diverse group of goods ranging from office furniture, equipment and consumable supplies to real estate facilities and system equipment as well as in printing product brochures and policy documents.

T&D Life Group Environmental Policy

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.

3-17 Environmental Initiatives EN7 EN18

Energy-Saving Efforts

Each year the T&D Life Group participates in a "Cool Biz" campaign from May to October (setting thermostats at 28°C) and a "Warm Biz" campaign from November to March (maintaining a room temperature of 20°C) to do its part in preventing global warming. Also, as power-saving measures, the Group reduces illumination during work hours in offices and meeting rooms, hallways and other areas within the buildings.

"Lights Down" Campaign

As an activity to raise the environmental awareness of each of the Group's executives and employees, the T&D Life Group has been conducting a campaign in which it calls for a simultaneous switch-off of all the lights in offices twice a year, in July and December. This was done in support of the "Reduce CO<sub>2</sub>:"Lights Down' Campaign" resting on partnership between the Ministry of the Environment and the "Candle Night" movement organized by a private-sector group. The Campaign exhorts business to turn off both indoor and outdoor lights to call more attention to environmental problems, from a standpoint of preventing global warming.

Efforts for Achieving the Group-wide Goals

Reduction in electric power use

In addition to the energy-saving activities described in the preceding sections, we implement a multitude of measures to reduce our use of electricity. These efforts range from introducing a power demand monitoring system for controlling peak-time use in each building and running a "shorter work hours" campaign, to encouraging employees to put their computers into standby mode when they are away from their desk, reducing elevator use in some buildings and turning off copy machines and printers during non-business hours.

Reducing use of office paper

To decrease the use of office paper, we promote efficient paper use methods, such as 2-in-1 and two-sided printing. We also encourage test printing as a means of reducing the risk of wasteful paper consumption caused by printing out erroneous and/or incomplete documents.

Improving green purchasing ratio

When procuring office supplies and stationery, we promote green purchasing by giving priority to products that are compliant with the Act on Promoting Green Purchasing and Eco Mark products.

3-18 Forest Conservation and Afforestation Taiyo Life EN13

Forest Conservation and Afforestation Activities

Life insurance companies use vast amounts of paper including office paper, life insurance pamphlets, policy provisions and others in the course of its business operations. To restore forest resources and preserve greenery, Taiyo Life conducts afforestation projects. It has established "Forest of Taiyo Life" in Nasu-Shiobara (Tochigi Prefecture) and Takashima (Shiga Prefecture).

The first Forest of Taiyo Life was established in March 2006 in Nasu-Shiobara as a contract-based project under the Forestry Agency's "Corporate Forest" program. In cooperation with the Enna District Forest Office and others, we organized forest thinning and similar forest improvement activities in October and forest tours in September (total participants: approx. 150).

Our second corporate forest (Kutsuki Forest of Taiyo Life) was established in Takashima in November 2007. For this forest, we collaborated with local NPO the Asosatoyama Center in conducting forest improvement activities, including setting up deer guard fences and raking up fallen red pine needles, in July and in hosting the "Acorn Project" in October. For the latter, local elementary students grow broad-leaf seedlings from acorns and then plant them in the forest at the time of their graduation (total participants: approx. 310).

Forest	Forest of Taiyo Life (Tochigi Prefecture)	Kutsuki Forest of Taiyo Life (Shiga Prefecture)
Date of contract	March 2006	November 2007
Area	Approx. 4.8 ha	Approx. 12.7 ha
CO <sub>2</sub> absorption	19 t (Estimate by Forestry Agency)	81 t (Estimate by Takashima City)

Forest Conservation Initiative Based on Promoting the Use of Timber from Forest-Thinning

As an initiative for reducing waste of resources while promoting sustainable forest conservation, Taiyo Life is doing the following activities in order to achieve the "use it wisely" component of the "plant it, raise it, harvest it, use it wisely" cycle for forests.

"Chopstick Project" launched to promote use of disposable chopsticks made from domestic timber derived from forest thinning and wood scraps

Our employees and executives used a total of 451,635 pairs of chopsticks during the period from September 2006 to March 2013.

Active Use of "3.9 Paper"\*

Chopstick paper cases for "Wood Thoughtfulness Chopsticks" etc.

Active use of paper made from timber from forest-thinning

Taiyo Life Communication Report

\*1 "3.9 Paper" is a project launched to promote the use of domestic timber from forest thinning. Under this project, the costs of transporting timber from the forest to the wood chip mill are borne by users of the paper.

3-19 Environmental Communications and Educational Activities FS4

T&D Holdings endorses the activities of Associates of the Earth, a Japanese environmental NGO that produces the Japanese edition of "Our Planet" and "TUNZA," both published by the United Nations Environment Programme (UNEP). These two publications are distributed to all companies in the T&D Life Group as well as to local junior and senior high schools, public libraries and others to raise awareness of environmental issues.

Outline of the Group

D-1	Financial Performance of the Group			2.8	EC1
		Year ended March 2011	Year ended March 2012	Year ended March 2013	
Consolidated operating results		(Billion yen)			
	Ordinary revenues	1,993.0	2,104.1	2,418.9	
	Ordinary profit	94.9	120.8	151.6	
	Net income	23.8	26.7	63.7	
Consolidated balance sheet data		(Billion yen)			
	Total assets	12,740.7	12,861.0	13,668.7	
	Net assets	622.0	685.5	919.7	
Per share information		(Yen)			
	Consolidated net income per share	*1 *2 35.06	39.41	94.52	
	Consolidated net assets per share	*1 *2 910.52	1,013.54	1,360.15	
	Annual dividend per share (T&D Holdings)	45.00	*1 22.50	22.50	
Management indicators		(Billion yen)			
	Policy amount in force	58,040.8	58,414.6	59,221.2	
	New policy amount	6,348.2	6,349.6	6,722.4	
	Core profit (loss)	107.7	144.9	182.4	
	Consolidated ROE (%)	3.8	4.1	8.0	
	Group MCEV	*3 —	1,543.0	1,664.4	

\* Management indicators other than ROE and Group MCEV are based on the aggregate of non-consolidated business results of Taiyo Life, Daido Life and T&D Financial Life. Amounts of policies in force and new policies are the total of individual insurance and individual annuities.

