

# Corporate Responsibility Report 2014

Unique strengths of the T&D Life Group



Data Edition

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## About Corporate Responsibility Report 2014

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

**3.1** **3.2** **3.3** **3.6** **3.7**

Published in November 2014 (Previous Issue: November 2013; Next Issue: Scheduled for October 2015)

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 2013 to March 2014 (annual)

\*Also includes reports on some significant activities and events having occurred in and after April 2014.

### For further information, please contact the following organization

**3.4**

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

**3.13**

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

**3.5**

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 Corporate Responsibility Report 2014, as we did for the 2013 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.

#### Outline of Focus Edition

- Value Creation Process of the T&D Life Group
- Special Feature: Unique strengths of the T&D Life Group
- Major Contribution Activities for Local Communities and Society
- Compliance and Communication
- Promotion of the Group's CSR Activities and Status of Activities
- Message from President
- Third-party Opinion/Response to Third-party Opinion

## Solving social issues through business activities is our responsibility

Ten years have passed since the T&D Life Group companies were unified as one life insurance group under the umbrella of T&D Holdings. Over the decade, we have been confronted with very difficult situations, such as the global economic turmoils and the Great East Japan Earthquake. At such difficult times, however, our Group has worked together to address the challenges, with individual group companies using their ingenuity and learning from each other.

The most remarkable characteristic of the T&D Life Group is that its three core life insurance companies, Taiyo Life, Daido Life and T&D Financial Life, are providing unique life insurance products via different channels in completely different markets, namely, the household market, small and medium enterprise market, and financial institutions and other agencies market.

Guided by the 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," each of the T&D Life Group companies deploys its own businesses under the common Group management vision. While we share the same corporate philosophy and vision as a major life insurance Group, our individual member companies have continued to demonstrate a high level of uniqueness and expertise. As a result, we have built a strong foundation for steady growth of the T&D Life Group.

In the past 10 years since we gathered under T&D Holdings until now, each of the Group companies has provided products and services rich in their originality. Also, by promoting various unique CSR activities, we have responded to a wide range of stakeholders' expectations and thereby earned stakeholders' trust while contributing to solving social issues. Working in such a broad domain is a unique strength of the T&D Life Group.

Japan is now facing various challenges that have surfaced from the emergence of aging society with fewer children. Those issues involve the slowdown of economic growth, change of views on life and work style, and the

advancement of medical care. Confronting these issues, contemplating solutions and making such solutions available to a wide range of stakeholders, including customers: these are the actions we are taking toward the realization of our Group management philosophy.

In 2014, the T&D Life Group companies signed on to the Principles for Financial Action for the 21st Century and expressed their intention to promote actions for creating a sustainable society through their own businesses. The T&D Life Group intends to help solve various emerging social issues that affect individuals, households and enterprises by providing, via our Group companies, unique life insurance products and services. At the same time, for community issues and environmental protection, we will fulfill our responsibility through a wide range of business activities initiated at the company level.

Such measures, as noted above, are executed by individual companies within the Group, including the holding company, as well as by the executives and employees working at those companies. In order to promote CSR activities on a group-wide basis, we established the Group CSR Committee in 2011. The committee confirms the progress of activities at the end of each fiscal year and formulates the action policy of the Group for the following year. By executing measures and checking their progress, we can ensure that the whole Group is thoroughly implementing the PDCA cycle. We are managing our CSR activities to ensure that each of our Group companies as well as our executives and employees take effective steps toward solving social issues.

We wish to grow as a Group that can contribute to people and communities by fulfilling our corporate social responsibility through our own unique efforts that the T&D Life Group can make toward solving various issues.

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

## Input

## Capital and resources invested for value generation

## T&amp;D Holdings, Inc. Shareholders

2.6

Total number of issued shares (unit: 1,000 shares) **681,480**

## Proportion of Shares Held (as of March 31, 2014)

Shareholder category	Financial institutions	Financial product dealers	Other corporations	Foreign corporations, etc.	Individuals and others	Total
No. of shares held (1,000 shares)	190,308	10,291	147,188	280,821	52,868	<b>681,480</b>
Proportion of shares held (%)	27.93	1.51	21.60	41.21	7.76	<b>100.00</b>

\* Figures for the proportion of shares held are rounded off to two decimal places.

## Principal Shareholders (as of March 31, 2014)

Name	No. of shares held (1,000 shares)	Percentage of shares held vs outstanding shares (%)
The Master Trust Bank of Japan Ltd. (Trust Account)	36,926	5.42
Japan Trustee Services Bank, Ltd. (Trust Account)	34,828	5.11
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21,049	3.09
The Bank of New York Mellon SA/NV 10	12,417	1.82
RBC IST OMNIBUS 15.315 PCT NON LENDING ACCOUNT	11,881	1.74
The Bank of New York, Non-Treaty JASDEC Account	11,242	1.65
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	9,488	1.39
Japan Trustee Services Bank, Ltd. (Trust Account 1G)	8,425	1.24
Komatsu Ltd.	8,167	1.20
Japan Trustee Services Bank, Ltd. (Trust Account 5G)	7,869	1.15
Total	<b>162,296</b>	<b>23.82</b>

\* In addition to above, the T&amp;D Life Group holds 9,212,000 treasury shares (1.35%).

## Group Environmental Performance Targets and Results

Scope of the environmental impact data is defined on page 4, "Environmental Performance Data and Scope of Group-wide Targets."

FY 2013 data (★) meet the International Standard on Assurance Engagements (ISAE) 3000 and 3410 (International Federation of Accountants) as certified by Ernst &amp; Young Sustainability Co., Ltd.

## Electricity Consumption

EN4 EN5 EN7

Baseline: FY 2009 value (Electric consumption per unit of floor space)

&lt;Target&gt;

Five-year average of FY 2013 to FY 2017 at least 10% below baseline value (123 kWh/m<sup>2</sup>)

	Baseline	FY 2013★	Average value at the end of FY 2013	
Electricity consumption (1,000 kWh)	68,163	53,898	<b>53,898</b>	
Total floor space (1,000 m <sup>2</sup> )	554	531	<b>531</b>	
Per unit of floor space (kWh/m <sup>2</sup> )	123	101	<b>101</b>	<b>-22</b>
Compared to baseline (FY 2009)	—	82.5%	<b>82.5%</b>	<b>-17.5</b>

\* Making steady progress toward the target as of the end of FY 2013 (17.5% reduction).

\* Electricity consumption target is set only for the Group's core companies.

\* Scope of electric consumption and floor space: Floor space owned, leased and used by the holding company and core Group companies, excluding the area used by tenants.

\* The average floor space of the fiscal year shall be used in cases where the total floor space changes over the course of the year.

## Office Paper Consumption

EN1

Baseline: Five-year average until FY 2008

&lt;Long-term Target&gt;

Cut five-year average from FY 2009 to FY 2013 by 5% compared to the baseline value (234 t).

FY 2011	FY 2012	FY 2013★	Latest 5-year average
184 t	162 t	<b>163 t</b>	<b>183 t</b>

\* Both FY 2013 actual and the latest 5-year average achieved FY 2013 target (196 t) and long-term target (222 t).

## Green Purchasing Ratio

&lt;Target&gt;

Keep the green purchasing ratio for office supplies and stationary at minimum of 80%.

FY 2011	FY 2012	FY 2013★	Compared to target
95.9%	95.7%	95.4%	<b>+15.4%</b>

## Board of Directors and Audit & Supervisory Board Members

4.3

4.6

### Number of Directors 11

Chairman of the board of directors	President
Directors	11
Male	10
Female	1
Outside directors	2 (including one female)
Outside directors' role	They are involved in the deliberation of agenda at the Board meetings based upon their specialist knowledge in their capacities as a lawyer and a university professor.

### Number of Audit & Supervisory Board Members 4

Audit & supervisory board members	4
Male	4
Female	0
Outside audit & supervisory board members	2
Outside audit & supervisory board members' role	The outside audit & supervisory board members offer advice during deliberation of agenda items at meetings of the Board of Directors, etc. based upon their specialist knowledge in their capacity as lawyers.

## Number of Employees

2.8

LA1

LA13

### Number of employees 19,868

#### ● Number of employees (T&D Holdings, consolidated)

Business sector	March 31, 2012	March 31, 2013	March 31, 2014
Insurance and insurance-related businesses	19,606 (1,867)	19,211 (1,724)	18,595 (1,506)
Investment-related businesses	501 (34)	460 (36)	471 (31)
Administration-related businesses	875 (277)	826 (191)	802 (160)
<b>Total</b>	<b>20,982 (2,178)</b>	<b>20,497 (1,951)</b>	<b>19,868 (1,697)</b>

\* 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.

#### ● Number of employees and number of people hired by the Group's three life insurance companies

	No. of employees			No. of employees hired		
	March 31, 2012	March 31, 2013	March 31, 2014	FY 2011	FY 2012	FY 2013
<b>No. of employees</b>	19,863	19,455	<b>18,806</b>	3,767	4,139	<b>3,802</b>
Male	4,197	3,991	<b>3,852</b>	182	101	<b>111</b>
Female	15,666	15,464	<b>14,954</b>	3,585	4,038	<b>3,691</b>
<b>Sales representatives</b>	12,790	12,799	<b>12,436</b>	3,610	4,022	<b>3,650</b>
Male	477	419	<b>376</b>	53	36	<b>26</b>
Female	12,313	12,380	<b>12,060</b>	3,557	3,986	<b>3,624</b>
<b>Number of customer service staff</b>	534	453	<b>369</b>	0	0	<b>0</b>
<b>Administrative staff</b>	6,539	6,203	<b>6,001</b>	157	117	<b>152</b>
Male (Managers)	3,720 (2,097)	3,572 (2,059)	<b>3,476 (2,064)</b>	129	65	<b>85</b>
Female (Managers)	2,819 (258)	2,631 (261)	<b>2,525 (265)</b>	28	52	<b>67</b>

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

## Environmental Performance Data (Electricity and water consumption)

EN4

EN8

EN10

### Electricity consumption 99,302 MWh

### Water consumption 73,900 m<sup>3</sup>

	FY 2011	FY 2012	FY 2013★
Electricity consumption	109,570 MWh	106,440 MWh	<b>99,302 MWh</b>
Water consumption (Utility + Reclaimed water)	79,500 m <sup>3</sup>	78,600 m <sup>3</sup>	<b>73,900 m<sup>3</sup></b>
Reclaimed water usage rate	24.3%	24.7%	<b>25.0%</b>

\* Scope of the environmental performance data is defined in "Environmental Performance Data and Scope of Group-wide Targets" below.

\* MWh=1,000 kWh

\* FY 2013 data (★) meet the International Standard on Assurance Engagements (ISAE) 3000 and 3410 (International Federation of Accountants) as certified by Ernst & Young Sustainability Co., Ltd.

## Environmental Performance Data and Scope of Group-wide Targets

3.6

3.7

3.9

3.11

	Group environmental performance data				Group-wide targets		
	CO <sub>2</sub> *1	Electricity	Water	Waste	Electricity	Office paper	Green purchasing ratio
T&D Holdings	○	○	○	○	○	○	○
Taiyo Life, Daido Life, T&D Financial Life							
All sites	○ *2	○ *2			○		○
Headquarters			○ *3	○ *3		○	
T&D Asset Management	○	○	○	○	○	○	○
T&D Information Systems	○	○	○ *3	○ *3			

○ = data covered

\*1 In accordance with the Greenhouse Gas Emission Volume Calculation, Reporting, and Disclosing System, the figures were calculated by multiplying the measured energy input by the predetermined coefficient.

\*2 Electricity consumption values for Taiyo Life and Daido Life were calculated in accordance with the law on the rationalization of energy consumption. Therefore, the electricity consumption and CO<sub>2</sub> emissions include the consumption and emission by third-party tenants in the buildings owned by those companies.

\*3 The scope is limited to key locations only (Shiodome Shiba-Rikyu Building, Daido Life Osaka Head Office Building and Taiyo Life Urawa Building).

Water and waste from the Shiodome Shiba-Rikyu Building include water used and waste generated by restaurants, retail stores and other establishments that are not operated by the Group.

# Business Activities & Output

## Business Activities and Major Products

### A Unique Business Model Established in Three Markets

2.2

2.7

#### Household market



**Channel:** In-house sales representatives  
**Products:** Comprehensive coverage centered on death protection and medical/nursing care products.

#### Small and medium enterprise (SME) market



**Channel:** In-house sales representatives  
 Agents (tax accountants, etc.)  
**Products:** Term life insurance (covering death), disability income insurance, etc.

#### OTC sales at financial institutions and other agents market



**Channel:** Independent insurance agents (Financial institutions, insurance shop agencies)  
**Products:** Single premium products and income protection insurance, etc.

### Customer Service Improvement Activities

4.16

PR5

#### Collecting customer feedback and identifying social issues and needs

- Informal meetings with customers
- Website ■ Survey
- Information gathering
- Visits by sales representatives
- Call center

#### Generating new ideas by analysis and internal sharing

#### Implementation of ideas and providing customers with satisfying products and services

### Enhancement of Corporate Value with ERM\*1

#### Purpose

To promote stable and sustainable enhancement of the Group's corporate value through ERM\*1 (integrated management of profit, risk and capital)

#### Promote management toward the improvement of "Capital efficiency" on top of "Capital adequacy"

##### Capital adequacy (Soundness)

- Securing the appropriate level of capital
- Proper management of risks



##### Capital efficiency (Profitability)

- Improving ROEV (Growth rate of EV\*2)
- Proper management of capital

#### Stable and continuous enhancement of the Group's corporate value

Capital adequacy

EV\*2 growth

\*1 ERM stands for Enterprise Risk Management and refers to a strategic corporate management approach that seeks to increase corporate value and maximize profit through the integrated management of profit, risk and capital.

\*2 EV, Embedded Value, is one of the indicators of corporate value of life insurance companies.

# Outcome

## T&D Life Group's Financial Results

### Financial Performance of the Group

2.8

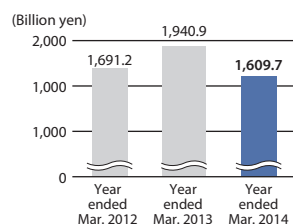
EC1

	Year ended March 2012	Year ended March 2013	Year ended March 2014
Consolidated operating results (Billion yen)			
Ordinary revenues	2,104.1	2,418.9	2,085.7
Income from insurance premiums	1,691.2	1,940.9	1,609.7
Ordinary profit	120.8	151.6	186.2
Net income	26.7	63.7	78.9
Consolidated balance sheet data (Billion yen)			
Total assets	12,861.0	13,668.7	13,804.2
Net assets	685.5	919.7	1,020.3
Per share information (Yen)			
Consolidated net income per share	39.41	94.52	117.42
Consolidated net assets per share	1,013.54	1,360.15	1,513.46
Annual dividend per share (T&D Holdings)	22.50	22.50	25.00
Management indicators (Billion yen)			
Policy amount in force	58,414.6	59,221.2	59,506.8
New policy amount	6,349.6	6,722.4	6,167.0
Core profit (loss)	144.9	182.4	210.2
Return on equity (consolidated) (%)	4.1	8.0	8.2

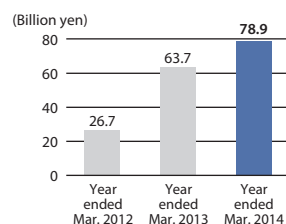
\* Management indicators other than ROE are the aggregate of non-consolidated business results of Taiyo Life, Daido Life and T&D Financial Life. Amounts of policies in force and new policies are the total of individual insurance and individual annuities.

\* Core profit is a performance indicator used by life insurance companies. It shows basic profit and loss status during the period, consisting of the insurance-related component i.e. income from insurance premiums minus payments of insurance benefits and business expenses, and the investment-related component, mainly income from interest and dividends. It is similar to the operating profits of general business companies and net business profits of banks.

