

Corporate Responsibility Report 2017



CREATE VALUE FOR PEOPLE AND SOCIETIES.

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Report Publication Information

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(Previous Issue: September 2016; Next Issue: Scheduled for October 2018)

Scope of report All companies and foundations in the T&D Life Group

* Contents of this report are selected taking into account the importance of each item, and we indicate the scope of each item as necessary.

Period covered April 2016 to March 2017 (annual)

* Also includes reports on some significant activities and events having occurred in and after April 2017.

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Regarding Third-party Opinion

Professor Takeshi Mizuguchi was asked to offer his opinion and advice about the contents of CR Report 2017 from the standpoint of a third party. As a professor in the Faculty of Economics at Takasaki City University of Economics, where his primary area of research is responsible investment and the disclosure of non-financial information, Professor Mizuguchi possesses extensive knowledge about CSR.

Editorial Policy

The T&D Life Group has prepared this report to provide a wide range of stakeholders with a picture of the Group's concepts of and approach to CSR, as well as its CSR initiatives. In fiscal 2017, the Group is disclosing information in the form of two different reports in order to let a wider range of stakeholders get to know the Group's initiatives. In addition to CR Report 2017, we are releasing a digest edition of CR Report 2017. In the digest edition, we present the Group's thinking about CSR and the main CSR initiatives taken by the T&D Life Group in a clear, well-organized format. It is an approachable, easy-to-read report with only a small number of pages and many photographs and illustrations. CR Report 2017 conforms to the Global Reporting Initiative's G4 Sustainability Reporting Guidelines (Core), and reports on the wide-ranging management, social, and environmental initiatives the Group is advancing.

Overview of the Digest Edition of CR Report 2017

- Profile
- T&D Life Group CSR Philosophy
- Priority Areas (1) Providing Better Products and Services
- Priority Areas (2) Respect for Human Rights
- Priority Areas (3) Global Environmental Protection
- Responsible Institutional Investor

Top Message

Aiming to be a
corporate group that
contributes to all people
and societies

Tetsuhiro Kida

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



The T&D Life Group has life insurance as its core business and centers on three life insurance companies, Taiyo Life, Daido Life and T&D Financial Life. Since the three companies joined together in April 2004 to move forward under T&D Holdings, they have faced the issues of a changing society, created value for society by providing insurance products and services needed by it, and achieved sustained growth for the Group.

Aiming to be a Corporate Group That Contributes to All People and Societies

We engage in business activities in line with the T&D Life Group's Corporate Philosophy of "With our 'Try & Discover' motto for creating value, we aim to be a group that contributes to all people and societies." For the Group, whose core business is life insurance, which itself is based on a philosophy of mutual aid, contributing to all people and societies is absolutely fundamental. Life insurance is a long-term business in which relationships with customers last 30 years or more. Tackling societal issues and contributing to society's sustained development so that in 30 years customers, and their children and grandchildren as well, can live comfortable lives with safety and security is both our mission and meaning of our existence.

Making Our Corporate Philosophy a Reality

To achieve the objectives of our corporate philosophy, we incorporate it into management plans and strategies. The Group has positioned the T&D Life Group Medium-Term Management Plan, which began in April 2016, as "a three-year period for expanding our growth areas" that is the first stage in our vision for the next 10 years. The plan spells out our aim as a group to "maximize 'the satisfaction of all stakeholders' by contributing to solutions to societal issues through the life insurance business," and we continue working in pursuit

of this end. To further specify our approach to maximizing customer satisfaction, we established a basic policy on conducting operations from the customer's point of view. In addition, we promote work style reforms and carry out various health promotion initiatives for employees, customers and society as a whole, as we work to further raise the satisfaction of all people.