\*1 The company has implemented a 2-for-1 split on its common stock, effective on October 1, 2011.

\*2 Net income per share and net assets per share are calculated on the assumption that the above share split was implemented at the beginning of fiscal 2011.

\*3 Starting from the year ended March 2013, the company discloses its market consistent embedded value (MCEV) as a measure to enhance its EV disclosure. MCEV can reflect risk management performance on an economic value basis more accurately than the European embedded value (EEV) which was previously used. The MCEV disclosure provides data for the latest available two years (years ended March 2012 and 2013 above). The MCEV for the year ended March 2011 is not available; however, the EEV for that year amounts to 1,369.1 billion yen.

D-2	T&D Holdings, Inc. Shareholders	2.6
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Proportion of Shares Held (as of March 31, 2013)

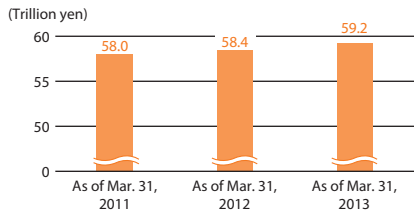
Shareholder category	Financial institutions	Financial product dealers	Other corporations	Foreign corporations, etc.	Individuals and others	Total
No. of shares held (1,000 shares)	194,525	20,893	154,049	256,408	55,602	681,480
Proportion of shares held (%)	28.54	3.07	22.61	37.63	8.16	100.00

Principal Shareholders (as of March 31, 2013)

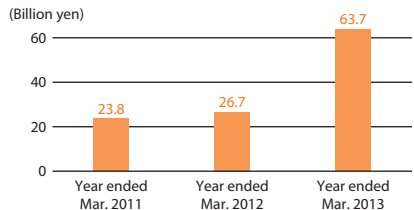
Name	No. of shares held (1,000 shares)	Percentage of shares held vs outstanding shares (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	37,535	5.51
The Master Trust Bank of Japan Ltd. (Trust Account)	37,045	5.44
Japan Trustee Services Bank, Ltd. (Trust Account 9G)	21,059	3.09
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21,049	3.09
The Bank of New York, Treaty Jasdec Account	20,546	3.02
RBC IST LONDON—CLIENTS ACCOUNT	13,656	2.00
State Street Bank and Trust Company 505225	8,388	1.23
Komatsu Ltd.	8,167	1.20
Barclays Capital PLC	7,852	1.15
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/ BP25 DUBLIN-US PENSION FUND	7,366	1.08
Total	182,667	26.80

D-3	FY 2012 Financial Performance (Ended March 2013)	EC1
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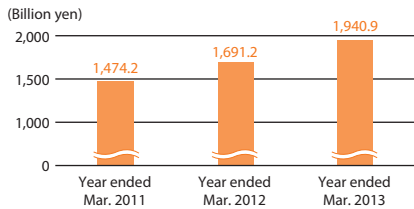
Policy Amount in Force (Three life insurance companies combined)



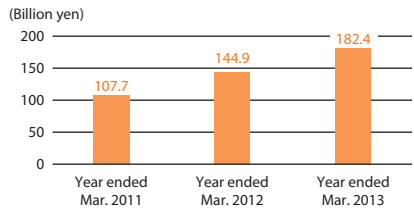
Net Income (Consolidated)



Income from Insurance Premiums, etc. (Consolidated)



Core Profit (Three life insurance companies combined)

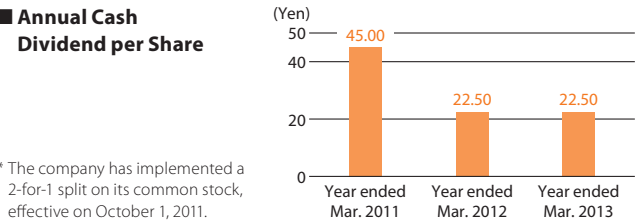


D-4	Corporate Value (MCEV)	EC1
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(Billion yen)			
	Year ended Mar. 2011*	Year ended Mar. 2012	Year ended Mar. 2013
Group MCEV	—	1,543.0	1,664.4
MCEV of covered business	—	1,516.7	1,638.0
Net asset value of non-covered business	—	26.3	26.4
Value of new business	—	68.3	61.6

\* Starting from the year ended March 2013, the company discloses its market consistent embedded value (MCEV), providing data for the latest available two years. The MCEV for the year ended March 2011 is not available; however, the European embedded value (EEV), which was previously used, for that year amounts to 1,369.1 billion yen, including 54.7 billion yen for new business.

D-5	Annual Cash Dividend	EC1
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\* The company has implemented a 2-for-1 split on its common stock, effective on October 1, 2011.

D-6	Solvency Margin Ratio	EC1
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(Unit: %)			
	As of Mar. 31, 2011	As of Mar. 31, 2012	As of Mar. 31, 2013
Taiyo Life (non-consolidated)	670.8	747.3	823.4
Daido Life (non-consolidated)	720.6	851.9	1,043.2
T&D Financial Life (non-consolidated)	571.1	553.7	648.4
Pet and Family Small-amount Short-term Insurance (non-consolidated)	2,166.1	979.8	543.5
T&D Holdings (consolidated)	—	810.6	943.8

Management

D-8	Board Membership	4.1	4.3	4.6
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Chairman of the Board of Directors	President
Directors	11
External director	2 (including one female)
External director's role	The Board's external directors provide specialist knowledge in their capacity as academics or lawyers and offer advice during deliberation of agenda items at meetings of the Board of Directors.

Auditors	4
External corporate auditors	2
External corporate auditors' role	External auditors provide specialist knowledge in their capacity as lawyers and offer advice during deliberation of agenda items at meetings of the Board of Directors.

Social Aspects (Customers)

D-9Customer FeedbackPR1PR5

● Breakdown of Customer Complaints \* In our definition, “complaint” refers to an expression of customer dissatisfaction in regard to the company’s operation.