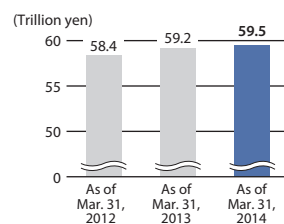
### Income from Insurance Premiums (Consolidated) 1,609.7 billion yen



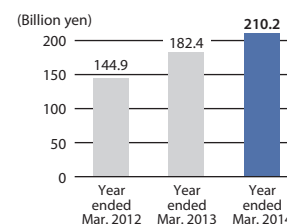
### Net Income (Consolidated) 78.9 billion yen



### Policy Amount in Force (Three life insurance companies combined) 59.5 trillion yen



### Core Profite (Three life insurance companies combined) 210.2 billion yen



### Corporate Value (MCEV\*1)

EC1

## Group MCEV\*1 1,970.1 billion yen

(Billion yen)

	As of Mar. 31 2012	As of Mar. 31 2013	As of Mar. 31 2014	Change from previous year
Group MCEV*1	1,543.0	1,664.4	1,970.1	305.7
MCEV of covered business*2	1,516.7	1,638.0	1,943.4	305.3
Net asset value of non-covered business*3	26.3	26.4	26.7	0.3
Value of new business	68.3	61.6	89.1	27.5

\*1 MCEV stands for Market Consistent Embedded Value, and is one of the indicators of corporate value of life insurance companies.

\*2 MCEV of the Group's life insurance business

\*3 Net asset value of the Group's businesses other than life insurance, calculated based on Japanese GAAP

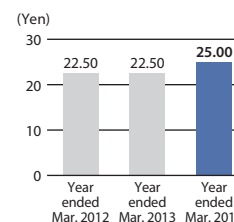
WEB Please visit the T&D Holdings website for details.  
(URL: <http://www.td-holdings.co.jp/en/ir/finance/data/>)

### Shareholder Returns

EC1

## Annual cash dividend per share 25.00 yen

### History of Annual Cash Dividend per Share



\* In order to improve shareholder interest, the Group has been acquiring its own shares amounting to approximately 5 billion yen in FY 2011, 3 billion yen in FY 2013, and 10 billion yen in the first half of FY 2014 in addition to payment of dividends.

# Outcome

## T&D Life Group's Financial Results

### Solvency Margin Ratio

EC1

**Consolidated 1,115.0%**

(Unit: %)

	As of Mar. 31, 2012	As of Mar. 31, 2013	As of Mar. 31, 2014
Taiyo Life (non-consolidated)	747.3	823.4	981.3
Daido Life (non-consolidated)	851.9	1,043.2	1,156.4
T&D Financial Life (non-consolidated)	553.7	648.4	1,051.2
Pet and Family Small-amount Short-term Insurance (non-consolidated)	979.8	543.5	305.9
T&D Holdings (consolidated)	810.6	943.8	1,115.0

### Credit Ratings

(As of July 23, 2014)

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

- **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>**  
Rating A: Strong ability to pay insurance claims and excellence in some evaluation factors.
- **Standard & Poor's (S&P) <Insurer Financial Strength Ratings>**  
Rating A: The insurance company 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.
- **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.

### Customer Feedback

PR1

PR5

#### 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 2011		FY 2012		FY 2013	
	No. of complaints	%	No. of complaints	%	No. of complaints	%
New contracts	3,273	27.4	3,196	33.6	2,813	31.7
Payment of premiums	1,062	8.9	716	7.5	631	7.1
Procedures after making a contract	1,333	11.2	1,033	10.8	1,396	15.7
Insurance claims and benefits	2,694	22.6	2,291	24.1	2,304	26.0
Others	3,573	29.9	2,287	24.0	1,735	19.5
Total	11,935	100.0	9,523	100.0	8,879	100.0

##### Daido Life

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

Complaints on	FY 2011		FY 2012		FY 2013	
	No. of complaints	%	No. of complaints	%	No. of complaints	%
Purchase of life insurance policy	1,762	15.7	1,660	15.6	1,698	14.6
Payment of premiums	1,321	11.8	1,141	10.7	1,143	9.8
Procedures after making a contract	3,922	35.0	3,571	33.5	4,077	35.0
Payment of insurance claims and benefits	2,256	20.1	2,165	20.3	2,149	18.4
Other	1,939	17.3	2,113	19.9	2,598	22.3
Total	11,200	100.0	10,650	100.0	11,665	100.0

##### T&D Financial Life

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

Complaints on	FY 2011		FY 2012		FY 2013	
	No. of complaints	%	No. of complaints	%	No. of complaints	%
New contracts	155	9.7	187	14.3	152	11.5
Payment of premiums, etc.	90	5.7	40	3.1	32	2.4
Procedures after making a contract	611	38.4	533	40.8	415	31.4
Insurance claims and benefits	285	17.9	222	17.0	516	39.1
Others	449	28.2	324	24.8	205	15.5
Total	1,590	100.0	1,306	100.0	1,320	100.0



## Insurance Payout Amount

EC1

**Total**  
**1,035.1 billion yen**

FY 2013	Insurance claim	Benefit (hospitalization, surgery, etc.)	Annuity	Total
Group's three life insurance companies	382.2 billion yen	192.4 billion yen	460.4 billion yen	<b>1,035.1 billion yen</b>

## Workplace Data (Group's three life insurance companies combined)

LA2

LA4

LA6

LA13

## ● Workplace Data

	FY 2011	FY 2012	FY 2013
Employment rate for persons with disabilities (%)	1.96	2.04	<b>2.15</b>
No. of employees taking maternity leave	191	213	<b>236</b>
No. of employees taking childcare leave	235	247	<b>273</b>
Male	76	51	<b>71</b>
Female	159	196	<b>202</b>
No. of employees taking nursing-care leave	6	5	<b>11</b>
Male	1	0	<b>0</b>
Female	5	5	<b>11</b>
Average number of paid vacation days taken*	11.1	10.3	<b>10.3</b>
Rate of unionization (%)*	80.5	80.5	<b>81.4</b>

\* Average number and rate of administrative staff at the Group's three life insurance companies.

## ● Turnover

	FY 2011	FY 2012	FY 2013
Turnover (number)	388	419	<b>365</b>
Voluntarily turnover	242	301	<b>206</b>
Male	206	221	<b>199</b>
Voluntarily turnover	81	116	<b>57</b>
Female	182	198	<b>166</b>
Voluntarily turnover	161	185	<b>149</b>

\* Number of administrative staff at the Group's three life insurance companies who left.

\* The number of turnover includes those who left the company upon reaching the compulsory retirement age, took up an executive position or passed away, etc.

Environmental Performance Data (CO<sub>2</sub> emissions)

EN16

EN18

**Total 59,908 t**

For the scope of the Group's environmental performance data, please refer to "Environmental Performance Data and Scope of Group-wide Targets" on page 4.

	FY 2011	FY 2012	FY 2013★
Indirect CO <sub>2</sub> emissions (GHG Protocol Scope 2)	44,366 t	54,184 t	<b>57,520 t</b>
Direct CO <sub>2</sub> emissions (GHG Protocol Scope 1)	2,517 t	2,598 t	<b>2,388 t</b>
<b>Total</b>	<b>46,883 t</b>	<b>56,782 t</b>	<b>59,908 t</b>

\* FY 2013 data (★) meet the International Standard on Assurance Engagements (ISAE) 3000 and 3410 (International Federation of Accountants) as certified by Ernst & Young Sustainability Co., Ltd.

## Environmental Performance Data (Waste generation)

3.11

EN22

**Final disposed amount**  
**211 t**

For the scope of the Group's environmental performance data, please refer to "Environmental Performance Data and Scope of Group-wide Targets" on page 4.

(1) Paper waste	FY 2011	FY 2012	FY 2013★
Final disposed amount	56 t	71 t	<b>141 t</b>
Recycled amount	389 t	344 t	<b>516 t</b>
Total amount generated	445 t	415 t	<b>658 t</b>
(2) Wastes other than paper	FY 2011	FY 2012	FY 2013★
Final disposed amount	48 t	51 t	<b>69 t</b>
Recycled amount	99 t	100 t	<b>136 t</b>
Total amount generated	147 t	151 t	<b>205 t</b>
(3) Recycling rate	FY 2011	FY 2012	FY 2013★
Paper waste	87.4%	82.9%	<b>78.5%</b>
Wastes other than paper	67.3%	66.2%	<b>66.2%</b>

\* Waste from the Taiyo Life Urawa Building has been included in the measurement since FY 2013.

\* FY 2013 data (★) meet the International Standard on Assurance Engagements (ISAE) 3000 and 3410 (International Federation of Accountants) as certified by Ernst & Young Sustainability Co., Ltd.

# Unique Strengths of the T&D Life Group

Our modern society is confronted with a range of issues. The T&D Life Group is sincerely facing up to these issues and conducting a wide range of business activities, including provision of better products and services, that can help deal with them.

## Toward a society where people can live with total peace of mind

### Social structure change

#### Social issues

According to the government statistics, we predict that the social structure will change from the conventional form of a working-age population supporting older generations to one in which senior citizens will need to do more to help themselves. In addition, while advances in medical care have extended average lifespans, we must prepare for the growth in medical costs and nursing care needs.

#### Efforts by the T&D Life Group 2.7

Each of the core life insurance companies of T&D Life Group provides a variety of products that limit risks and provide peace of mind to a wide range of customers through its own sales channels.

#### Taiyo Life

Focusing on the household market, Taiyo Life provides comprehensive protection-oriented insurance products covering medical care, nursing care and death. In-house sales representatives, who are themselves primarily responsible for managing their own households, visit each customer at home and propose the most suitable insurance products for the household from the point of view of the homemaker. This approach has been appreciated by many customers, particularly primary homemakers who are responsible for the family budget.

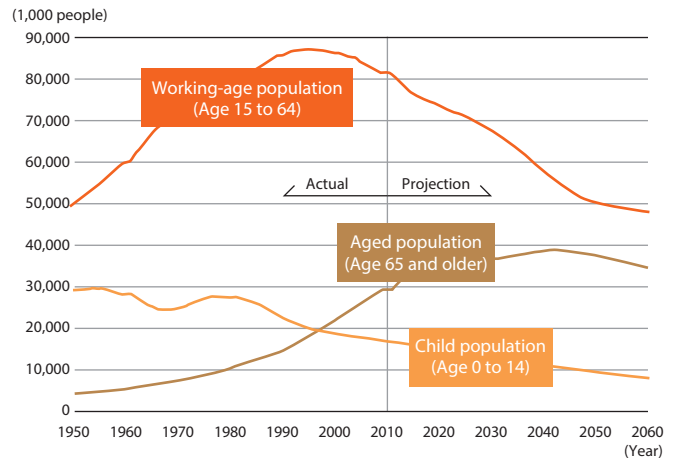
#### Daido Life

Recognizing that, in line with the population aging, the retirement age of small- and medium-sized business owners is generally extended and that risks including becoming incapacitated are thereby increasing, Daido Life is continuing its efforts to improve its product lineup. Among its products, J-Type, designed to protect companies in the event that the manager becomes serious disease (cancer, acute myocardial infarction or cerebral stroke), has proven particularly popular among customers, making it a major product, second only to term life insurance.

#### T&D Financial Life

T&D Financial Life provides products to meet a wide range of needs, such as preparation for post-retirement life and protection of surviving family members, through financial institutions and insurance shop agents. The number of agencies is steadily increasing, standing at 119 as of March of 2014.

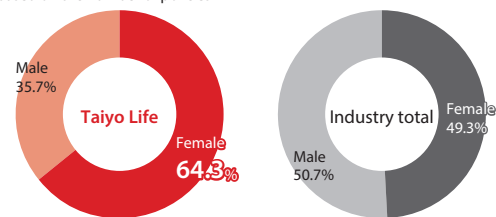
#### Population projection in Japan



Source: "Population Projections for Japan (Projection in January 2012)," National Institute of Population and Social Security Research

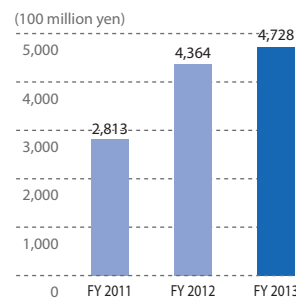
#### Status of new policyholders by gender

% based on the number of policies

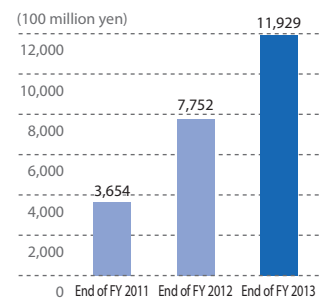


Source: Calculated internally based on the "Life Insurance Fact Book/Annual Statistics FY 2013" published by the Life Insurance Association of Japan

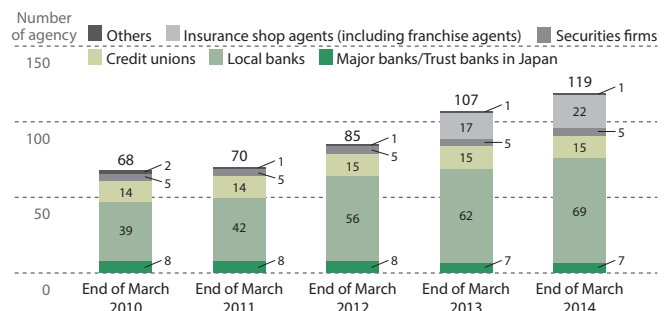
#### J-Type new policy (Benefit paid for critical illness)



#### J-Type policy in force (Benefit paid for critical illness)



#### Number of T&D Financial Life's agencies



## Toward a sustainable society

### Protection of the global environment

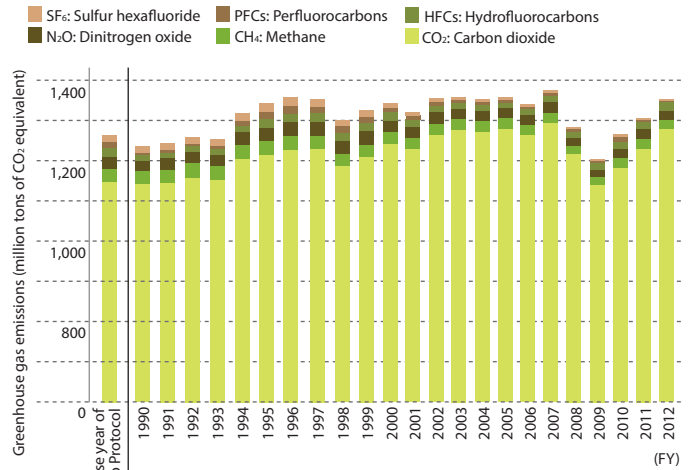
#### Social issues

As compared to the base year values set under the Kyoto Protocol, total greenhouse gas emissions in fiscal 2012 increased by 6.5% in Japan. Meanwhile, the average temperature in Japan has increased by around 1.14°C over the past 100 years. These two facts make the preservation of the global environment one of the most critical issues that must be addressed in order to build a sustainable society.

#### Efforts by the T&D Life Group

The T&D Life Group has been promoting environmental activities through its daily operations by reducing consumption of power and office paper, and improving its green purchasing ratio. In July 2014, T&D Holdings and all of its direct subsidiaries signed on to the Principles for Financial Action for the 21st Century.