Establishing Priority Areas

We reviewed activities conducted to date on a continuing basis and confirmed what it is we wish to particularly emphasize in light of our corporate philosophy. We also investigated and carefully confirmed what it is the general public values highly and what it expects of us. We then combined these two perspectives and reviewed the results, and this process revealed a number of key issues shared by both the Group and society at large. The issues were then organized by area and the following were identified as initiatives that should be prioritized: "Meet the needs of society through the life insurance business," "Respect human rights, which includes promoting diversity and 'Health-oriented management'" and "Help protect the global environment." Based on these, we established "Providing Better Products and Services," "Respect for Human Rights," and "Global Environmental Protection" in the Group CSR Charter as the Group's priority areas for CSR.

Group Members United

To fully practice the T&D Life Group's Corporate Philosophy of contributing to all people and societies requires the commitment of each and every executive and employee of the Group. We established the Group CSR Committee in 2011, which is chaired by the President of T&D Holdings and whose members are the directors in charge of CSR and division managers at Group companies, to disseminate the Group's philosophy on serving society, share information on initiatives at individual Group companies, and support the "Try & Discover" efforts of all Group executives and employees. The Group CSR Committee determines the Group's CSR priority areas, regularly checks and verifies activities, and incorporates the results into the next plan in order to make continual improvements and work toward the further development of the Group's CSR activities.

Globally United

Companies around the world are already actively playing their part in the maintenance and development of a sustainable world through their businesses. The United Nations Global Compact (UNGC) promulgated by the United Nations is a framework for corporations to cooperate with the UN in realizing sustainable growth. The Group supports the goals of the compact and became a signatory to it in 2015. In addition, Taiyo Life, Daido Life and T&D Asset Management, which function as institutional investors, are signatories to the Principles for Responsible Investment (PRI), a set of guiding principles for institutional investors on fulfilling social responsibilities. With respect to the Sustainable Development Goals (SDGs) as well, global targets for a wide range of sectors, we have incorporated the goals into the selection process for Group CSR priority areas and will contribute to their achievement through CSR activities that leverage the Group's characteristics.

The Group will consider what it can do for people and society 30 years from now, and what needs to be done to leave a stable society and healthy planet to future generations. The Group will directly engage in individual initiatives to these ends. We thank all of our stakeholders for your continuing support and understanding going forward.