Taiyo Life(Units: no. of complaints received; proportion: %)

Complaints on	FY 2010		FY 2011		FY 2012	
	No. of complaints	%	No. of complaints	%	No. of complaints	%
New contracts	3,714	25.2	3,273	27.4	3,196	33.6
Payment of premiums	1,387	9.4	1,062	8.9	716	7.5
Procedures after making a contract	1,953	13.3	1,333	11.2	1,033	10.8
Insurance claims and benefits	3,310	22.5	2,694	22.6	2,291	24.1
Others	4,366	29.6	3,573	29.9	2,287	24.0
Total	14,730	100.0	11,935	100.0	9,523	100.0

Daido Life(Units: no. of complaints received; proportion: %)

Complaints on	FY 2010		FY 2011		FY 2012	
	No. of complaints	%	No. of complaints	%	No. of complaints	%
Purchase of life insurance policy	1,775	16.8	1,762	15.7	1,660	15.6
Payment of premiums	1,210	11.4	1,321	11.8	1,141	10.7
Procedures after making a contract	3,662	34.6	3,922	35.0	3,571	33.5
Payment of insurance claims and benefits	2,347	22.2	2,256	20.1	2,165	20.3
Other	1,577	14.9	1,939	17.3	2,113	19.9
Total	10,571	100.0	11,200	100.0	10,650	100.0

T&D Financial Life(Units: no. of complaints received; proportion: %)

Complaints on	FY 2010		FY 2011		FY 2012	
	No. of complaints	%	No. of complaints	%	No. of complaints	%
New contracts	153	13.4	155	9.7	187	14.3
Payment of premiums, etc.	102	9.0	90	5.7	40	3.1
Procedures after making a contract	380	33.4	611	38.4	533	40.8
Insurance claims and benefits	183	16.1	285	17.9	222	17.0
Others	321	28.2	449	28.2	324	24.8
Total	1,139	100.0	1,590	100.0	1,306	100.0

D-10Insurance payout amount

FY 2012	Insurance claim	Benefit (hospitalization, surgery, etc.)	Annuity	Total
Three core life insurance companies (billion yen)	449.2	216.5	237.9	903.6

Social Aspects (Employees)

D-11Employee StatisticsLA1LA2LA13

- Data on T&D Life Group Employees
- Group’s Three Life Insurance Companies

	No. of employees			No. of people hired		
	March 31, 2011	March 31, 2012	March 31, 2013	FY 2010	FY 2011	FY 2012
No. of employees	20,451	19,863	19,455	4,097	3,767	4,139
Male	4,342	4,197	3,991	204	182	101
Female	16,109	15,666	15,464	3,893	3,585	4,038
Sales representatives	13,056	12,790	12,799	3,842	3,610	4,022
Male	528	477	419	52	53	36
Female	12,528	12,313	12,380	3,790	3,557	3,986
Administrative staff	6,781	6,539	6,203	255	157	117
Male (Managers)	3,814 (2,165)	3,720 (2,097)	3,572 (2,059)	152	129	65
Female (Managers)	2,967 (253)	2,819 (258)	2,631 (261)	103	28	52
Career track/ area career-track employees, others	4,569	4,418	4,224	205	141	110
Clerical employees	2,212	2,121	1,979	50	16	7
Customer service staff	614	534	453	0	0	0

\* Managers include section heads at head offices, deputy office heads and assistants to directors and other executives.

● T&D Holdings Consolidated

Business division	No. of employees					
	March 31, 2011		March 31, 2012		March 31, 2013	
Insurance and insurance-related businesses	20,340	(1,999)	19,606	(1,867)	19,211	(1,588)
Investment-related businesses	514	(41)	501	(34)	460	(37)
Administration-related businesses	878	(311)	875	(277)	826	(162)
Total	21,732	(2,351)	20,982	(2,178)	20,497	(1,787)

\* The number of employees shows the number of employed staff excluding executive officers. The number of part-time workers is shown in parentheses as an annual average, which is not included in the number of employees.

D-12Workplace Data (Group’s Three Life Insurance Companies combined)LA1LA2LA13

	FY 2010	FY 2011	FY 2012
Employment rate for persons with disabilities (%)	1.76	1.96	2.04
No. of employees taking maternity leave	149	191	213
No. of employees taking childcare leave	191	235	247
Male	75	76	51
Female	116	159	196
No. of employees taking nursing-care leave	5	6	5
Male	0	1	0
Female	5	5	5
Average number of paid vacation days taken*	11.5	11.1	10.3

\* Average number for the administrative staff at the Group’s three life insurance companies

Group Environmental Performance Data

For the scope of the Group’s environmental impact data, please refer to “D-20 Environmental Impact Data and Scope of Group-wide Targets” on page 39.

D-13CO<sub>2</sub> EmissionsEN16EN18

	FY 2010	FY 2011	FY 2012
Indirect CO <sub>2</sub> emissions (GHG Protocol Scope 2)	54,921 t	44,366 t	54,184 t
Direct CO <sub>2</sub> emissions (GHG Protocol Scope 1)	3,063 t	2,517 t	2,598 t
Total	57,984 t	46,883 t	56,782 t

D-14Electricity Consumption3.9EN4

	FY 2010	FY 2011	FY 2012
Electricity consumption	130,174 MWh	109,570 MWh	106,440 MWh

\* MWh=1,000 kWh

D-15Water Consumption and Reclaimed Water Usage RateEN8EN10

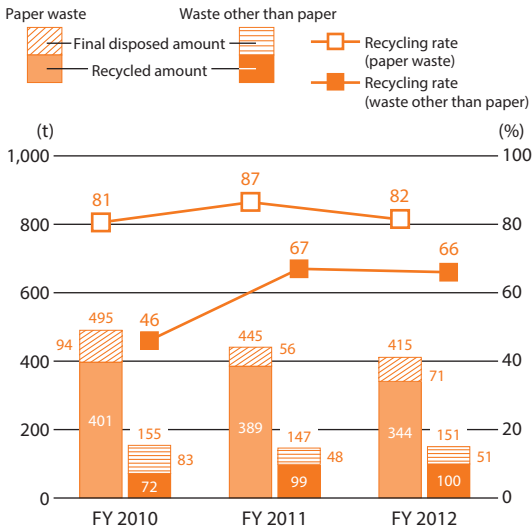
	FY 2010	FY 2011	FY 2012
Water consumption (Utility + Reclaimed water)	116,700 m <sup>3</sup>	79,500 m <sup>3</sup>	78,600 m <sup>3</sup>
Reclaimed water usage rate	42.7%	24.3%	24.7%