Trend of greenhouse gas emissions (FY 1990-2012)



Source: National Institute for Environmental Studies, Greenhouse Gas Inventory Office



## Toward a society where everybody has an active role to play

### Respect for human rights

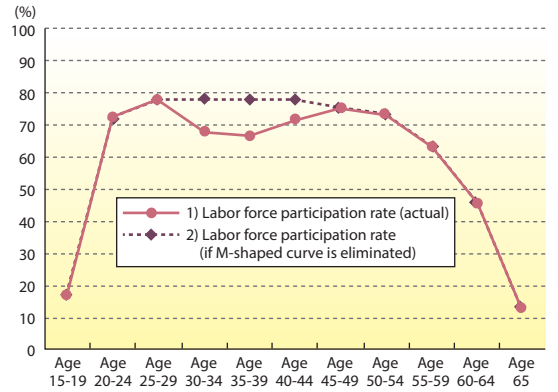
#### Social issues

The number of women who wish to work but are not employed is approximately 3.45 million, which is nearly threefold that of men. These figures are particularly notable for women in their 30s and 40s. In terms of opportunities for women to make active contributions, the ratio of female administrative and managerial workers, such as section managers or above in the private sector and managerial positions in the public sector is lower than the international standards.

#### Efforts by the T&D Life Group

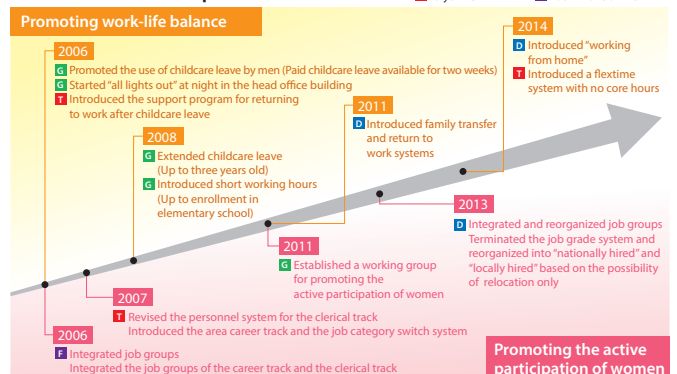
The three life insurance companies of the T&D Life Group have been working to create workplaces that provide opportunities for all employees to pursue job satisfaction and demonstrate their full capabilities by revising their personnel and compensation systems, introducing programs to support work-life balance and promoting reduced work hours. In particular, the Group aims at creating a corporate environment that allows women to pursue their career without interruption by raising awareness via Group-wide seminars and providing career development opportunities through human resource exchanges, and promotes work-life balance and women's active participation across the entire Group.

Trial calculation of the increase in the female labor force population through the elimination of the M-shaped curve



Source: "White Paper on Gender Equality 2010," Cabinet Office

Key measures of the Group and three life insurance companies



## 1. T&D Life Group's Corporate Responsibility

### 1-1 The T&D Life Group and its Stakeholders 4.14



### 1-2 Basic Concept of our Corporate Responsibilities 4.8

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

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

- The T&D Life Group will respect privacy, and will strictly control and protect personal information.

##### 4. Communication

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

##### 5. Contribution to Communities and Societies

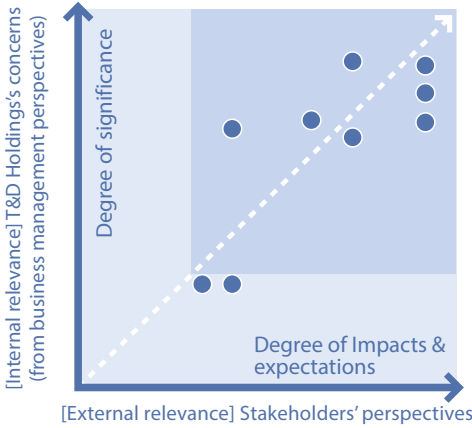
The T&D Life Group will implement social action programs as a good corporate citizen, and will make contributions to the sound development of regional communities and society.

##### 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.

**1-3 Prioritizing CSR Issues** 3.5

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 2013, 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.



**1-4 Promotion Structure for the Group-wide Corporate Responsibility** 4.9

The T&D Life Group has established a Group CSR Committee consisting mainly of directors in charge of CSR at each Group company. The CSR promotion system has been reinforced to facilitate coordinated efforts by way of deliberation by the Group CSR Committee of Group-wide CSR policies and initiatives, while still allowing for independent activities at each Group company.

● **Group CSR Committee**

In order to enhance coordination of CSR activities among Group companies and promote a unified approach, the Group CSR Committee has been placed directly under the Group Management Committee. The Group CSR Committee is chaired by the president of T&D Holdings (representative director, chairman of the Board of Directors Meeting), and vice-chaired by the executive officer in charge of business planning units. In fiscal 2013, the committee met three times. Information shared and all issues discussed have been reported to the Group Management Committee.

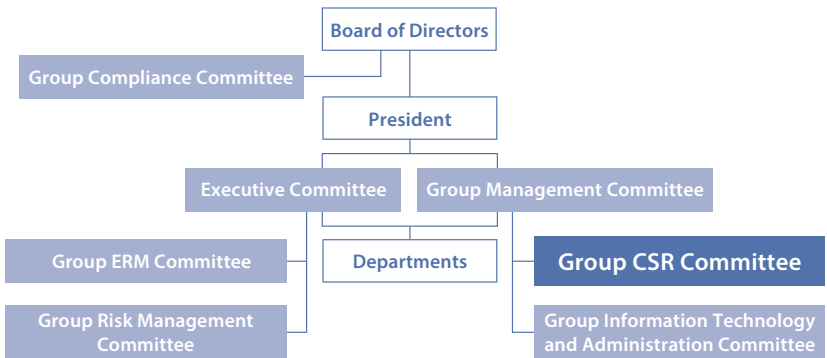
● **Director in charge of CSR at T&D Holdings**

Sounosuke Usui, Representative Director and Vice President  
 100% attendance at Board of Directors Meetings in fiscal 2013  
 100% attendance at Group CSR Committee Meetings in fiscal 2013

● **Department in charge of CSR at T&D Holdings**

Group Planning Department (CSR Group), T&D Holdings

■ **Organization Structure**



## 2. Outline of the Organization

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

2.2

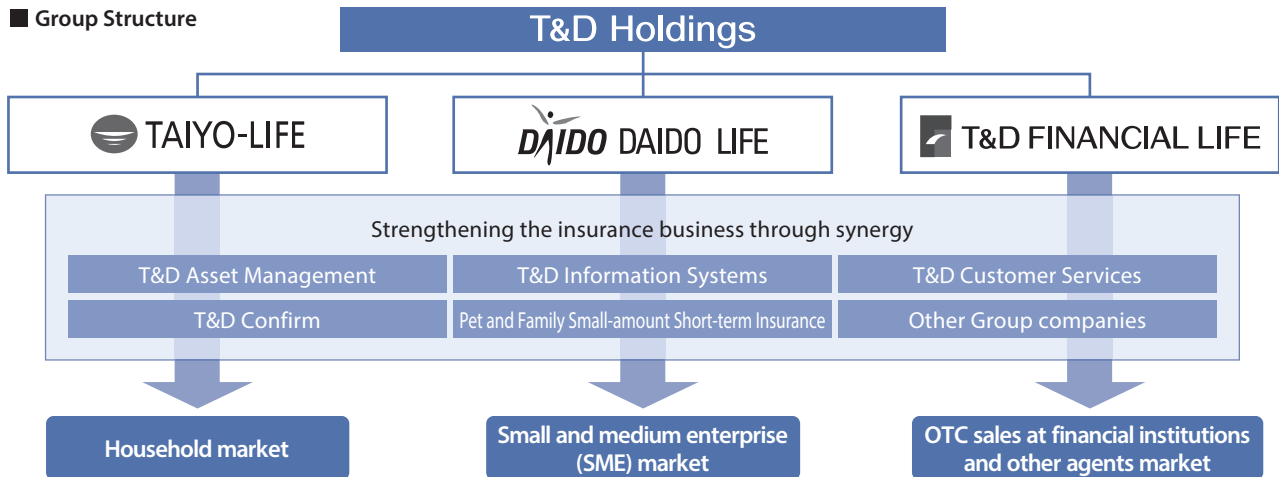
2.3

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.

#### ■ Group Structure



### 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 2 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/>

<b>Insurance and Insurance-related Businesses (7 companies)</b>	Insurance	<ul style="list-style-type: none"> <li>● Taiyo Life Insurance Company <a href="http://www.taiyo-seimei.co.jp/">http://www.taiyo-seimei.co.jp/</a></li> <li>● Daido Life Insurance Company <a href="http://www.daido-life.co.jp/">http://www.daido-life.co.jp/</a></li> <li>● T&amp;D Financial Life Insurance Company <a href="http://www.tdf-life.co.jp/">http://www.tdf-life.co.jp/</a></li> <li>● Pet and Family Small-amount Short-term Insurance Company <a href="http://www.petfamilyins.co.jp/">http://www.petfamilyins.co.jp/</a></li> </ul>
	Insurance-related	<ul style="list-style-type: none"> <li>● T&amp;D Confirm Ltd.</li> <li>● Toyo Insurance Agency Co., Ltd. <a href="http://www.sonpo.co.jp/toyohkdaiko/">http://www.sonpo.co.jp/toyohkdaiko/</a></li> <li>● Daido Management Service Co., Ltd. <a href="http://www.dms-hp.co.jp/">http://www.dms-hp.co.jp/</a></li> </ul>
<b>Investment-related Businesses (6 companies)</b>	Investment Management and Advisory	<ul style="list-style-type: none"> <li>● T&amp;D Asset Management Co., Ltd. <a href="http://www.tdasset.co.jp/en/">http://www.tdasset.co.jp/en/</a></li> </ul>
	Other Investment-related	<ul style="list-style-type: none"> <li>● T&amp;D Lease Co., Ltd. <a href="http://www.taiyo-life-lease.co.jp/">http://www.taiyo-life-lease.co.jp/</a></li> <li>● T&amp;D Asset Management Cayman Inc. <a href="http://www.taiyo-sinyo-hosyo.co.jp/">http://www.taiyo-sinyo-hosyo.co.jp/</a></li> <li>● Taiyo Credit Guarantee Co., Ltd. <a href="http://www.aicapital.co.jp/english/">http://www.aicapital.co.jp/english/</a></li> <li>◆ Alternative Investment Capital Ltd.</li> <li>◆ AIC Private Equity Fund General Partner, Ltd.</li> </ul>
<b>General Affairs and Administrative Support-related Businesses (4 companies)</b>	General Affairs-related	<ul style="list-style-type: none"> <li>● T&amp;D Customer Services Co., Ltd.</li> </ul>
	Administrative Support and Calculation-related	<ul style="list-style-type: none"> <li>● T&amp;D Information Systems, Ltd. <a href="http://www.td-system.co.jp/">http://www.td-system.co.jp/</a></li> <li>● Nihon System Shuno, Inc. <a href="http://www.nss-jp.com/">http://www.nss-jp.com/</a></li> <li>● Zenkoku Business Center Co., Ltd. <a href="http://www.zbc-jp.com/">http://www.zbc-jp.com/</a></li> </ul>
<b>Foundations</b>	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 Reporting Segments Shown in Consolidated Financial Statements

2.8

3.6

EC1

T&D Holdings is an insurance holding company that exerts management control over life insurance subsidiaries under the Insurance Business Act of Japan. Its three life insurance companies operate the Group's core business of providing life insurance using their own product strategies and sales strategies.

Thus, the T&D Life Group has three reporting segments: Taiyo Life Insurance Company, Daido Life Insurance Company and T&D Financial Life Insurance Company.

## ● Fiscal 2013 Ordinary Revenues and Profit/Loss of Each Reporting Segment

(Unit: 100 million yen)

Item	Reporting segment				Other	Total	Adjustment	Amount in the consolidated financial statement
	Taiyo Life	Daido Life	T&D Financial Life	Total				
Ordinary revenues	8,561	8,929	4,686	22,177	281	22,459	-1,601	20,857
Amount of internal transfer between segments	11	3	0	15	431	446	-446	—
Total	8,572	8,933	4,686	22,192	713	22,905	-2,048	20,857
Segment profit (loss)	722	913	209	1,844	189	2,034	-172	1,862

\* Amount of ordinary revenues is used in place of sales.

\* Deferred amounts are as follows:

(1) Adjustment amount (160.1 billion yen) of ordinary revenues is the amount transferred from the reversal of policy reserves of 151.4 billion yen and reversal of reserves for outstanding claims of 6.1 billion yen in the ordinary revenues to provision for policy and other reserves and provision for reserves for outstanding claims in the consolidated profit and loss statement.

(2) Adjustment amount (17.2 billion yen) of segment profit (loss) is mostly inter-company elimination of dividend income received from the Group companies.

\* Segment profit (loss) is adjusted to ordinary profit in the consolidated profit and loss statement.

## 2-4 Corporate Profile (as of March 31, 2014)

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	93
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>

**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: 8,603 Customer service: 369 Administrative: 2,582 Total: 11,554

**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	110 billion yen
No. of employees	Sales: 3,833 Administrative: 3,192 Total: 7,025

**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	227

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

4.13

The Life Insurance Association of Japan

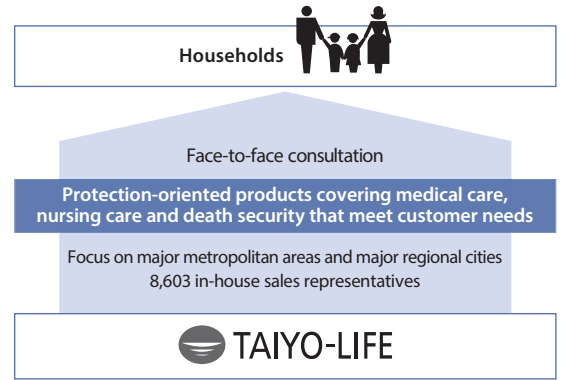
### 3. Outline of Businesses

#### 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 offers trustworthy services and price-competitive products that respond to the changing needs of individual families to provide peace of mind to its key customers, homemakers who are in charge of family budgets. Specifically, in-house sales representatives, who are themselves housewives, visit customers at home and learn about their individual needs. They are then able to propose products that will provide the necessary security for the family from the point of view of the homemaker. Aiming to become a trusted lifelong partner of individual customers, we are continuing our efforts 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



As of March 2014

#### 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 2013, 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, 16.1% as of March 31, 2013, 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



As of March 2014

#### 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 single premium insurance and income protection insurance that are sold mainly through financial institution agents. We maintain our management policy to: strengthen our compliance and internal control system to fully protect our customers' interests; to develop and offer new product packages that are highly appreciated by customers, thereby achieving continuous growth; and to increase the amount of insurance policies in force and improve profitability while maintaining sufficient financial soundness, we are working to develop new products that can offer differentiated benefit packages and the broaden product line up to meet diversifying customer needs, and to provide quality services through our "operators," 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



As of March 2014



## ■ 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

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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 2013 (Ended March 2014)

EC1

Please see page 6, "T&D Life Group's Financial Results," for the consolidated financial results of T&D Holdings and the financial results for the Group's three life insurance companies in aggregate.



In addition, please visit the "Management Review" section of the Annual Report for a business overview.  
(URL: <http://www.td-holdings.co.jp/en/ir/annual/>)

#### ● Corporate Value (MCEV)

The T&D Life Group has been disclosing its embedded value, one of the indicators for assessing the corporate value of life insurance companies, since the year ended March 2004. The Group's embedded value (Group MCEV) at the end of March 2014 reached 1,970.1 billion yen, which is 305.7 billion yen more than the previous fiscal year.

#### ● Basic Profit Distribution Policy

T&D Holdings has a policy of maintaining the soundness of its own operations and those of the Group companies, securing a certain level of retained earnings required by the Group, enhancing shareholder value, and continuing a stable profit distribution. The annual cash dividend for fiscal year ended March 2014 is set at 25.00 yen per share, an increase of 2.5 yen per share.