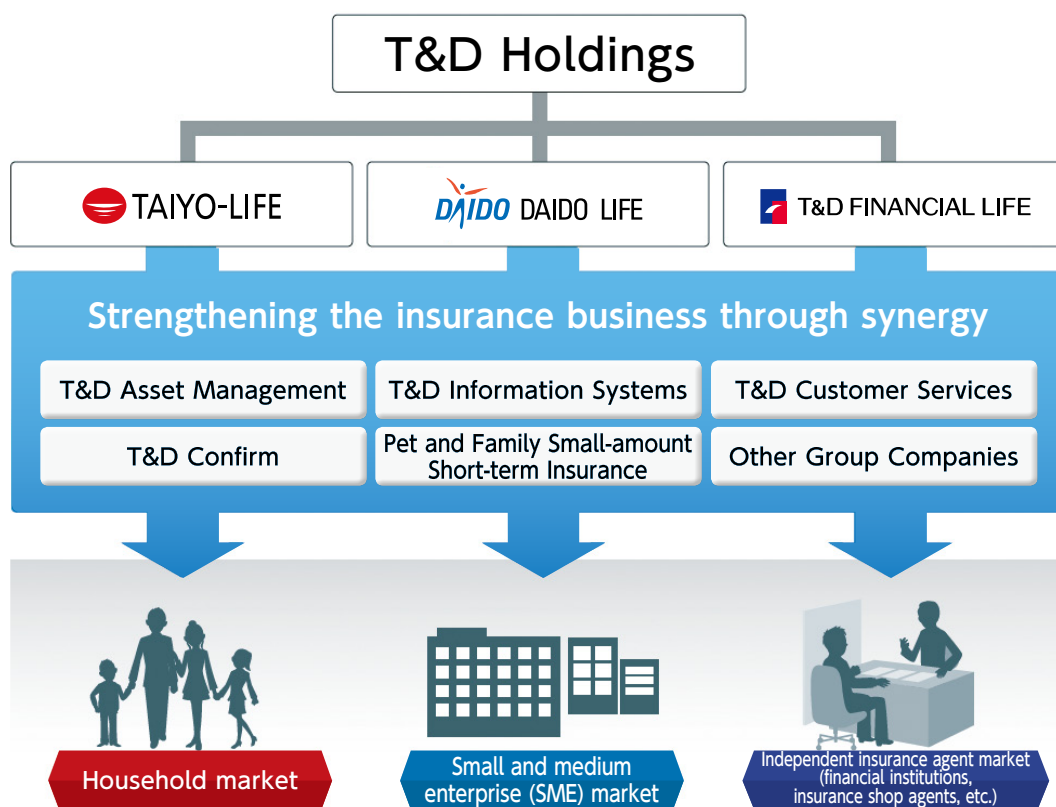
1. Organizational Profile

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

G4-4

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. The three companies of Taiyo Life, with its strength in the household market; Daido Life, with its strength in the small and medium enterprise (SME) market; and T&D Financial Life, with its strength in the independent insurance agent market (financial institutions and insurance shops) work to fully exploit the strengths and uniqueness of their respective business models, in support of their customers' lives and businesses.

● Group Structure



1-2 T&D Life Group Companies and Foundations

G4-4

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● Organizational Structure

The T&D Life Group consists of T&D Holdings, 16 consolidated subsidiaries and 3 affiliated companies that are engaged in life insurance and other businesses as described below.

(○: Consolidated subsidiaries ◇: Equity method affiliate companies)

T&D Holdings, Inc.		http://www.td-holdings.co.jp/en/
Insurance & Insurance-related Businesses	Insurance	○ Taiyo Life Insurance Company http://www.taiyo-seimei.co.jp/
		○ Daido Life Insurance Company http://www.daido-life.co.jp/
		○ T&D Financial Life Insurance Company http://www.tdf-life.co.jp/
		○ Pet and Family Small-amount Short-term Insurance Company http://www.petfamilyins.co.jp/
	Insurance-related	○ T&D Confirm Ltd.
		○ Toyo Insurance Agency Co., Ltd. http://www.sonpo.co.jp/toyohkdaiko/
		○ Daido Management Service Co., Ltd. http://www.dms-hp.co.jp/
Investment-related Businesses	Investment Management and Advisory, etc.	○ T&D Asset Management Co., Ltd. http://www.tdasst.co.jp/en/
	Other Investment-related	○ T&D Lease Co., Ltd. http://www.td-lease.co.jp/
		○ Taiyo Credit Guarantee Co., Ltd. http://www.taiyo-sinyo-hosyo.co.jp/
		◇ Alternative Investment Capital, Ltd. http://www.aicapital.co.jp/english/
Administration-related Businesses	Administration-related	○ T&D Customer Services Co., Ltd.
	General Affairs and Calculation-related	○ T&D Information System Ltd. http://www.td-system.co.jp/
		○ Nihon System Shuno, Inc. http://www.nss-jp.com/
		○ Zenkoku Business Center Co., Ltd. http://www.zbc-jp.com/
		◇ Thuriya Ace Technology Company Limited
Foundations	The Taiyo Life Welfare Foundation http://www.taiyolife-zaidan.or.jp/	
	Daido Life Welfare Foundation http://www.daido-life-welfare.or.jp/	
	The Daido Life Foundation http://www.daido-life-fd.or.jp/	

Note: Includes main Group companies and foundations as of June 30, 2017.