D-16Waste Generation and RecyclingEN22

(1) Paper waste	FY 2010	FY 2011	FY 2012
Final disposed amount	94 t	56 t	71 t
Recycled amount	401 t	389 t	344 t
Total amount generated	495 t	445 t	415 t

(2) Waste other than paper	FY 2010	FY 2011	FY 2012
Final disposed amount	83 t	48 t	51 t
Recycled amount	72 t	99 t	100 t
Total amount generated	155 t	147 t	151 t

(3) Recycling rate	FY 2010	FY 2011	FY 2012
Paper waste	81.0%	87.4%	82.9%
Waste other than paper	46.5%	67.3%	66.2%





Group Environmental Performance Targets and Results

For the scope of the Group’s environmental performance data, please refer to “D-20 Environmental Impact Data and Scope of Group-wide Targets” below.

D-17 Electricity Consumption EN4 EN5 EN6

Baseline: FY 2006 H2 + FY 2007 H1

<Long-term Target>

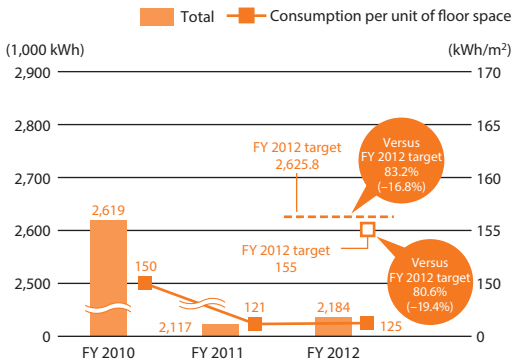
Total: Reduce the five-year average (FY 2008–FY 2012) by more than 2% against the baseline

Per unit of floor space (exclusively owned area): Not to exceed the baseline

<FY 2012 Targets>

Total: 2,625,800 kWh

Per unit of floor space: 155 kWh/m<sup>2</sup>



D-18 Office Paper Consumption EN1

Baseline: Five-year average until FY 2008

<Long-term Target>

Reduce the five-year average (FY 2009–FY 2013) by 5% against the baseline

<FY 2012 Target>

	FY 2010 results	FY 2011 results	FY 2012 results	Versus FY 2012 target (% change)
Total	200 t	184 t	162 t	76.1%

D-19 Green Purchasing Ratio

Target	FY 2010 results	FY 2011 results	FY 2012 results
80% or above	94.8%	95.9%	95.7%

D-20 Environmental Impact Data and Scope of Group-wide Targets 3.6 3.7 3.11

					Group environmental impact data			Group-wide targets		
					CO <sub>2</sub>	Electricity	Water	Waste	Electricity	Office paper
T&D Holdings					○	○	○	○	○	○
Taiyo Life, Daido Life, T&D Financial Life										
All companies					○	○				○
Head Office										
All departments at headquarters										○
Major offices at headquarters*1							○	○ (*2)	○ (*3)	
T&D Asset Management					○	○	○	○	○	○
T&D Information Systems					○	○	○			

○ = data covered

- Waste from the Shiodome Shiba-Rikyu Building means the waste generated from the whole building, including restaurants, retail stores, and other establishments that are not operated by the Group.
- In accordance with the revised Act on the Rational Use of Energy, the data calculation methods for CO<sub>2</sub> emissions and electricity consumption have changed since fiscal 2009.

*1 Major offices	*2 Waste	*3 Setting of electricity target
(1) Shiodome Shiba-Rikyu Building	Covered	Covered
(2) Daido Life Osaka Head Office Building	Covered	Not covered
(3) Taiyo Life Urawa Building	Not covered	Not covered

FY 2012 Group CSR Activities Status Report (excerpt) 1.2

Listed below are the major activities implemented as common Group measures. In addition, each Group company implements its own CSR activities. (★ indicates a priority area for FY 2012)