### 4-2 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.

## 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.

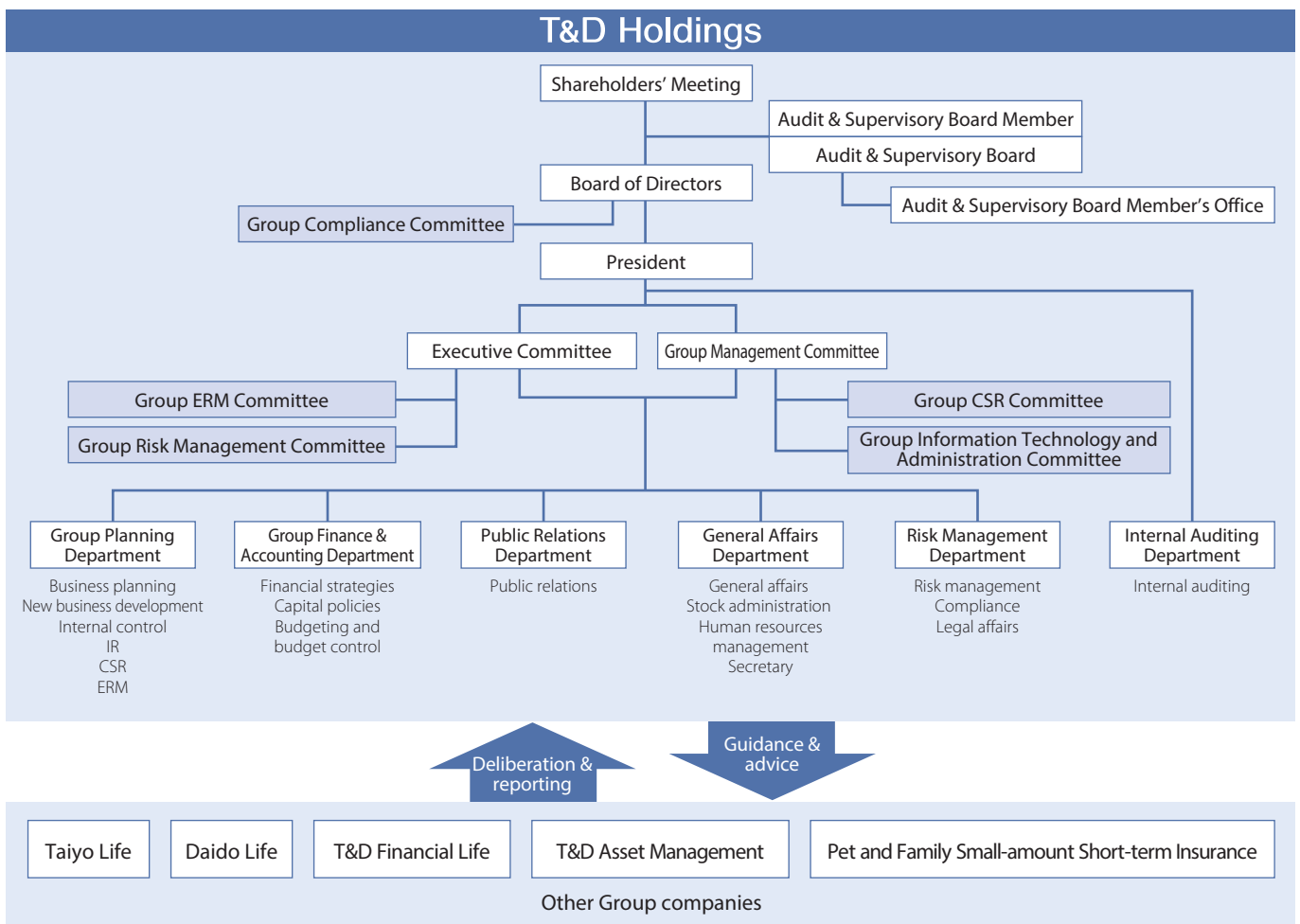
Based on this concept, T&D Holdings determines the Group's business strategies, appropriately allocates management resources and sets capital policies. In addition, T&D Holdings appropriately identifies the business risks of its five subsidiaries (Taiyo Life, Daido Life, T&D Financial Life, T&D Asset 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 Outline of Corporate Governance Structure

2.3 4.1



**1-3 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. Outside directors are appointed as independent directors, who do not present any risk of conflict of interest with general shareholders. As an incentive measure to enhance corporate value, a stock option program was introduced for directors, excluding external directors.

<b>Chairman of the board of directors</b>	President
<b>Directors</b>	11
Male	10
Female	1
<b>Outside directors</b>	2 (including one female)
<b>Outside directors' role</b>	They are involved in the deliberation of agenda at the Board meetings based upon their specialist knowledge in their capacities as a lawyer and a university professor.

**● Selection of Director and Audit & Supervisory Board Member Candidates**

4.7

We select candidates for directors and audit & supervisory board members primarily based upon the following criteria. Candidates for director positions are required to have sufficient knowledge and experience to oversee the management of T&D Holdings in a proper, fair and efficient manner, and to have earned the trust of society. Audit & supervisory board member candidates are required to have sufficient knowledge and experience to conduct audits of insurance holding company in a proper, fair and efficient manner and to have earned the trust of society.

**● 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.

**● Audit & Supervisory Board**

4.6

T&D Holdings has established an Audit & Supervisory Board. The audit & supervisory board members 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 Management Committee and Group CSR Committee, as well as by other means. An outside audit & supervisory board members are appointed as independent auditors, who do not present any risk of conflict of interest with general shareholders. The Audit & Supervisory Board receives reports from individual auditors on important audit issues, and discusses or makes decisions on them.

<b>Audit &amp; supervisory board members</b>	4
Male	4
Female	0
<b>Outside audit &amp; supervisory board members</b>	2
<b>Outside audit &amp; supervisory board members' role</b>	The outside audit & supervisory board members offer advice during deliberation of agenda items at meetings of the Board of Directors, etc. based upon their specialist knowledge in their capacity as lawyers.

**● Director and Audit & Supervisory Board Member Compensations**

4.5

The upper limit of annual compensation for directors was decided at the 8th annual shareholders' meeting held on June 27, 2012. The upper limit of the total amount of bonuses paid to directors each year is decided by the Board of Directors. In addition to the compensation described above, the upper limit of compensation via a stock option program is decided each year. The amounts of monthly compensation and bonuses paid to individual directors are determined based on the corporate performance as well as on the performance of department in charge, in accordance with the assessment criteria determined by the Board of Directors. Compensation for audit & supervisory board members consists of monthly compensation only. The upper limit of annual compensation was decided at the 8th annual shareholders' meeting held on June 27, 2012. Actual compensation is determined through discussion by the audit & supervisory board members within the predetermined upper limit.

**● Executive Officer System**

4.2

To strengthen corporate governance, T&D Holdings and its subsidiaries have adopted the executive officer system in order to clearly separate supervisory and executive responsibilities.

## 1-4 Committees

4.1

4.9

### ● Group Compliance Committee

Positioned directly under the Board of Directors, this committee is charged with enhancing the compliance of both T&D Holdings and the entire T&D Life Group.

The committee chairman is the representative director and president, and the vice chairman is the executive officer\* in charge of the Risk Management Department.

In fiscal 2013, the committee held four meetings and reported all the information shared and the issues deliberated and discussed to the Board of Directors.

### ● Group ERM Committee

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

The committee chairman is the executive officer\* in charge of the Group Planning Department and the vice chairmen are the executive officers\* in charge of the Group Finance & Accounting Department and the Risk Management Department.

In fiscal 2013, the committee held 13 meetings and reported the results of deliberations to the Executive Committee, the Group Management Committee and the Board of Directors.

### ● Group Risk Management Committee

Positioned directly under the Executive Committee, the Group Risk Management Committee manages and controls risks that T&D Holdings and the T&D Life Group are exposed to, and ensures a thorough risk management.

The committee chairman is the executive officer\* in charge of the Risk Management Department.

In fiscal 2013, the committee held 16 meetings and reported the results of deliberations to the Executive Committee and the Board of Directors.

### ● Group CSR Committee

Please see "Promotion Structure for the Group-wide Corporate Responsibility" on page 12.

### ● Group Information Technology and Administration Committee

Positioned directly under the Group Management Committee, this committee responds to Group-wide issues involving information technology and administrative matters.

The committee chairman is the executive officer\* in charge of the Group Planning Department and the vice chairman is the director and president of T&D Information Systems, Ltd.

In fiscal 2013, the committee held six meetings and reported the items of deliberation to the Group Management Committee.

\* As of the end of August 2014, these executive officer positions were filled by directors.

## 1-5 T&D Life Group Internal Audit System

4.6

FS9

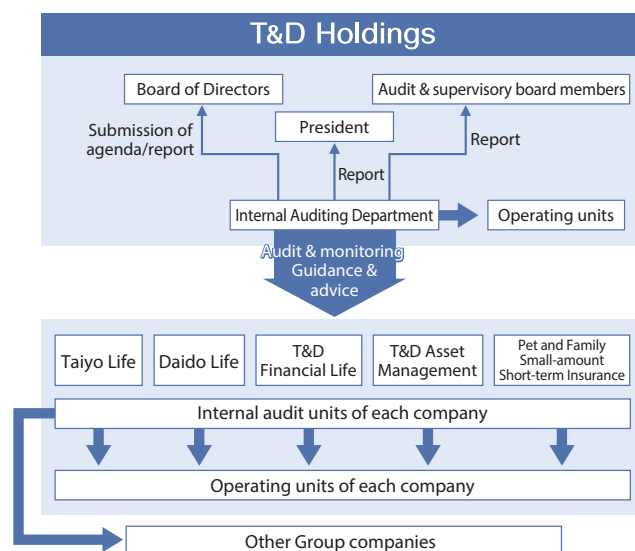
At the T&D Life Group, each of T&D Holdings and its subsidiaries has a separate internal audit unit operating independently from other business units.

These internal audit units conduct audits of the operating units, specifically by examining and assessing the appropriateness and effectiveness of the internal management, identifying and raising issues, and providing the necessary advice for improvements to help the effective achievement of management objectives. Meanwhile, the Internal Auditing Department of T&D Holdings grasps the status of the internal management system of the entire Group through auditing and monitoring of the internal audits implemented by subsidiaries, and provides guidance and advices 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 International Standards.

\*2 IIA International 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 → : Audit



## 1-6 Internal Control

4.6

4.10

### ● 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 and improve an internal control system, as stipulated under the Companies Act.

### ● Response to the Internal Control and Reporting System

In accordance with the internal control and reporting system based upon the Financial Instruments and Exchange Act, the Group established a proper internal control system to ensure the appropriateness of accounting and financial reporting in the form of financial reports and so forth, and the top management himself assesses and reports its appropriateness and effectiveness, which are then verified through external auditing typically performed by certified public accountants, as required under the regulatory system.

## 2. Corporate Management

### 2-1 Promotion of ERM Approach

4.9 4.11

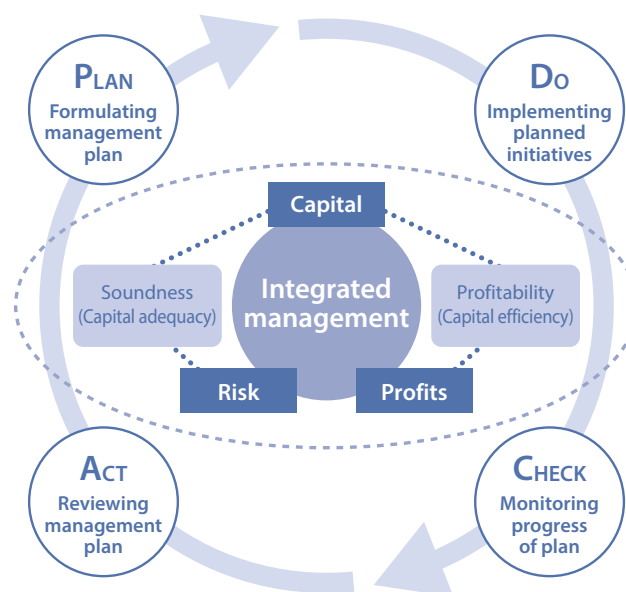
ERM stands for Enterprise Risk Management and refers to a strategic method of corporate management that seeks to maximize corporate value and profits while ensuring the soundness of business through integrated management of profit, risk and capital.

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 actively 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 to implement ERM as a Group-wide initiative. With the Committee providing leadership in promoting ERM throughout the Group, we will enhance the Group's corporate value in a stable and continuous manner while maintaining a sound business foundation.

More specifically, we have built a system based on a PDCA cycle to promote ERM under which 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).

#### ■ PDCA Cycle



#### ● Integrated Risk Management Activities

In order to promote ERM, it is critical to have a proper understanding of types and magnitude of risks. The T&D Life Group promotes the integrated risk management approach to achieve the management objectives by quantifying the risks affecting the Group by type of risks and assessing the impacts when making losses, and also by controlling all the risks associated with its operations, including unquantifiable risks.

## 3. Risk Management

### 3-1 Basic Concept for Risk Management

4.9 4.11

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 Management Committee and manages risks within the Group. The Committee receives regular and ad hoc reports on risks assessed using uniform

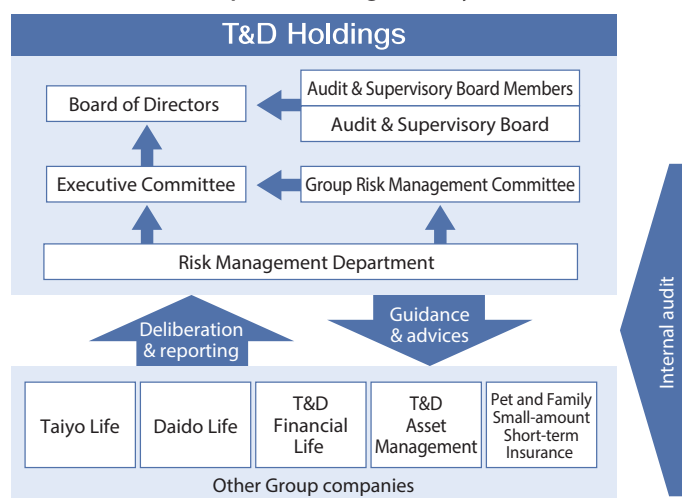
economic value-based risk management indicators, from the three life insurance companies and other Group members, in order to identify and manage the various types of risks faced by Group companies. Based on the report received, T&D Holdings reports on these risks to the Board of Directors and provides 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.

### 3-2 Risk Management System

4.9 4.11 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



### 3-3 Risk Classification and Responses

4.9 4.11 EC2 FS2

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



\* Operational risks above are divided into sub-categories, i.e. administrative risk, system risk, legal risk, labor and personnel risk, and hazard risk, and are managed separately.

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

### 3-4 Risk Awareness and Assessment (Risk Profile)

4.9 4.11 FS2

In order to respond to risks that are becoming more diverse and complex, the T&D Life Group is comprehensively organizing risks surrounding its business using the risk profile\*. By exhaustively sorting out all risks by category, the Group identifies and assesses those risks and comprehensively examines the criticality, potential impact and status of control for each risk. Through such a process, identified risks and necessary actions are prioritized and incorporated into management plans as necessary. In principle,

the Group reviews the risk profile quarterly to capture and adequately understand the emergence of new critical risks and major changes in known risks. The results of the quarterly review are reported to the Group Risk Management Committee and the Board of Directors.

\* Risk profile is a general risk management tool to characterize risks from various factors such as nature, magnitude of disasters, etc.