1-3 Corporate Profile (as of March 31, 2017)

G4-3

G4-5

G4-16

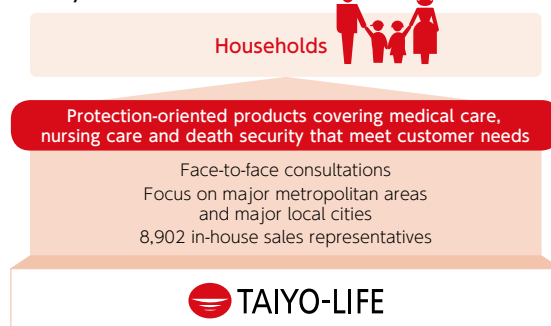
《T&D Holdings, Inc.》

Established	April 2004
Head office location	2-7-1 Nihonbashi, Chuo-ku, Tokyo 103-6031, Japan
Capital stock	207.1 billion yen
No. of employees	95
Independent auditor	Ernst & Young ShinNihon LLC
Description of business	Insurance holding company for the T&D Life Group as well as for a small-amount short-term insurance company, conducting the following: • Management control of life insurance subsidiaries and affiliates under the Insurance Business Act and other laws and regulations • Other businesses associated with the above

《Taiyo Life Insurance Company》

Established	February 1948 (Founded May 1893)
Head office location	2-7-1 Nihonbashi, Chuo-ku, Tokyo 103-6031, Japan
Capital stock	62.5 billion yen
No. of employees	Sales: 8,902 Administrative: 2,468 Total: 11,370

《Taiyo Life's Business Model》



《Daido Life Insurance Company》

Established	July 1947 (Founded July 1902)
Head office locations	1-2-1 Edobori, Nishi-ku, Osaka 550-0002, Japan 2-7-1 Nihonbashi, Chuo-ku, Tokyo 103-6031, Japan
Capital stock	110 billion yen
No. of employees	Sales: 3,843 Administrative: 3,091 Total: 6,934

《Daido Life's Business Model》



《T&D Financial Life Insurance Company》

Established	July 1947 (Founded April 1895)
Head office location	1-1-1 Shibaura, Minato-ku, Tokyo 105-0023, Japan
Capital stock	56 billion yen
No. of employees	239

《T&D Financial Life's Business Model》



◇ Industry Association to which the
Three Life Insurance Companies Belong:
The Life Insurance Association of Japan

《T&D Asset Management Co., Ltd.》

Established	December 1980
Head office location	Mita Bellju Building, 5-36-7 Shiba, Minato-ku, Tokyo 108-0014, Japan
Capital stock	1.1 billion yen
No. of employees	155

《Pet & Family Small-amount Short-term Insurance Company》

Established	August 2003
Head office location	3-34-3 Hongo, Bunkyo-ku, Tokyo 113-0033, Japan
Capital stock	1.5 billion yen
No. of employees	44

《T&D Asset Management's Business Model》



《Pet & Family Small-amount Short-term Insurance's Business Model》



1-4 Number of Employees

G4-9

G4-10

G4-LA1

G4-LA12

● Number of Employees (T&D Holdings, Consolidated)

Business sector	March 31, 2015		March 31, 2016		March 31, 2017	
Insurance & insurance-related businesses	18,156	(1,427)	18,423	(1,252)	18,573	(1,107)
Investment-related businesses	483	(32)	466	(29)	441	(25)
Administration-related businesses	779	(157)	790	(161)	802	(161)
Total	19,418	(1,616)	19,679	(1,442)	19,816	(1,293)

* 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.

* The figures for part-time workers differ from the Financial Report due to the rounding process.

● 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, 2015	March 31, 2016	March 31, 2017	FY2014	FY2015	FY2016
No. of employees	18,319	18,409	18,543	3,727	3,935	3,887
Male	3,702	3,622	3,564	113	148	149
Female	14,617	14,787	14,979	3,614	3,787	3,738
Sales representatives	12,222	12,498	12,745	3,565	3,701	3,679
Male	335	324	313	23	37	57
Female	11,887	12,174	12,432	3,542	3,664	3,622
Customer service	301	203	-	0	0	-
Administrative	5,796	5,708	5,798	162	234	208
Male	3,367	3,298	3,251	90	111	92
(Managers)	(2,063)	(2,062)	(1,959)			
Female	2,429	2,410	2,547	72	123	116
(Managers)	(275)	(319)	(345)			

* Managers include head office deputy division managers, assistant officers, and other officers.