Group CSR Charter item	Our efforts Plan	Results/performance Do/Check	Activities planned for FY 2013 Act
★Respect for human rights	Promote active roles for women as a Group personnel strategy	Continued working group activities by the Group's female employees, and the three life insurance companies jointly planned and held meetings twice for female employees to exchange views. Posted proceedings of the meetings in the Group's newsletter to broadly inform executives and employees of the event. Endeavored to boost interest in taking on the challenge of career building. Held a seminar for Group executives and division managers to share perspectives among the management team on promoting active roles for women.	Enhance and improve Group-wide efforts by strengthening collaboration among personnel divisions and by implementing policies in a cooperative fashion designed to foster awareness and educate executives and employees, while confirming the views of female employees.
	Educational activities to promote work-life balance	Continued to offer e-learning (9 courses in total since FY 2008) to promote correct understanding of the work-life balance the Group is seeking.	Set out promotion of work-life balance and active roles for women as a target for the action plan for April 1, 2013 – March 31, 2015 in line with the Act on Advancement of Measures to Support Raising Next-Generation Children, and continue educational activities.
	Aggressive hiring of persons with disabilities	Shared information within the Group on the status of hiring of persons with disabilities. The number of persons with disabilities employed by the three life insurance companies totaled 316 as of March 2013, of whom 41 had been newly hired in FY 2012, constituting 2.04% of the Group's workforce.	Make further progress in creating workplaces comfortable for persons with disabilities, and promote further hiring of persons with disabilities.
★Global environmental protection	Establishment of green procurement standards including printing, real estate, system equipment	Established "Green Purchasing Standards and Detailed Rules" and promoted priority purchase of the products and services that helped diminish environmental impacts in printing of product pamphlets and policy documents and in procurement of real estate facilities and system equipment, etc. at the Group companies.	Ascertain the status of green procurement at Group companies, and communicate this information among Group companies.
	Reduction in electric power use Period: FY 2008 – FY 2012 Baseline year: 2nd half FY 2006 and 1st half FY 2007 Scope: Shiodome head office building Target: reduction in five-year average by more than 2% compared to baseline year	Continued to take steps to deal with power shortages due to the Great East Japan Earthquake. Pursued measures such as turning off lights during lunch breaks, putting PCs on standby when away from the desk, ensuring tight control of air conditioning outside working hours, and turning off copy machines and printers when not in use. [Target ratio: 82.3% (target achieved)]	Establish the following new long-term targets for a five-year period from FY 2013, with the applicable scope extending to the head offices and branches of all core companies. Undertake Group-wide efforts to achieve targets. Period: FY 2013 – FY 2017 Base year: FY 2009 Scope: all buildings owned, leased and used by core companies Target: reduction in power consumption per floor space on a five-year average by more than 10% from base year
	Reduction in office paper use Period: FY 2009 – FY 2013 Baseline: five-year average up to FY 2008 Scope: Shiodome head office building Target: reduction in five-year average by 5%	Strengthened control over number of copies, reduced meeting materials, and utilized 2-in-1 and two-sided printing. [Target ratio: 76.1% (target achieved)]	Continue to implement such measures as strengthening control over number of copies, reducing meeting materials, and utilizing 2-in-1 and two-sided printing.
	Green purchasing ratio Target: more than 80% Scope: Holdings & core companies	Continued to enforce the strict internal rule of obtaining permission when purchasing products other than eco-friendly products, which has been in place since FY 2010. [Green purchasing ratio: 95.7% (target achieved)]	Continue to implement FY 2012 measures, and share information on innovative approaches taken by other companies such as paperless meetings using iPads, policy documents contained in CD-ROMs.
Strict compliance	Enhance knowledge and understanding of executives and employees regarding compliance	Conducted a group-wide exam on key compliance-related topics, namely basic policy, issues related to day-to-day operations, whistleblower system, in September as part of the Group compliance training program.	Define prevention of office harassment as a key theme of Group-wide compliance training and organize programs with a focus on the theme.
	Enhance knowledge and understanding of Group executives regarding compliance	Conducted two executive seminars for directors and general managers at T&D Holdings, presidents of the three core life insurance companies, and other directors and general managers in charge of compliance on the themes of: prevention of executive misconduct (in July); and major points to consider in developing appropriate structures in response to the insurance company inspection/evaluation system (in October).	Conduct seminars on the theme of prevention of office harassment for directors and general managers at T&D Holdings and Group companies in collaboration with the General Affairs Department.
Communication	Issuance of Corporate Responsibility Report	Issued a "Focus Edition" in September intended for employees, customers, and general consumers, and a "Data Edition" in October primarily intended for investors. Their English versions were issued in December.	Issue the Corporate Responsibility Report 2013, "Focus Edition" and "Data Edition," in September, with their English version in November, which reflect a third-party opinion, results of employee surveys and assessments by outside organizations.
	Raise awareness of Group executives and employees regarding CSR	Provided e-learning programs that summarize the Group's concept of CSR in relation to the Corporate Philosophy and sort out various CSR activities according to the provisions of the Group CSR Charter.	Conduct e-learning programs and surveys regarding environmental protection for executives and employees.
Contribution to communities and societies	Implementation of Group-wide blood donation campaigns	Blood donation campaigns were conducted in August and January at the Shiodome head office building in collaboration with Group companies. A total of 371 persons participated in these blood donation campaigns.	Similar to FY 2012, implement Group's joint blood donation campaigns in August and January, when blood for transfusions tends to be in short supply.

# Third-party Opinion

**Takeshi Mizuguchi**  
Professor, Faculty of Economics  
Takasaki City University of Economics

## Toward true integration of business and CSR

T&D Life Group’s Corporate Responsibility Report consists of two editions—a Focus Edition and a Data Edition—and I see that this Data Edition is intended to provide a detailed report on the Group’s activities. I sympathize with the Group’s basic stance and overall concepts regarding CSR, as I have expressed in the third-party comment for the Focus Edition. For the Data Edition, I will provide more in-depth comments and suggestions in the same capacity.

### 1. Tackling social challenges through business activities

Among the variety of topics covered in the Data Edition, I have been impressed most by the Message from the Top Management, the opening section. In this keynote message, the President summarizes the Group’s basic stance toward CSR, stating that they can help bring about a better society, a society in which people can live with peace of mind, through the provision of insurance; and committing themselves to their core business of life insurance itself is a CSR-oriented endeavor. I will express my wholehearted support for this policy. The prominence of this idea, however, seems to highlight an aspect of the report I view as somewhat dissatisfactory, which is lack of adequate discussion on this important theme.

The Data edition has introduced the Group’s meaningful efforts aimed to enhance customer satisfaction, including the system for reflecting customer feedback in operations (pp.19-21), examples of improvements based on customer feedback (p.18), and new products and services developed to respond to needs emerging along with the changing social environment (p.22). I favorably recognize these articles as expression of their sincere business attitudes and activities. At the same time, however, I could not help but wonder if their business activities are adequately analyzed and described in this report from the perspective of promoting CSR-oriented business endeavors.

Japan is seeing overall health-related risks rising due to a range of major social challenges, from an aging population with a declining birthrate to the global climate change that is likely to increase the risk of heat stroke and infection cases. Against this background, public needs for stronger preparation and protection against health risks are expected to grow in years to come. The insurance sector should accommodate these needs effectively in response to this social trend. Additionally, given a widening income disparity facing the country, the above task will likely require enhanced efforts, in order to sustainably provide insurance products available to satisfy the security need of every individual. Outside Japan, there are many countries where insurance markets have not sufficiently developed to provide appropriate and accessible insurance products to large parts of the population. I do not suggest that insurance companies can address these issues immediately; my request is that they should include those themes in planning actions for business activities in the coming five to 10 years. In line with this, I would suggest that the Group’s report include a description of its future vision and approach regarding these social challenges, in addition to reporting the current efforts.