### 3-5 Risk Review (EC Index)

4.9 4.11

To determine risk appetite and tolerance, other than the statutory solvency margin ratio, the T&D Life Group uses the Economic Capital (EC) index, a risk management indicator based on economic value. The EC index is calculated by dividing Economic Capital—which is the economic value-based risk volume computed by an internal model on the basis of insurance underwriting risk, investment risk, operational risk, etc.—by the net asset value (surplus). We implement economic value-based

risk management by controlling EC within a certain range of surplus. The EC index and the statutory solvency margin ratio are monitored on a monthly basis and reported to the Group Risk Management Committee and the Board of Directors every month like other risk reviews. The EC index is publicly disclosed in the form of Enterprise Strategic Risk (ESR), an inverse number of the EC, which measures capital adequacy relative to the amount of risks.

**3-6 Optimization of Risk Portfolio (Risk measurement by internal models and complementary efforts by stress test, etc.)** 4.9 4.11

The T&D Life Group optimizes its risk portfolio by measuring quantifiable risks using internal models as well as by drawing up risk profiles, including qualitative aspects of risks and performing

stress tests for unquantifiable risks. To complement the risk quantification model, stress tests are conducted with multiple scenarios reflecting long-term macro and micro projections.

**3-7 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.

**4. Compliance**

**4-1 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.

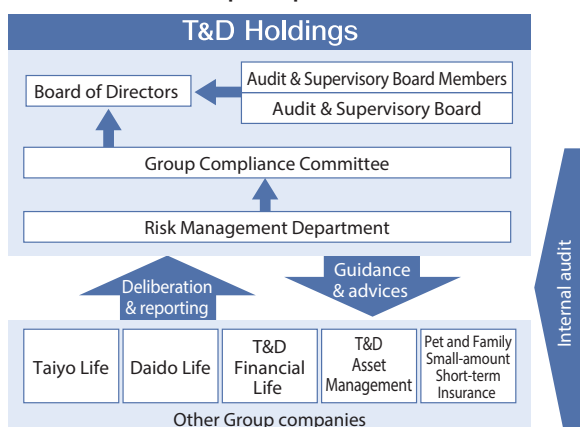
- |   |   |
|---|---|
| 1. Strict Compliance with Laws, Regulations, and Rules    | 5. Prohibition of Insider Trading                 |
| 2. Maintenance and Promotion of Fair and Free Competition | 6. Handling of Antisocial Forces                  |
| 3. Proper Information Disclosure & Accountability         | 7. Limitations on Business Entertainment          |
| 4. Proper Information Management                          | 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.

**4-2 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 was established to oversee and improve the Group's compliance arrangements. T&D Holdings also has a Risk Management 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 guidance and advices. The Group's three life insurance companies and other Group members also have a compliance promotion system mainly consisting of a compliance committee and a compliance control department.

■ Outline of the Group Compliance Promotion Structure



### 4-3 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.

### 4-4 Prevention of Bribery and Corruption

4.11 SO3 FS4

The T&D Life Group Compliance Code of Conduct specifies "strict compliance with laws, regulations and rules," and "restrictions on business entertainment" as items to comply with. With respect to the restrictions on business entertainment, the code states, "We will not offer or receive entertainments or gifts in relation to our works in excess of accepted business and social norms." Through compliance programs and the compliance manual, the Group ensures that all Group executives and employees thoroughly

understand the importance of preventing bribery and corruption as well as measures to prevent money laundering and corruption including embezzlement and diversion of funds. The Group's reward and punishment rules stipulate bribery and corruption as subject to the highest level of disciplinary actions in view of the malicious intent and potential impact involved. All acts of wrongdoing (including potential wrongdoing) including bribery and corruption are reported to the Board of Directors.

### 4-5 Whistleblower System

4.4 4.11 HR11

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. Operated by external counselors, the Helpline provides a venue for reporting violations or potential violations of the compliance code and internal rules (including but not limited to incidents of bribery and corruption).

#### ● 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.

#### ● Number of Calls Received by the T&D Life Group Helpline

FY 2011	FY 2012	FY 2013
182	157	143

\* Numbers shown above include inquiries about the system and reports on issues that reporters may find difficult to discuss with superiors such as harassment-related issues. Reports from whistleblowers are properly treated and reported to Group management by the third-party service provider in accordance with the legally prescribed procedures.

## 5. Communication

### 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. 11, "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 265,627 as of March 31, 2014, 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

### 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

### Consumer Feedback Utilization Committee .... Taiyo Life

**<External members>** Attorneys and consumer affairs experts

**<Main issues considered>** Feedback from customers; progress of the initiatives for reflecting customer feedback to improve operations

### 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 "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 2013, the meetings were held at 144 branches and 104 other venues in August and September and attended by 1,219 clients. Taiyo Life made presentations on its business and services and received 468 opinions from the participants concerning a broad range of its business operations. The feedback from policyholders were shared within the Group as valuable information and utilized to achieve improvements in various business practices.

## 5-4 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.

## 5-5 Employee Survey on CSR

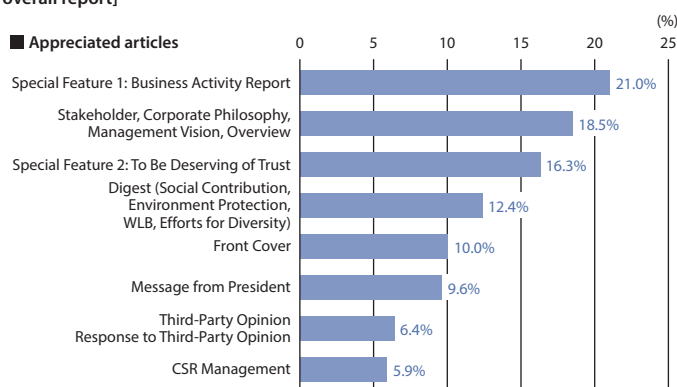
3.5 4.16 FS4

T&D Holdings values communications within the Group and strives to fulfill its social missions and corporate social responsibilities by growing together with each of its employees, who it considers to be important stakeholders. The T&D Life Group CR Report serves as a mirror of the Group and is utilized to improve CSR awareness.

In order to enhance the Group's CSR activities, a copy of the T&D Life Group's Corporate Responsibility Report (Focus Edition) is distributed to all the Group executives and employees, and a post-reading survey is conducted.

[Respondents to the survey] T&D Life Group's executives and employees \* Conducted anonymously.

[For overall report]



### Opinions and requests received

The "Business Activity Report" was the most appreciated. Many of the readers might have been interested in the articles about our efforts to grasp social issues and solve such issues through our business operations including provision of better products and services, and consequently to be a firm enjoying broad public trust.

### Response to the opinions and requests

For this year's Focus Edition, activity reports were introduced as special features by linking them to social issues. Meanwhile, "providing better products and services" was once again covered as a special feature. "Providing insurance products needed by a greater number of people" was selected as one of the themes.

## 5-6 IR Activities

4.16

FS5

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 is regularly communicated to the management team.

## 5-7 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.

# 6. Socially Responsible Investment and Principles for Financial Action towards a Sustainable Society

## 6-1 Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)

4.12

T&D Holdings and all of its direct subsidiaries (5 companies) endorse the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)\*, and have signed on to this voluntary initiative organized by Japanese financial institutions. The T&D Life Group will continue promoting efforts toward solving social issues through its main business as well as its overall business activities.

### \* Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)

This set of principles was drawn up as guidelines for action by financial institutions seeking to fulfill their roles and responsibilities in shaping a sustainable society. The seven principles have been formulated by the Drafting Committee for Environmental Finance Principles, in which a wide range of financial institutions have participated with the Japanese Ministry of the Environment serving as 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.

## 6-2 The Principles for Responsible Institutional Investors (the Japanese Version of the Stewardship Code)

4.12

The Group's three companies, Taiyo Life, Daido Life and T&D Asset Management, endorsed and expressed their commitment to the Principles for Responsible Institutional Investors (the Japanese Version of the Stewardship Code) in May 2014.

## 6-3 Signing Principles for Responsible Investment (PRI)

4.9 4.12 FS12

Signatory of:



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<sup>\*1</sup>), a global investor initiative in partnership with the UNEP Finance Initiative (UNEP FI<sup>\*2</sup>) 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<sup>\*3</sup>.

### 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	<ul style="list-style-type: none"> <li>● 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 investment analysis and decision-making processes.</li> <li>● The company has reflected the PRI concept in its internal rules and regulations for asset management.</li> </ul>
2) We will be active owners and incorporate ESG issues into our ownership policies and practices	<ul style="list-style-type: none"> <li>● The company has specified the PRI concept in the voting guidelines, and plays a role as a responsible shareholder.</li> <li>● Taiyo Life discloses, on the company website, its basic policy on voting for domestic shares.</li> </ul>
3) We will seek appropriate disclosure on ESG issues by the entities in which we invest	<ul style="list-style-type: none"> <li>● In order to check the latest situation of investees and borrowers in terms of ESG, the company collects and carefully reviews the CSR reports (or environmental reports) published by them, and requests the appropriate disclosure of ESG-related issues.</li> </ul>
4) We will promote acceptance and implementation of the Principles within the investment industry	<ul style="list-style-type: none"> <li>● The company promotes the PRI by explaining to corporate pension insurance clients and others about its asset management policies and the activities associated with the PRI.</li> </ul>
5) We will work together to enhance our effectiveness in implementing the Principles	<ul style="list-style-type: none"> <li>● 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.</li> </ul>
6) We will each report on our activities and progress towards implementing the Principles	<ul style="list-style-type: none"> <li>● Taiyo Life reports the status of its PRI-related activities on the website and in the corporate communication reports.</li> <li>● The company promotes employees' awareness about the PRI by means of internal seminars, in-house magazines and e-learning.</li> </ul>

### T&D Asset Management

T&D Asset Management, in favor of the concept of the Principles for Responsible Investment (PRI), signed them in March 2012. By doing so, the company is committed to incorporate 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 by incorporating the ESG factors into corporate evaluation.

\*1 The Principles for Responsible Investment (PRI) is an international network of investors working together to put the six Principles for Responsible Investment into practice and encourage institutional investors to promote investment activities in consideration of ESG (environment, society and corporate governance) issues. More than 1,200 financial institutions around the world and 29 in Japan, including the two companies in our Group, have signed on to the PRI (as of July 2014).

\*2 The UNEP Finance Initiative (UNEP FI) is an international financial network consisting of more than 230 financial institutions from around the world. Since its establishment in 1992, the UNEP FI has been pursuing sustainable development to promote the co-existence of economic development and environmental protection. It has been propelling actions for promoting environmental consideration in relation to the various tasks and services performed by financial institutions.

\*3 For more 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> (in Japanese)

## 6-4 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 September 2014)

FTSE4Good Index Series (UK), MSCI Global Sustainability Indexes (US) and Morningstar Socially Responsible Investment Index (Japan)



## 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.

##### ● System to Reflect Customer Feedback in Operations

The Group's three life insurance companies have set up dedicated departments and committees with external members in charge of customer satisfaction management. We developed 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 the feedback from customers is input into a centrally managed 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
<ul style="list-style-type: none"> <li>● I would like the upper limit of the policy renewable age to be extended longer. As I've grown older, it is more likely that I will be injured and hospitalized.</li> </ul>	<ul style="list-style-type: none"> <li>● The upper limit of the policy renewable age for <i>Himawari Kenko Plans</i> and <i>Himawari Kenko Plans Lady</i> that reach maturity in October 2013 and thereafter has been extended from 80 years old to 85 years old and the upper limit of the maturity age from 85 years old to 90 years old. For the medical insurance products renewed in November 2013, namely, <i>Hoken Kumikyoku Best Kisei Kanwa</i> and <i>Taiyo-seimei no Yasashii Hoken</i>, the upper limit of the maturity age is set at 90 years old after renewal of the policy term. These changes enable policyholders, who would have otherwise had to relinquish their policy due to their age, to instead maintain it.</li> </ul>
<ul style="list-style-type: none"> <li>● The description on the claim procedure for the hospitalization benefit is difficult to understand and fonts used are too small. Please improve the description so that the elderly can read and understand it.</li> </ul>	<ul style="list-style-type: none"> <li>● We introduced a "benefit claim confirmation sheet" for claiming insurance benefits which clearly explain the procedures for elderly customers, and have used it for explanations to customers since October 2013. The benefit claim confirmation sheet explains the flow of benefit claims from document submission to payment using simple terms rendered in large fonts. It is designed so that customers can make sure that all the required documents are prepared and necessary information is provided.</li> </ul>

##### Daido Life

Customer's opinions	How we responded
<ul style="list-style-type: none"> <li>● Please simplify the insurance application procedure.</li> </ul>	<ul style="list-style-type: none"> <li>● Paperless procedure using "Ace With" on tablet devices Daido Life has introduced "Ace With," a tablet device, to enable paperless application to reduce the applicants' burdens in filling in the application form and affixing their seal as well as to shorten the time required for applications.</li> </ul>
<ul style="list-style-type: none"> <li>● I wish to receive notifications of policy details in our book-closing month. (Request by corporate policyholders)</li> </ul>	<ul style="list-style-type: none"> <li>● Sending the notification of policy details in the month following the registered book-closing month for each corporate policyholder To improve convenience of corporate policyholders, Daido Life has integrated the notification of policy details with the book entry guidance service for corporate policyholders, and changed the timing of sending the notification to the middle of the month following the registered book-closing month.</li> </ul>

##### T&D Financial Life

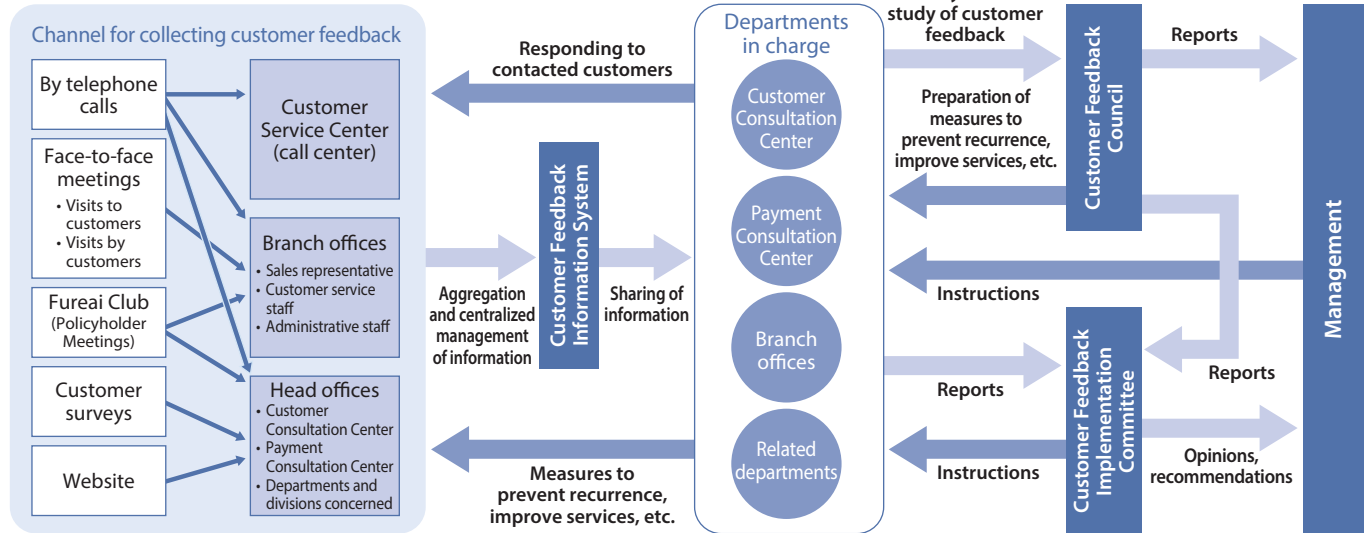
Customer's opinions	How we responded
<ul style="list-style-type: none"> <li>● Annuity claim procedure and how to fill in the application form are not easy to understand.</li> </ul>	<ul style="list-style-type: none"> <li>● Revision of annuity claim forms In the filing of annuity claims, the wording of the selection method for the number of annuity payments has been replaced with easier-to-understand expressions as this has been the subject of many questions and inquiries. T&amp;D Financial Life is making efforts to improve customer satisfaction for instance by implementing outbound calls to customers to notify the commencement of annuity payments.</li> </ul>
<ul style="list-style-type: none"> <li>● I want to be able to easily change my annuity type when I file an annuity claim.</li> </ul>	<ul style="list-style-type: none"> <li>● Simplifying the procedure for changing policy contents (change of annuity type) A claim form for changing annuity type is now included with annuity claim forms sent to customers who have selected an annuity type at the time of making the contract. These claim forms now feature a reduced number of items to be filled out by customers thereby reducing the burden on policyholders.</li> </ul>

## ■ Activities to Respond to the Customer Feedback

### 1-3 Measures Taken by Taiyo Life 4.16 PR1 PR5

#### ● System for Reflecting the Customer Feedback in Operations

[Workflow for reflecting customer feedback in operations]



#### ● Acquiring a Third-party Opinion on ISO 10002 Compliance

In March 2008, Taiyo Life declared the introduction of ISO 10002, an international standard for quality management, customer satisfaction and guidelines for complaints handling in organizations, and since then has been committed to continually enhancing customer-oriented service and operations by utilizing customer feedback (including complaints). In February 2014, we obtained a third-party opinion on ISO 10002 that recognized our complaint management system as complying with ISO 10002 and functioning effectively.

We have been working to improve our business processes based on ISO 10002 and educate employees through training programs.

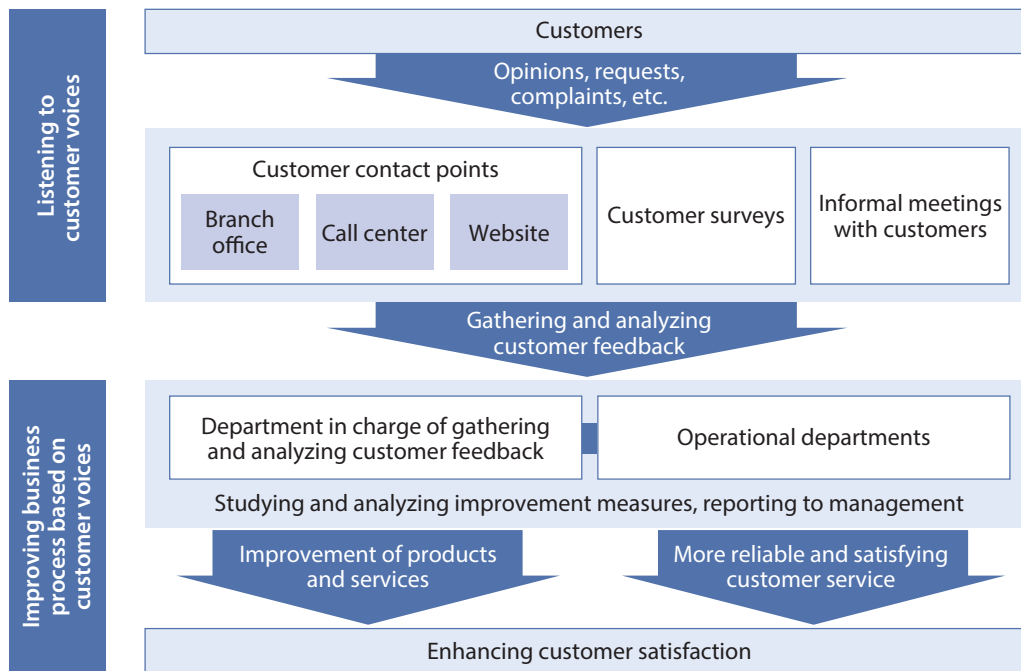
#### ● Breakdown of Customer Feedback Received

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

Type of feedback	FY 2011		FY 2012		FY 2013	
	No. received	%	No. received	%	No. received	%
Complaint*	11,935	33.1	9,523	28.7	8,879	28.1
Comment, request & inquiry	2,302	6.4	2,412	7.3	2,788	8.8
Appreciation & praise	21,837	60.5	21,256	64.0	19,983	63.1
Total	36,074	100.0	33,191	100.0	31,650	100.0

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

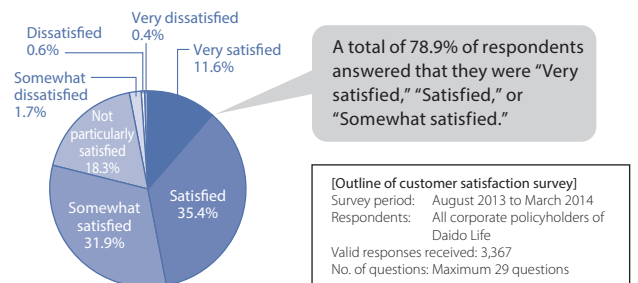
● System for Reflecting Customer Feedback in Business Operations



● 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 understandability of 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.

■ Overall Satisfaction with Daido Life (Corporate customers)



● 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 2011		FY 2012		FY 2013	
	No. of complaints	%	No. of complaints	%	No. of complaints	%
Purchase of life insurance policy	1,762	15.7	1,660	15.6	1,698	14.6
Payment of premiums	1,321	11.8	1,141	10.7	1,143	9.8
Procedures after making a contract	3,922	35.0	3,571	33.5	4,077	35.0
Payment of insurance claims and benefits	2,256	20.1	2,165	20.3	2,149	18.4
Other	1,939	17.3	2,113	19.9	2,598	22.3
<b>Total</b>	<b>11,200</b>	<b>100.0</b>	<b>10,650</b>	<b>100.0</b>	<b>11,665</b>	<b>100.0</b>

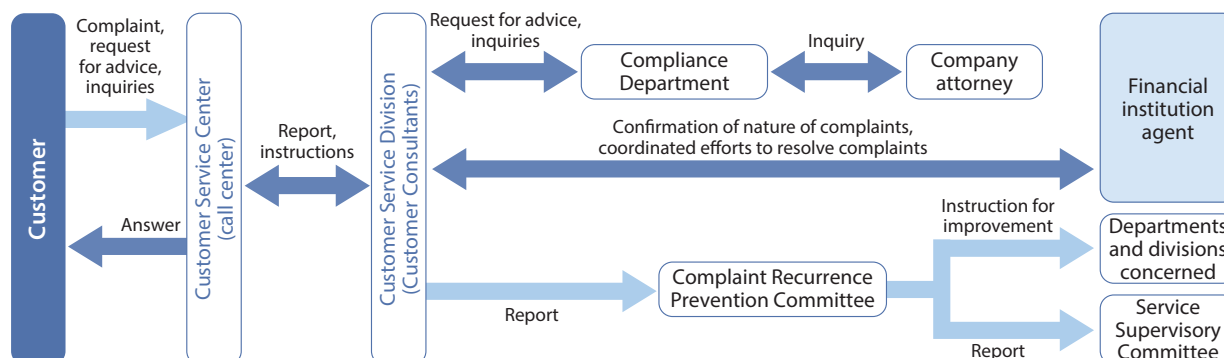
## 1-5 Measures Taken by T&D Financial Life

4.16

PR1

PR5

### ● System for Rapidly Responding to Customer Voices



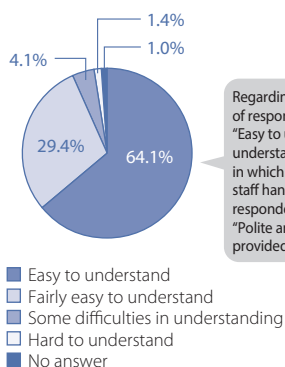
### ● Customer Survey

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.

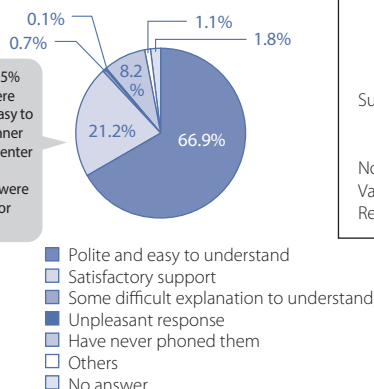
Results of customer surveys are available on our website.

### ■ 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?



Regarding application forms, 93.5% of respondents said that they were "Easy to understand" or "Fairly easy to understand." Regarding the manner in which our Customer Service Center staff handle calls, 88.1% of respondents reported that they were "Polite and easy to understand" or provided "Satisfactory support."

#### [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: January 6, 2014 to February 17, 2014 (Responses received by the end of March 2014 were processed.)

No. of surveys sent: 2,953  
Valid responses: 1,084  
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: %)

Complaints about	FY 2011		FY 2012		FY 2013	
	No. of complaints	%	No. of complaints	%	No. of complaints	%
New contracts	155	9.7	187	14.3	152	11.5
Payment of premiums, etc.	90	5.7	40	3.1	32	2.4
Procedures after making a contract	611	38.4	533	40.8	415	31.4
Insurance claims and benefits	285	17.9	222	17.0	516	39.1
Others	449	28.2	324	24.8	205	15.5
<b>Total</b>	<b>1,590</b>	<b>100.0</b>	<b>1,306</b>	<b>100.0</b>	<b>1,320</b>	<b>100.0</b>

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

## ■ Providing Wholehearted Reassurance

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

EC8

Shortly after the Great East Japan Earthquake, the T&D Life Group began offering support 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, bringing in relief goods, and rebuilding individual homes and temples/shrines. In fiscal 2013, the third fiscal year after the disaster, the Group provided a broad range of support including making 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. Life insurance companies maintain the fairness of life insurance system by adding some conditions such as additional premiums, or in the worst cases by not offering products, for those whose expected mortality rates or insurance

accident rates exceed certain limits, rather than accepting them unconditionally. Having said so, the Group's three life insurance companies and other Group members respect customers' human rights and their needs for insurance, and 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-seimeie no Yasashii Hoken*
  - Nonparticipating semi-selective medical insurance: *Kisei Kanwa*

#### 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*
- Disability insurance plan for business owners with life benefit that covers severely incapacitating disability that prevents them from working
  - *T-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, Life Gift a*

- Consulting service based on a tool kit for calculation of standard amount of protection requirement

We calculate the amount of funds to be required by the insured in the event of death, physical disability or serious disease of business owners and directors of small and medium sized enterprises, which we call "standard protection amount." The calculations are based on two different perspectives: preparation for funds for business continuity ("business protection funds") and preparation for funds for family ("funds for retirement benefits for directors").

Based upon the standard protection amount so calculated, we offer advice and consultation that best meets the needs of each insured enterprise as a part of their risk management.

#### T&D Financial Life

- Whole life insurance plan that adds a prescribed amount to the accumulated policy value annually throughout the lifetime of the insured, as a preparation for post-retirement expenditures
  - *Shougai Premium Series* (two plans)
- Whole life insurance plan that people up to the age of 95 can purchase 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 a monthly annuity payment to survivor families 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*

#### Pet and Family Small-amount Short-term Insurance

- Insurance offering protection against illness or injury of pets, as a family member
  - 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, but not for insurance product offering. For more details about individual 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.

**Solicitation 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 products in a proper and appropriate manner in due consideration of customers' desires, circumstances and privacy in order to provide customers with proper services through consultation.

- 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 disclose them on their websites. In addition, T&D Information Systems, a Group company that supports the information system of the T&D Life Group, handles various data, including personal information, appropriately and keep them in strict confidence.

In May 2005, T&D Information Systems obtained Privacy Mark certification, which is given to the enterprises that take appropriate measures to protect personal information. In addition, the company acquired a 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.



**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.

◆ **Awards for Customer Services** 2.10  
 (See page 16 for more details.)  
 ☆ UCDA Award 2013, "Easy-to-Understand for Provided Information" Award for Life Insurance Notification Form Category

**<At the Time of Making a Contract>**  
**Major Documents**

- Clearly worded "Product Pamphlet"
- "Insurance Specification Documents" (contract summary) describing insurance plans tailored to individual needs of customers
- "Notifications of Important Matters," as a reminder, and "Warning Information," 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

**<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
- Distribution of service guidebooks
- Notification of account transfer payment
- Accounting method guidance service
- Confirming policy details by visiting customers

**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 despite that insurance and benefit claims were made with the prescribed medical certificate
- Waiving the requirement of submitting medical certificates for claims in cases in which certain criteria are met
- Improvement of explanation and advice at Customer Service Center (call center) and branch offices
- Introduction of designated proxy application option to allow the pre-registered proxy to file insurance claims in the event that the policyholder is unable to file the claim for a certain reason
- Periodic follow-up of customers who take a long time to submit claim documents despite having declared an intention to make insurance claims

## 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 2013, 369 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 representatives and agents to individual customers to conduct after-sale activities, particularly to ask customers to confirm the current insurance policy through explanation of the policy details and the amount of standard protection, as well as to meticulously provide advice and plans to help customers address a range of risks facing their business, including introduction of risk management measures.

## 1-13 Other Services

PR1

As shown below, the Group's three life insurance companies offer diverse 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 counseling service on childcare, nursing care, taxation, pensions, asset management, post-retirement life, etc.
- Services for supporting daily living, full of many useful 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 policyholders to support their business management and health promotion.

#### ■ 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 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 Services

##### Taiyo Life

- Change of information related to contract, such as change of address, request for adding designated proxy application option, change of password
- Request for application forms 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 guidance on insurance premiums accounting method

##### T&D Financial Life

- Inquiries about 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 certificates for life insurance premium payment, 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.

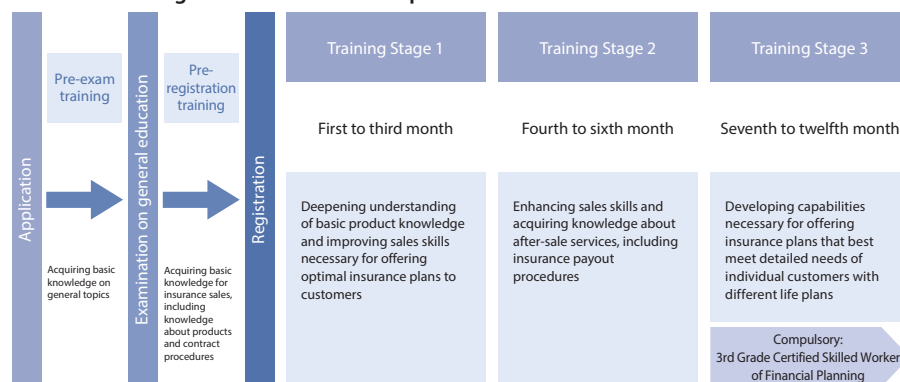
The three life insurance companies have diverse staff members such as sales representatives, customer service staff, agents and wholesalers who are engaged in duties to provide the most suitable services to customers depending upon each individual business model. We have developed human capital training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

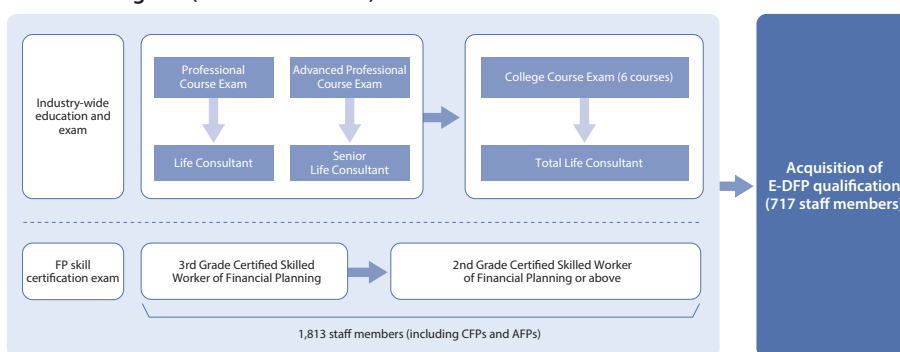


### 1-16 E-DFP (Executive Daido Financial Planner) Program Daido Life

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. The E-DFP qualification is awarded to those who pass the six college course examinations and are certified as a second-grade or higher-skilled financial planner (including AFP and CFP).