**Profile**  
Graduated from College of Policy and Planning Sciences, Third Cluster of Colleges, Tsukuba University in 1984. After working at Nichimen Corporation and Eiwa Audit Corporation, he became an instructor in the Faculty of Economics at Takasaki City University of Economics, and assumed his present position in 2008. His primary areas of research include environmental accounting and socially responsible investment. He has also served as Chair of the Japanese Institute of Certified Public Accountants’ Technical Committee on Sustainability Information Disclosure, and as a member on the Central Environment Council’s Special Committee on the Environment and Finance. At present, he serves as the joint representative director of the Japan Sustainable Investment Forum. His principal books include *Responsible Investment* (Iwanami Shoten), *Accounting and Investment for Social Change* (Iwanami Shoten), *The Environment and Financial/Investment Trends* (author/editor, Chuo Keizai-sha), and *Environmental Management and Accounting* (co-author, Yuhikaku Publishing).

### 2. Fulfilling responsibility as an institutional investor

Managing funds collected as premiums is an important part of insurance business that sells security in exchange for such spending. By engaging in asset management, insurance companies act as institutional investors that can have a considerable impact on the economy and society, and for this reason these entities should not simply pursue short-term profits but instead should behave in consideration of the environment and society from a wide-ranging and long-term view. In light of this socially aware behavior, increasingly known as “responsible investment,” the Group deserves credit for the appropriate action of its member companies, specifically, Taiyo Life signing on to the UNPRI ahead of other Japanese life insurance firms, followed by T&D Asset Management, which signed last year. I would ask that their responsible investment activities be advertised more actively in Japan and overseas, which I hope will help promote this social concept among the nation that lacks understanding of its importance compared to leading countries in the West.

In this respect, I suggest that the action of Taiyo Life in this area, including its participation in Principles for Financial Action for the 21st Century, should be expanded to the other two Group life insurance companies. I understand that the current disunity among the three firms stems from difference in business model and management method; but still I advise that the Group can externally establish its commitment to responsible investment in the form of the full involvement of its three major companies in the key national and international SRI principles, which basically do not restrict specific management schemes and methods.

### 3. Other issues

I should point out a couple of what seems to be integrity issues within the report. One is about inadequate explanation of the relevancy of the two priority CSR themes of “respect for human rights” and “global environmental protection” (p.4) to the Group’s basic stance summarized in the opening top message as “consistently pursuing our core business is itself CSR for the life insurance companies,” which I find difficult to understand even considering the independent appropriateness of respective agendas. Another concern relates to the section of risk management, which should have clarified how the newly introduced ERM (p.13) is incorporated in the overall risk management systems and measures (p.14).

Allowing for the above minor issues, I would like to highly commend the report for its successful communication of the Group’s sincere corporate efforts. I expect that the Group will continue endeavoring to fulfill its commitment to addressing social challenges through the insurance business.

# Establishing Connections, Fostering Communication in the Group

3.5 4.16 FS4

T&D Holdings places as much importance on fostering communication within the Group as with our external stakeholders. Viewing each one of the Group employees as a vital stakeholder, we encourage them to work both for their own individual growth and for the growth of the Group, aiming to fulfill our public mission and social responsibility. While the primary purpose of the T&D Life Group Corporate Responsibility Report is to help our external stakeholders gain a better understanding of the Group, the report is also intended as a tool for employees to learn and think more about their own groups, as well as to raise awareness of corporate responsibility.

In order to improve the report and enhance the Group’s corporate responsibility activities, we provide the report (Focus Edition) to all individual executives and employees in the Group, and conduct a post-reading questionnaire. As a part of such efforts, we have made donations to environmental volunteer groups, to an amount that matches the number of full response to the questionnaire, starting in fiscal 2009. In fiscal 2012, the charitable contribution was offered to Satoyama Hozen Saisei Network, an environmental NPO working on the conservation and revival of local woodlands.

## [Questionnaire Outline]

### (1) Respondents

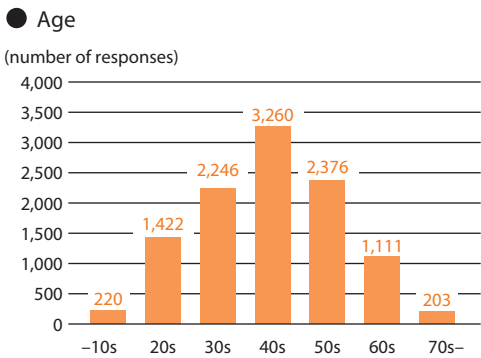
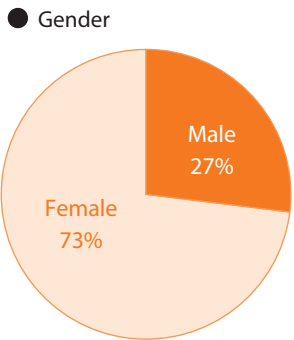
T&D Life Group executives and employees  
\* Conducted as an anonymous questionnaire

### (2) Survey response

No. of respondents	Response rate
11,005	47.5%

\* Survey period: from November to December 2012

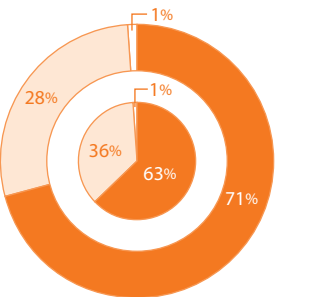
### (3) Breakdown of respondents



\* Since this survey was conducted anonymously and answers regarding age and gender were voluntary, tabulated figures do not match the total number of responses.