#### E-DFP Program (As of March 2014)



### 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 acquire broad knowledge on the 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 (wholesalers) assigned to assist sales agents 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

### 2-1 Basic Concept

As stated in “3. Respect for Human Rights” of the Group CSR Charter, “T&D Life Group will respect the individuality of all its employees, ensure a safe and rewarding work environment, and develop its human resources.” The T&D Life Group believes that creating a comfortable work environment where employees are able to work to meet the social needs is an important corporate responsibility that goes beyond respecting human rights and leads to the growth of the company and vitalization of society.

### Utilization and Development of Human Resources

### 2-2 Human Resources Development Policy

FS4

Since its establishment, the T&D Group has been promoting the “creation of a corporate culture that encourages demonstration of diverse talents” under the Group policy of pursuing the improvement of corporate value by allowing each Group company to pursue its own unique and specialized business strategies. Under these shared goals, each Group company has formulated its training programs to develop and enhance the skills and capabilities of employees.

### 2-3 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.

### 2-4 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 company-wide perspective by experiencing various jobs within the organization. Young employees acquire basic knowledge and improve their skills through experiencing different positions, for example, by changing workplace from the Head Office to branches or changing jobs from sales to administrative works, or vice versa, for a certain interval after joining the company. At the managerial level, employees who have served as Head Office division managers are to serve as branch general managers, or branch managerial staff are transferred to Head Office positions in a job rotation 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 career development.

#### Taiyo Life, Daido Life, T&D Financial Life

##### ● In-house Recruiting

Under this system, employees can take up various challenges, such as application for positions of their choice and MBA programs.

##### ● Personnel Exchange within Group

Personnel exchange is promoted among Group companies for facilitating the sharing of the well-developed skills and useful know-how possessed by each Group company.

#### Phase I: (2008–2012)

**Temporary transfer or transfer to other Group company for 1 to 2 years**

Participants in 5 years from 2008 to 2012

**50** employees  
(47 men, 3 women)

#### Phase II: (2013– )

**Newly added short-term training program for a maximum period of 1 month**

Participants in fiscal 2013 (including long-term transfer programs)

**17** employees  
(3 men, 14 women)

#### 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, for assisting employees to gain a wider range of business experience, increase operational efficiency and facilitate in-house communication.

#### Daido Life

##### ● Overseas Training Program

Daido Life offers employees opportunities for overseas trainee or overseas internship with the aim of fostering future leaders who are able to flexibly respond to the changing business environments as a result of globalization, as well as helping them develop strong leadership and language skills.

## Diversity Initiatives

### 2-5 Employment of People with Disabilities and Seniors

LA11 LA13

As of the end of March 2014, a total of 322 employees with disabilities, including 39 new recruits for fiscal 2013, worked in the Group's three life insurance companies, accounting for 2.15 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 and promote employment of the disabled. 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.

### 2-6 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.

### 2-7 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 takes a variety of measures. Our Group works together to promote a women's empowerment initiative under which motivated and talented female employees are promoted to management positions and, career path seminars are organized, to name but a few.

#### ● Hosting Joint Seminars by Group Companies on Promoting Active Participation of Women

In fiscal 2013, women's seminars were held for middle-level female employees (118 employees) at the three head offices in Tokyo, Osaka and Saitama on the subject of demonstrating leadership and raising awareness for taking on managerial positions. In addition, seminars for managerial employees were held with the theme of "Promoting the active participation of women as a management strategy."

#### ● Personnel Exchange within the Group for Locally Attached Female Employees

In fiscal 2013, short-term personnel exchange program of one to four weeks were launched to enable employees to experience working at another Group company, and 13 early- to mid-career female employees participated in the program.

#### Taiyo Life

##### ● Training for manager candidates

A management development program is in place under which group training is provided 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

In order to enhance the capabilities of female managers, Taiyo Life implements management training for female junior managers, and provides networking opportunities for female managers to promote their mutual education.

##### ● Promoting diversity

Diversity Promotion Project Team conducts company-wide activities aimed at expanding the roles and responsibilities of female employees.

#### Daido Life

##### ● Enhancement of the Challenge Career System

An in-house short-term internship program has been established and offered to locally hired employees, who are generally not subject to relocation. In addition, Daido Life supports career development and new skill development of female employees by gradually expanding the scope of programs, such as inter-company transfer and the free agent (FA) application system, that have traditionally been available only to nationally hired employees.

##### ● Abolishment of job posting scheme and introduction of new 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 general manager level, and can take on a new challenge in a wider scope of responsibilities such as sales, administrative operations.

#### T&D Financial Life

##### ● Training on supporting the active participation of women

In order for female employees to gain a clear image of the leadership they should pursue and to acquire the skills required for such leaders, the company is offering periodic collective training on various themes, including "Communication with the people around you," "Demonstrating leadership" and "Guidance and cultivating subordinates and juniors."

## Worker-friendly Work Environment

### 2-8 Work-life Balance Initiatives

LA3 LA15

Individual companies belonging to the T&D Life Group have been enhancing various efforts aimed at enabling employees to demonstrate their capabilities and improve their performance at work while at the same time fulfilling their responsibilities at home, such as childcare, nursing care and household, by improving the childcare leave system and reducing overtime. In order to promote the active participation of women, the Group as a whole is promoting work-life balance initiatives with an awareness of the need to create workplaces where women can continue working for a long time while experiencing life events such as marriage and childbirth.

#### Taiyo Life

Taiyo Life is supporting various work styles by promoting a flexible work-hour system and making continuous efforts toward reducing total work hours, expanding eligibility for and upgrading the flextime system, and introducing a short working hour system for employees engaged in childcare and nursing care.

#### Daido Life

Daido Life is supporting diverse work styles suited for different life stages of individual employees by introducing a "home ground system" under which employees aged 55 and older can select work location, a "stay-home work system" for head office employees, and a "course change system" to enable employees to change their status from "nationally hired" to "locally hired" for a certain period of time for childcare and nursing care.

#### T&D Financial Life

Aiming at fostering a corporate culture that enhances the job satisfaction of employees, T&D Financial Life has been making efforts to provide a workplace that allows employees to realize work-life balance. Specific measures taken include introduction of a short working hour system, promotion of the use of the flextime system, reduction in overtime working hours through establishment of no overtime day, etc.

#### ● Three Life Insurance Companies' Administrative Employees Taking Childbirth and Childcare Leave

	FY 2011	FY 2012	FY 2013
No. of employees taking maternity leave	78	105	98
No. of employees taking childcare leave	152	154	169
Male	76	51	71
Female	76	103	98
No. of employees returning to work after childcare leave	138	125	155
Male	75	52	71
Female	63	73	84
Proportion of employees returning to work after childcare leave (%)	95.2	89.9	97.5
Male	100.0	100.0	100.0
Female	90.0	83.9	95.5

#### ● Supporting Parents Raising the Next Generation of Children

Since the enforcement of the Act on Advancement of Measures to Support Raising Next-Generation Children in April 2005, the T&D Life Group has formulated a unified action plan every two years to enhance the childcare support system and promote work-life balance. Regarding support for the development of young people, the Group's three life insurance companies received 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, T&D Asset Management obtained the certification for the first time in addition to the three life insurance companies. Additionally, in April 2008, T&D Information Systems became the first company with 300 or fewer employees in the information services sector in Saitama Prefecture to acquire the same certification. The company received certification under the same initiative for three consecutive periods in May 2012.



#### ● The Fifth Action Plan (April 2013 to March 2015)

Five companies, namely, T&D Holdings, the three life insurance companies and T&D Asset Management, set a unified goal and promote actions as a Group.

##### Target 1

In order to foster a caring workplace culture that supports childbirth and childcare, ensure that all employees are aware of company programs and systems based on the Child Care and Family Care Leave Act and other relevant laws.

##### Target 2

Encourage the practice of reducing total working hours through continuation of no-overtime days, etc.

##### Target 3

Implement educational measures for employees to foster a workplace where all employees, both men and women, can feel motivated and enthusiastic about their work.

### 2-9 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.

## 2-10 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.

## 2-11 Health Promotion for Employees

### ● Initiatives by Human Resources Department

LA8

The T&D Life Group has a clinic at headquarters, and promotes the health of its employees through periodic health committee meetings at each branch office in collaboration with industry physicians and the labor union. The Group companies also take care of the mental health of their employees and, by contracting external physicians, provide a system for consultation and medical service that employees can utilize free from anxiety.

### ● 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 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 programs by partnering with the foundations. Our efforts focus primarily on "improving health, medical care and welfare," "developing a sound society, including sound growth of young people responsible for the next generation" 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 Care 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 2013, a total of 386 directors and employees of the Group donated blood during 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.

##### <Main Activities>

- The company supports activities as a co-sponsor.
- The company provides its meeting rooms for seminars as well as 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.

## 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 a 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 2013> 1,741 grants, 1,142 million yen

#### ● Main Activities in FY 2013

Aiming to fulfill its key founding objective of contributing to improved social welfare, the foundation continued offering grants to projects undertaken by volunteer groups working resolutely to enhance the welfare of local communities, and to projects to support reconstruction of the 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 so on. In fiscal 2013, a total of 60 grants (worth 22.36 million yen) were offered to 55 volunteer/NPO projects (19.96 million yen) and 5 study/research projects (2.4 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 environment 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 and 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 2013> 3,375 grants, 1,542 million yen

#### ● Publication of environment and 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, 69 brochures have been published.

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

#### ● Home care/nursing consultation and workshop

A video mostly depicting scenes from the home care/nursing workshop is available on DVD and can be borrowed free of charge.



## ■ Developing a Sound Society, including Fostering of Young People

### 3-6 Nationwide Clean Campaign Taiyo Life

EC8

As a part of its activities for contribution to the local community, Taiyo Life began an annual 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 2013, the Campaign attracted 8,612 participants (executives, employees, and their families) from the Head Office, affiliated firms, and branches.

The Head Office, based in the 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, of which Taiyo Life is a member. 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 the mecc member companies participated in the event.

### 3-7 Sponsorship to 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 basic spirit of Rugby, "all for one, one for all" which is common to the basic principal of life 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 shaping a sound society," we are supporting the sound development of young people through promoting junior high school rugby in cooperation with the JRFU.

### 3-8 Supporting the National Sports Festival for People with Disabilities 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 2013, the open lectures were held at 5 universities. Over the past 12 years, over 9,800 people have attended the lectures, which have been favorably received by the participants.

#### In fiscal 2013, open courses were held at:

Fukushima University, Meiji University, Kwansai 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 Taiyo Life and its affiliates, has 8,829 members as of March 31, 2014. In order to support social contribution 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 local community-based social contribution activities driven by branches nationwide and Head Office departments, environmental conservation activities in cooperation with NPOs and the like, and educational support. Details of the activities are posted in Taiyo Life's in-house journal, through which the company is calling for a broader participation by executives and employees in the activities.

#### <Main Activities in FY 2013>

- Contribution to local communities: 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: Donation of school bags to children in Afghanistan through JOICFP (a Japan-based international 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 Daido Life's executives and employees, works to promote and support fund-raising activities and volunteer activities.

In addition, since 1994, the Club has 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 the people with physical disabilities, who are rarely able to go outside in everyday life, so that they can 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 and so forth.

#### <Main Activities in FY 2013>

- 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 Club also assisted the Ecocap Movement to fund vaccines for the children in the developing world while contributing to the global environment.
- 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

FS16

Daido Life provides college students with internship opportunities in order for them to understand the life insurance business, both for general business operations and specialized operations such as actuary and asset management. Through the internship program, where the participants can practice working experience in the workplace related to their university major and career interest, they will be motivated to work and deepen their understanding of the required knowledge and skills and a typical workplace environment, and utilize them 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

FS16

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>

##### ● Presentation of Daido Life Foundation Awards for Area Studies

To encourage the area studies globally, the Foundation gives "Daido Life Foundation Awards for Area Studies" and "Daido Life Foundation Encouragement Awards for Area Studies" to researchers who have achieved superior results in area studies. Daido Life Foundation Area Studies Special Awards are presented to individuals who have made a distinguished contribution to deepening international mutual understanding.

##### ● Translation and publication activities

With the aim of helping Japanese people deepen their understanding of the history, cultures and customs of other Asian countries and facilitate friendship between them, the foundation undertakes translation of literature published in the region; 62 contemporary Asian works including novels, poems, essays, etc. from 12 countries were translated into Japanese and donated to universities and public libraries across Japan. With a view to increasing readers of and interest in these works, the foundation has digitized these publications, including new and past projects, since fiscal 2012 and has made 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 33 Japanese works have been translated into local languages for publication in 8 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 construction projects (20 schools constructed in five countries as of September 2014) and donating books and school supplies in the hope to raise awareness of the importance of school-based education in local communities. In commendation of its efforts and contributions to education over the years, the foundation was conferred a Third 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.

## 4. For Global Environment

### 4-1 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 and has promoted 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.

- |  |   |
|--|---|
| <p><b>1. Environmental Conservation Efforts through Business Activities</b><br/>We will contribute to the protection of the global environment in all of our business activities.</p> <p><b>2. Reduction in Environmental Impact</b><br/>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.</p> <p><b>3. Compliance with Environmental Laws</b><br/>We will observe all environmental laws and regulations.</p> | <p><b>4. Promotion of Environmental Awareness-Raising Activities</b><br/>We will raise environmental awareness among all Group members through awareness-raising activities to promote environmental protection initiatives.</p> <p><b>5. Continuous Improvement in Environmental Initiatives</b><br/>By setting environmental objectives and reviewing them regularly, we will endeavor to continuously improve our environmental performance.</p> |
|--|---|

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

## 4-2 Environmental Initiatives

EN7 EN18

### ● Reduction of CO<sub>2</sub> Emissions

Because at least 90% of the CO<sub>2</sub> emissions are from electricity at the T&D Life Group, we are therefore taking actions to set targets for electricity use and cutting energy consumption.

### ● 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).

Also, as a power-saving measure to prevent global warming, the Group turns off or reduces the lighting in offices, meeting rooms, hallways and other areas when they are not in use.

### ● "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" initiated by the Ministry of the Environment to ask lighted-up facilities and individual homes to turn off lights in order to help combat global warming.

### ● Efforts for Achieving the Group-wide Targets

#### ■ Electricity Consumption

In addition to the energy-saving activities described in the preceding sections, we implement a multitude of measures to reduce electricity consumption. These efforts range from introducing a power demand monitoring system for controlling peak-time use in each building and setting a "no overtime day," encouraging employees to put their computers into standby mode when they are away from their desk, reducing elevator use in some buildings, to turning off printers and multifunction machines when leaving offices.

#### ■ Office Paper Use

To decrease the use of office paper, we ensured efficient paper use, such as 2-in-1 and two-sided printing and test printing before printing a large quantity.

#### ■ 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.

## 4-3 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, this year we organized forest improvement activities in July, September and November, implementing forest thinning, creation of the *Iko No Hiroba* Park, and improvement of forest roads (total participants for the year: approx. 200). 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 improving forest roads and biotopes, in June, September and December, and in hosting the "Acorn Project" in October and November. 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 for the year: approx. 300).

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: 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.

**"Chopsticks 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 461,685 pairs of chopsticks during the period from September 2006 to March 2014.

**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

\* "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.

**4-4 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 elementary schools, junior and senior high schools, public libraries and others to raise awareness of environmental issues.

**4-5 Environment-related Funds T&D Asset Management**

FS8

● **China Environment-related Investment Funds (Green China)**

Via Green China, its Chinese environment-related investment fund, T&D Asset Management invests in companies that demonstrate superiority in terms of resources and environment-related competitiveness such as efficient use of energy and water, reducing environmental pollution, and participation in afforestation activities in the greater China area. Net Asset Value of the fund as of the end of March 2014 was approximately 156 million yen.

● **Green Infrastructure Fund 1303 (Green Infrastructure Fund)**

Via its Green Infrastructure Fund 1303 (the Green Infrastructure Fund) with prohibition of resale to others than qualified institutional investors, T&D Asset Management invests in companies that generate, supply and sell electricity from renewable sources, etc. Net Asset Value of the fund as of the end of March 2014 was approximately 1,060 million yen.


Information given on this page in relation to the funds is intended to provide an introduction to CSR activities of the T&D Life Group. It is not provided for the purpose of soliciting investment in the funds. For details on the Chinese environment-related investment fund Green China, please see the investment trust prospectus and so on available on the T&D Asset Management website.

**4-6 The Third-party Assurance of Environmental Performance Data**

3.13

The T&D Life Group obtained the third-party assurance from Ernst & Young Sustainability Co., Ltd. on the Environmental Performance Data and the Group Environmental Performance Targets and Results for fiscal 2013 shown on pages 3, 4 and 8 of this report in accordance with the International Standard on Assurance Engagements (ISAE) 3000 and 3410 (International Federation of Accountants).

■ **Independent Assurance Report**



*Translation*

The following is an English translation of an independent assurance statement prepared in Japanese and is for information and reference purposes only. In the event of a discrepancy between the Japanese and English versions, the Japanese version will prevail.

**Independent Assurance Report**

Date: September 10 2014

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

Kenji Sawami  
Representative Director  
Ernst & Young Sustainability Co., Ltd.  
Tokyo

We, Ernst & Young Sustainability Co., Ltd. have been commissioned by T&D Holdings, Inc. (hereafter the "Company") to provide limited assurance on the Key Sustainability Performance Indicators (hereafter the "Indicators") of the Company and its major subsidiaries for the year ended March 31, 2014 included in the "Group Environmental Performance Data" and "Group Environmental Performance Targets and Results" of the Company's CSR Report 2014 posted on the Company's Web site (hereafter the "Environmental Performance Data").

1. **The Company's Responsibilities**  
The Company is responsible for the preparation of Environmental Performance Data in accordance with the Company's policies and standards found at page 4 of the CSR Report 2014 as criteria.
2. **Our Independence and Quality Control**  
We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.  
We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
3. **Our responsibilities**  
Our responsibility is to express a limited assurance conclusion on the Key Sustainability Performance Indicators of the Company and its major subsidiaries for the year ended March 31, 2014 included in the Environmental Performance Data based on the procedures we have performed and the evidence we have obtained.  
We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements - Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standards Board, Practical Guidelines for the Assurance of Sustainability Information, revised in December 2012 by the Japanese Association of Assurance Organizations for Sustainability Information and, in respect of CO2 emissions, the International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), issued by the International Auditing and Assurance Standards Board.  
The summary of the procedures we performed for our assurance engagement is as follows:  
• Reading relevant documents with regard to the Company's Reporting Standards and the Company's policies and standards and inquiring of personal responsible thereof;  
• Reading relevant documents with regard to the design of the Company's internal control of the Indicators and inquiring of personal responsible thereof at the headquarters and the site visited;  
• Performing analytical procedures of the Indicators at the headquarters and the site visited (1 site); and  
• Agreeing to supporting documents and recalculating with part of the Indicators at the headquarters and the site visited on a test basis.  
The procedures performed in a limited assurance engagement are more limited in nature, timing, or extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is not as that obtained had we performed a reasonable assurance engagement.
4. **Conclusion**  
Based on the assurance procedures performed, nothing has come to our attention that caused us to believe that the Indicators of the Company and its major subsidiaries for the year ended March 31, 2014 included in the Environmental Performance Data were not measured and reported in accordance with the Company's policies and standards in all material respects.

Item	Indicator	Pages in this report
<b>1. Strategy and Analysis</b>		
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
<b>2. Organizational Profile</b>		
2.1	Name of the organization.	14
2.2	Primary brands, products, and/or services.	5, 13, 15, 16
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	13, 15–17
2.4	Location of organization's headquarters.	14
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.	13 Activities in Japan only
2.6	Nature of ownership and legal form.	3
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	5, 9, 13, 15–16
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>	4, 6, 14
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.	16, 32
<b>3. Report Parameters</b>		
<b>Report Profile</b>		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	1
3.2	Date of most recent previous report (if any).	1
3.3	Reporting cycle (annual, biennial, etc.)	1
3.4	Contact point for questions regarding the report or its contents.	1
<b>Report Scope and Boundary</b>		
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, 12, 24
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	1, 4, 13–14
3.7	State any specific limitations on the scope or boundary of the report.	1, 4, 13
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.	4
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).	Not applicable
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	4, 8
<b>GRI Content Index</b>		
3.12	Table identifying the location of the Standard Disclosures in the report.	45–48
<b>Assurance</b>		
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, 44
<b>4. Governance, Commitments, and Engagement</b>		
<b>Governance</b>		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	17–19
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).	18
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.	4, 18
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	23, 25, 37–38
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).	18
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	4, 18–19
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.	18
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	11, 22, 42
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.	12, 19–22, 26

—: 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
4.10		Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	17–19
<b>Commitments to External Initiatives</b>			
4.11		Explanation of whether and how the precautionary approach or principle is addressed by the organization.	13, 20–23
4.12		Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	25–26
4.13		Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: • Has positions in governance bodies • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic	14
<b>Stakeholder Engagement</b>			
4.14		List of stakeholder groups engaged by the organization.	11, 24
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.	5, 23–25, 28–30
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.	27
<b>5. Management Approach and Performance Indicators</b>			
<b>Economic</b>			
		<b>Disclosure on Management Approach</b>	6, 11, 20
<b>Economic</b>			
<b>Aspect: Economic Performance</b>			
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.	6–8, 14, 16
EC2	CORE	Financial implications and other risks and opportunities for the organization's activities due to climate change.	21
EC3	CORE	Coverage of the organization's defined benefit plan obligations.	-
EC4	CORE	Significant financial assistance received from government.	Not applicable
<b>Aspect: Market Presence</b>			
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.	Not applicable
<b>Aspect: Indirect Economic Impacts</b>			
EC8	CORE	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	31, 38–42
EC9	ADD	Understanding and describing significant indirect economic impacts, including the extent of impacts.	-
<b>Environmental</b>			
		<b>Disclosure on Management Approach</b>	3–4, 11, 42–44
<b>Environmental</b>			
<b>Aspect: Materials</b>			
EN1	CORE	Materials used by weight or volume.	3
EN2	CORE	Percentage of materials used that are recycled input materials.	-
<b>Aspect: Energy</b>			
EN3	CORE	Direct energy consumption by primary energy source.	-
EN4	CORE	Indirect energy consumption by primary source.	3–4
EN5	ADD	Energy saved due to conservation and efficiency improvements.	3
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.	Not applicable
EN7	ADD	Initiatives to reduce indirect energy consumption and reductions achieved.	3, 43
<b>Aspect: Water</b>			
EN8	CORE	Total water withdrawal by source.	4
EN9	ADD	Water sources significantly affected by withdrawal of water.	Not applicable
EN10	ADD	Percentage and total volume of water recycled and reused.	4
<b>Aspect: Biodiversity</b>			
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.	43
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
<b>Aspect: Emissions, Effluents, and Waste</b>			
EN16	CORE	Total direct and indirect greenhouse gas emissions by weight.	8
EN17	CORE	Other relevant indirect greenhouse gas emissions by weight.	-
EN18	ADD	Initiatives to reduce greenhouse gas emissions and reductions achieved.	8, 43
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

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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.	8
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
<b>Aspect: Products and Services</b>			
EN26	CORE	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	42
EN27	CORE	Percentage of products sold and their packaging materials that are reclaimed by category.	Not applicable
<b>Aspect: Compliance</b>			
EN28	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Not applicable
<b>Aspect: Transport</b>			
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.	-
<b>Aspect: Overall</b>			
EN30	ADD	Total environmental protection expenditures and investments by type.	-
<b>Social</b>			
<b>Labor Practices and Decent Work</b>			
		<b>Disclosure on Management Approach</b>	11, 35–38
<b>Labor Practices and Decent Work</b>			
<b>Aspect: Employment</b>			
LA1	CORE	Total workforce by employment type, employment contract, and region broken down by gender.	4
LA2	CORE	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	8
LA3	ADD	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	37
LA15	CORE	Return to work and retention rates after parental leave, by gender.	37
<b>Aspect: Labor/Management Relations</b>			
LA4	CORE	Percentage of employees covered by collective bargaining agreements.	8
LA5	CORE	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	-
<b>Aspect: Occupational Health and Safety</b>			
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.	8
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.	38
LA9	ADD	Health and safety topics covered in formal agreements with trade unions.	38
<b>Aspect: Training and Education</b>			
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.	34–36
LA12	ADD	Percentage of employees receiving regular performance and career development reviews by gender.	-
<b>Aspect: Diversity and Equal Opportunity</b>			
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.	4, 8, 36
LA14	CORE	Ratio of basic salary of men to women by employee category.	-
<b>Human Rights</b>			
		<b>Disclosure on Management Approach</b>	11, 35–36
<b>Human Rights</b>			
<b>Aspect: Investment and Procurement Practices</b>			
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.	36
<b>Aspect: Non-Discrimination</b>			
HR4	CORE	Total number of incidents of discrimination and corrective actions taken.	Not applicable
<b>Aspect: Freedom of Association and Collective Bargaining</b>			
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
<b>Aspect: Child Labor</b>			
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
<b>Aspect: Forced and Compulsory Labor</b>			
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
<b>Aspect: Security Practices</b>			
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
<b>Aspect: Indigenous Rights</b>			
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.	23
<b>Society</b>			
		<b>Disclosure on Management Approach</b>	11, 38–42
<b>Society</b>			
<b>Aspect: Local Communities</b>			
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.	-
<b>Aspect: Corruption</b>			
SO2	CORE	Percentage and total number of business units analyzed for risks related to corruption.	21
SO3	CORE	Percentage of employees trained in organization's anti-corruption policies and procedures.	23
SO4	CORE	Actions taken in response to incidents of corruption.	Not applicable
<b>Aspect: Public Policy</b>			
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.	-
<b>Aspect: Anti-Competitive Behavior</b>			
SO7	ADD	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	Not applicable
<b>Aspect: Compliance</b>			
SO8	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Not applicable
<b>Product Responsibility</b>			
		<b>Disclosure on Management Approach</b>	11, 27–34
<b>Product Responsibility</b>			
<b>Aspect: Customer Health and Safety</b>			
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.	7, 27–34
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
<b>Aspect: Product and Service Labeling</b>			
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.	5, 7, 24, 28–31
<b>Aspect: Marketing Communications</b>			
PR6	CORE	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	32
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
<b>Aspect: Customer Privacy</b>			
PR8	ADD	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not applicable
<b>Aspect: Compliance</b>			
PR9	CORE	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Not applicable
<b>Financial Services Sector Specific Disclosure on Management Approach</b>			
FS1	CORE	Policies with specific environmental and social components applied to business lines.	11, 22, 42
FS2	CORE	Procedures for assessing and screening environmental and social risks in business lines.	21
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.	22–24, 34–36, 44
FS5	CORE	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	24–25, 27
FS6	CORE	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	15–16
FS7	CORE	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	15–16, 31
FS8	CORE	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	44
FS9	CORE	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	19
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.	26
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.	33
FS15	CORE	Policies for the fair design and sale of financial products and services.	31–32
FS16	CORE	Initiatives to enhance financial literacy by type of beneficiary.	24, 41

## Third-party Opinion

### Takeshi Mizuguchi

Professor, Faculty of Economics  
Takasaki City University of Economics

#### 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).

## For constant evolution of CSR

I wish to express my respect for the T&D Life Group's continuous and sincere efforts to help solve various issues through CSR. I consider it admirable that the Group has identified key focus areas, namely, respect for human rights and preservation of the global environment, and has been involved in a wide range of activities including forest conservation activities and efforts to support the active participation of women and the achievement of work-life balance. I also highly praise the social contribution activities conducted by the Group's social welfare organizations and activities for supporting people with disabilities, activities that have a long history. Having said this, I wish to raise the following two topics.

### 1. Efforts to address social issues undertaken via the Group's main business

As stated in the Top Message at the beginning, life insurance companies have a unique position in society in the sense that the very essence of their business is tied to social issues. In particular, Japan is facing various challenges that have surfaced in connection with the emergence of an aging society with fewer children. Such challenges include health risks, the potential needs for nursing care and the business continuity risks to small and medium-size enterprises that are heavily reliant on their individual owners. In response, the Group has been providing various solutions through multiple channels, including the household market, small and medium enterprise market, and financial institutions and other agencies market. This is commendable. Many of the products introduced on page 31 respond to social needs; reading about them, I got a real sense of the enthusiasm the Group brings to solving social issues. In the case of life insurance companies, long-term business continuity itself is an important responsibility. In this respect, I understand why many pages of this report are dedicated to explaining ERM and risk management of the Group as a whole.

On the other hand, society does not appear to be moving toward any resolution of these demographics-related issues. As the proportion of older people increases, economic disparities are worsening and the number of socially vulnerable people appears to be growing. However, as stated under the heading "Fairness in Offering Insurance Products to the Broader Public" on page 31, life insurance companies are unable to accept everyone who wishes to purchase policies regardless of their circumstances. In this sense, these companies are faced with the extremely difficult dilemma of wanting to provide solutions to those who truly need security while having to maintain an appropriate balance between fairness and the principle of mutual aid. Solving social issues through business activities requires untiring efforts, however, and I hope to see the Group's responses to these challenges continue to evolve.

### 2. Actions as a responsible institutional investor

I highly commend the fact that the T&D Life Group as a whole signed on to the Principles for Financial Action for the 21st Century in fiscal 2014. In addition, Taiyo Life, Daido Life and T&D Asset Management expressed their commitment to honor the Principles for Responsible Institutional Investors (Japan's Stewardship Code). This is a very significant step forward. While Japan's Stewardship Code promotes the sustainable growth of companies through constructive engagement with investee companies, the most important element is the contents of such engagement. If the dialogues lean toward short-term views, the judgment of the participants could be called into question. Just as the T&D Life Group puts its activities to address social issues at the center of its business, investors should ask investee companies to fulfill their social responsibilities in a similar manner, which will lead to a long-term investment return for investors. Companies that can respond to social issues can undoubtedly grow in a sustainable manner over the long-term. Furthermore, such dialogues generate bonus effects. For example, the progression of global warming has been increasing the risks to human life and health by causing more frequent abnormal weather conditions and promoting the spread of infectious diseases. Asking investee companies to take actions on such issues means helping to reduce those risks, through which the Group will be able to reduce the payment of insurance benefits and increase profits over the long-term. Policyholders should be happy to avoid events that trigger the payment of insurance benefits rather than receiving the payment. Although this type of benefit is largely invisible to policyholders, I believe the objective of the Stewardship Code is to encourage institutional investors to guide their investee companies to produce these kinds of genuine benefits. Stewardship is about taking actions for the benefit of beneficiaries (policyholders).

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FOR ALL THE LIFE ON EARTH

We are considerate of biodiversity



We practice Green Purchasing.