## [About the Report as a whole]

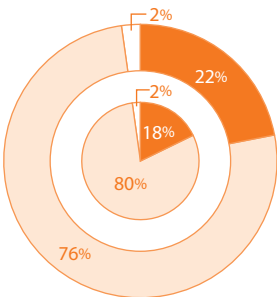
### (1) Contents



Inner area: 2011  
Outer area: 2012

■ Easy to understand  
□ Average  
□ Hard to understand

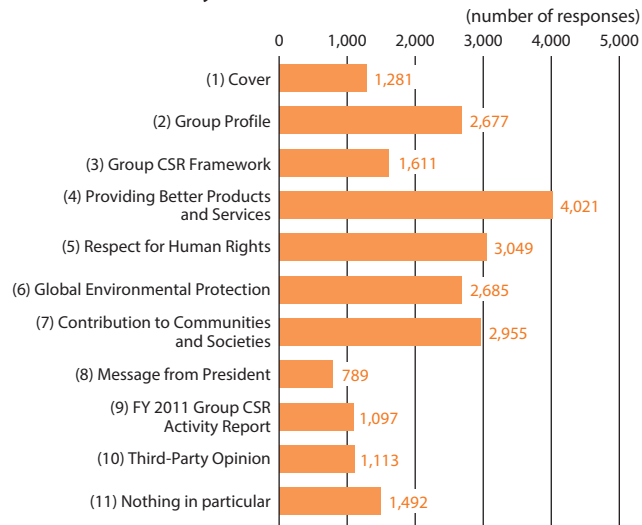
### (2) Volume of information



Inner area: 2011  
Outer area: 2012

■ More than enough  
□ Appropriate  
□ Not enough

## Sections favorably received



## Comments and requests received

Among the articles contained in the report, “Providing Better Products and Services” received the most favorable response. Readers’ interest focused on the description of our efforts to increase customer satisfaction by using customer feedback to develop and offer better products and services and thereby serve a social role.

## Our response

A feature story in the Focus Edition of the 2013 report introduces Group companies’ efforts to fulfill their corporate responsibilities through business activities, with a focus on provision of better products and services and speedy and accurate insurance payout operations.

T&D Life Group Corporate Responsibility Report 2013

G3.1 GRI Content Index 3.12

Item		Indicator	Pages in this report
1. Strategy and Analysis			
1.1		Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	2
1.2		Description of key impacts, risks, and opportunities.	2, 40
2. Organizational Profile			
2.1		Name of the organization.	6
2.2		Primary brands, products, and/or services.	5, 7–8
2.3		Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	5, 7–8
2.4		Location of organization's headquarters.	6
2.5		Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	5 Activities in Japan only
2.6		Nature of ownership and legal form.	35
2.7		Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	5, 7–8
2.8		Scale of the reporting organization, including: <ul style="list-style-type: none"><li>• Number of employees</li><li>• Number of operations</li><li>• Net sales (for private sector organizations) or net revenues (for public sector organizations)</li><li>• Total capitalization broken down in terms of debt and equity (for private sector organizations)</li><li>• Quantity of products or services provided</li></ul>	6, 35
2.9		Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"><li>• The location of, or changes in operations, including facility openings, closings, and expansions</li><li>• Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).</li></ul>	Not applicable
2.10		Awards received in the reporting period.	6, 23
3. Report Parameters			
Report Profile			
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.	1
Report Scope and Boundary			
3.5		Process for defining report content, including: <ul style="list-style-type: none"><li>• Determining materiality</li><li>• Prioritizing topics within the report</li><li>• Identifying stakeholders the organization expects to use the report</li></ul>	1, 42
3.6		Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	1, 5, 39
3.7		State any specific limitations on the scope or boundary of the report.	1, 5, 39
3.8		Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Not applicable
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.	38
3.10		Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	9
3.11		Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	39
GRI Content Index			
3.12		Table identifying the location of the Standard Disclosures in the report.	43–46
Assurance			
3.13		Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	1
4. Governance, Commitments, and Engagement			
Governance			
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.	10–11, 36
4.2		Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	10
4.3		For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	10, 36
4.4		Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	16, 28
4.5		Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	10
4.6		Processes in place for the highest governance body to ensure conflicts of interest are avoided.	10–12, 36
4.7		Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	10
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.	3, 12, 33
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.	4, 14, 17
4.10		Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	10, 12

—: No information in this report. However, this report does not cover all the activities of the Group.

CORE: “Core indicator,” meaning an indicator that most stakeholders are interested in.

ADD: “Additional indicator,” meaning an indicator for a new theme or a theme important to certain organizations.

Item		Indicator	Pages in this report
Commitments to External Initiatives			
4.11		Explanation of whether and how the precautionary approach or principle is addressed by the organization.	5, 12–14
4.12		Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	16–17
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</li><li>• Views membership as strategic</li></ul>	6
Stakeholder Engagement			
4.14		List of stakeholder groups engaged by the organization.	3, 15
4.15		Basis for identification and selection of stakeholders with whom to engage.	-
4.16		Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	15, 16, 42
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, including through its reporting.	18
5. Management Approach and Performance Indicators			
Economic			
		Disclosure on Management Approach	3, 8–9, 13
Economic			
Aspect: Economic Performance			
EC1	CORE	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	8–9, 35–36
EC2	CORE	Financial implications and other risks and opportunities for the organization's activities due to climate change.	14
EC3	CORE	Coverage of the organization's defined benefit plan obligations.	-
EC4	CORE	Significant financial assistance received from government.	Not applicable
Aspect: Market Presence			
EC5	ADD	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Not applicable
EC6	CORE	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Not applicable
EC7	CORE	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	-
Aspect: Indirect Economic Impacts			
EC8	CORE	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	22, 29–32
EC9	ADD	Understanding and describing significant indirect economic impacts, including the extent of impacts.	-
Environmental			
		Disclosure on Management Approach	3, 33–34, 38–40
Environmental			
Aspect: Materials			
EN1	CORE	Materials used by weight or volume.	39
EN2	CORE	Percentage of materials used that are recycled input materials.	-
Aspect: Energy			
EN3	CORE	Direct energy consumption by primary energy source.	-
EN4	CORE	Indirect energy consumption by primary source.	38–39
EN5	ADD	Energy saved due to conservation and efficiency improvements.	39
EN6	ADD	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	39
EN7	ADD	Initiatives to reduce indirect energy consumption and reductions achieved.	33
Aspect: Water			
EN8	CORE	Total water withdrawal by source.	38
EN9	ADD	Water sources significantly affected by withdrawal of water.	Not applicable
EN10	ADD	Percentage and total volume of water recycled and reused.	38
Aspect: Biodiversity			
EN11	CORE	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not applicable
EN12	CORE	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not applicable
EN13	ADD	Habitats protected or restored.	34
EN14	ADD	Strategies, current actions, and future plans for managing impacts on biodiversity.	-
EN15	ADD	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not applicable
Aspect: Emissions, Effluents, and Waste			
EN16	CORE	Total direct and indirect greenhouse gas emissions by weight.	38
EN17	CORE	Other relevant indirect greenhouse gas emissions by weight.	-
EN18	ADD	Initiatives to reduce greenhouse gas emissions and reductions achieved.	33, 38
EN19	CORE	Emissions of ozone-depleting substances by weight.	Not applicable
EN20	CORE	NO, SO, and other significant air emissions by type and weight.	Not applicable



Item		Indicator	Pages in this report
EN21	CORE	Total water discharge by quality and destination.	Not applicable
EN22	CORE	Total weight of waste by type and disposal method.	38
EN23	CORE	Total number and volume of significant spills.	Not applicable
EN24	ADD	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not applicable
EN25	ADD	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not applicable
Aspect: Products and Services			
EN26	CORE	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	33
EN27	CORE	Percentage of products sold and their packaging materials that are reclaimed by category.	Not applicable
Aspect: Compliance			
EN28	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Not applicable
Aspect: Transport			
EN29	ADD	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	-
Aspect: Overall			
EN30	ADD	Total environmental protection expenditures and investments by type.	-
Social			
Labor Practices and Decent Work			
		Disclosure on Management Approach	3, 27–28, 37–38, 40
Labor Practices and Decent Work			
Aspect: Employment			
LA1	CORE	Total workforce by employment type, employment contract, and region broken down by gender.	37, 38
LA2	CORE	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	37, 38
LA3	ADD	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	-
LA15	CORE	Return to work and retention rates after parental leave, by gender.	-
Aspect: Labor/Management Relations			
LA4	CORE	Percentage of employees covered by collective bargaining agreements.	-
LA5	CORE	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	-
Aspect: Occupational Health and Safety			
LA6	ADD	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	-
LA7	CORE	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender.	-
LA8	CORE	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	28
LA9	ADD	Health and safety topics covered in formal agreements with trade unions.	28
Aspect: Training and Education			
LA10	CORE	Average hours of training per year per employee by gender and by employee category.	-
LA11	ADD	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	25–28
LA12	ADD	Percentage of employees receiving regular performance and career development reviews by gender.	-
Aspect: Diversity and Equal Opportunity			
LA13	CORE	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	27, 37–38
LA14	CORE	Ratio of basic salary of men to women by employee category.	-
Human Rights			
		Disclosure on Management Approach	3, 28, 40
Human Rights			
Aspect: Investment and Procurement Practices			
HR1	CORE	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Not applicable
HR2	CORE	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening and actions taken.	Not applicable
HR3	ADD	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	27
Aspect: Non-Discrimination			
HR4	CORE	Total number of incidents of discrimination and corrective actions taken.	Not applicable
Aspect: Freedom of Association and Collective Bargaining			
HR5	CORE	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Not applicable
Aspect: Child Labor			
HR6	CORE	Operations and significant suppliers identified as having significant risk of incidents of child labor, and measures taken to contribute to the elimination of child labor.	Not applicable
Aspect: Forced and Compulsory Labor			
HR7	CORE	Operations and significant suppliers identified as having significant risk of incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Not applicable
Aspect: Security Practices			
HR8	ADD	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not applicable

—: No information in this report. However, this report does not cover all the activities of the Group.

CORE: "Core indicator," meaning an indicator that most stakeholders are interested in.

ADD: "Additional indicator," meaning an indicator for a new theme or a theme important to certain organizations.

Item		Indicator	Pages in this report
Aspect: Indigenous Rights			
HR9	ADD	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not applicable
HR10	CORE	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	-
HR11	CORE	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	-
Society			
		Disclosure on Management Approach	3, 29–32, 40
Society			
Aspect: Local Communities			
SO1	CORE	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	-
SO9	CORE	Operations with significant potential or actual negative impacts on local communities.	-
SO10	CORE	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	-
Aspect: Corruption			
SO2	CORE	Percentage and total number of business units analyzed for risks related to corruption.	14
SO3	CORE	Percentage of employees trained in organization's anti-corruption policies and procedures.	13
SO4	CORE	Actions taken in response to incidents of corruption.	Not applicable
Aspect: Public Policy			
SO5	CORE	Public policy positions and participation in public policy development and lobbying.	-
SO6	ADD	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	-
Aspect: Anti-Competitive Behavior			
SO7	ADD	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	Not applicable
Aspect: Compliance			
SO8	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Not applicable
Product Responsibility			
		Disclosure on Management Approach	3, 18–26
Product Responsibility			
Aspect: Customer Health and Safety			
PR1	CORE	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	18–26, 37
PR2	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not applicable
Aspect: Product and Service Labeling			
PR3	CORE	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	-
PR4	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not applicable
PR5	ADD	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	16, 19–22, 37
Aspect: Marketing Communications			
PR6	CORE	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	23
PR7	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Not applicable
Aspect: Customer Privacy			
PR8	ADD	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not applicable
Aspect: Compliance			
PR9	CORE	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Not applicable
Financial Services Sector Specific Disclosure on Management Approach			
FS1	CORE	Policies with specific environmental and social components applied to business lines.	3, 12, 33
FS2	CORE	Procedures for assessing and screening environmental and social risks in business lines.	14
FS3	CORE	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	-
FS4	CORE	Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	12–13, 25–27, 34, 42
FS5	CORE	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	16, 18
FS6	CORE	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	7–8
FS7	CORE	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	7-8, 22
FS8	CORE	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	-
FS9	CORE	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	11
FS10	CORE	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	-
FS11	CORE	Percentage of assets subject to positive and negative environmental or social screening.	-
FS12	CORE	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to voting shares or advises on voting.	17
FS13	CORE	Access points in low-populated or economically disadvantaged areas by type.	Not applicable
FS14	CORE	Initiatives to improve access to financial services for disadvantaged people.	24
FS15	CORE	Policies for the fair design and sale of financial products and services.	22–23
FS16	CORE	Initiatives to enhance financial literacy by type of beneficiary.	16