* From April 1, 2016, customer service staff at Taiyo Life have been transitioning to administrative personnel.

For details of Group performance, solvency margin ratio, credit ratings, etc., please refer to the CSR library on our website.

[WEB www.td-holdings.co.jp/en/csr/library.html](http://www.td-holdings.co.jp/en/csr/library.html)

1-5 Dialogue and Consultations with Labor Unions

G4-11

Each of the three life insurance companies in the T&D Life Group has an independent labor union, and on this basis and having established tie-ups with cooperative groups, 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, one that is based on the spirit of trusting each other, can be built only through straightforward discussions based on their respective viewpoints, and that kind of relationship will motivate employees and bolster the competitiveness of the companies.

● Labor Unionization of the Administrative Personnel of the Three Life Insurance Companies

	FY2014	FY2015	FY2016
Labor unionization rate (%)	82.5	81.9	79.6

2. Supply Chain

DMA

2-1 Definition of Supply Chain

G4-12

T&D Holdings defines its supply chain as shown in the table below, and works toward widespread CSR through that supply chain.

Activities		Supply chain
Sales of products and services	Media	Manufacturing of media to be used in the sales of products and services
	Sales agents	Sales agents
Contracting work		ICT systems, consulting, auditing
Office buildings	Buildings	Construction, maintenance, administration of office buildings
	Energy consumed	Petroleum refining and distribution, electric power providers
	Waste	Waste disposal companies
Delivery		Delivery company
Movement of employees	Business trips	Airplane, rail, bus, taxi, accommodation
	Commuting	Rail, bus
Investment		Investees

2-2 Cooperation with Suppliers

G4-SO9

● Management of Outsourcing of Business Operations

The T&D Life Group outsources some business operations to third parties. In order to maintain our management soundness and strengthen our management control capability, we have prepared the appropriate management system for outsourcing, specifically by formulating the methodology to select outsourcing partners and supervise them.

T&D Holdings has formulated a Pre-checklist to Scrutinize Outsourcing Partners as a part of the Guidelines for Outsourcing and Detailed Rules on Risk Evaluation for Outsourcing, based on the Procedural Guidelines for Implementation and Management of Outsourcing. The Group examines the risk-related issues, and assesses the suitability of each outsourcing partner with covered in the note respect to the issues including social aspects* such as human rights, labor conditions, environmental initiatives, etc.

* Social aspects refer to the occurrence of human rights violation, labor problems such as forced labor, excessive work hours, health and safety, etc., as well as measures to prevent and mitigate environmental pollution and climate change.

After the commencement of outsourcing, the Group checks the outsourcing partner more than once a year, monitors the performance of the outsourced operations, and, if necessary, asks for improvements.

● Initiatives for Green Purchasing and Procurement

The T&D Life Group takes various initiatives to protect the global environment, based on the T&D Life Group CSR Charter and the T&D Life Group Environmental Policy. As one facet of these efforts, the T&D Life Group has formulated its Group-wide Green Purchasing Standards to be applied when the Group procures or purchases the goods or services needed for its business operations. The Group promotes green purchasing and green procurement, giving priority to the purchase of goods or services that help reduce its environmental impact.

Green purchasing mainly targets office furniture, equipment and consumable supplies, while green procurement targets printing of product brochures and policy documents and procurement of real estate facilities and system equipment. Results of these activities are reported to the Group CSR Committee and its upper organization, the Board of Directors, every six months.

T&D Life Group CSR Philosophy

We will contribute to people and societies by creating value through our activities to address social issues.

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 CSR Charter

(Preamble)

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.

Our Priority Areas



Providing Better
Products and
Services



Respect for Human
Rights



Global
Environmental
Protection

We have selected three priority areas from among those areas material to an expansive range of stakeholders and those areas material to our corporate philosophy and growth. We are implementing activities targeting each priority area.

1. CSR Basic Policy

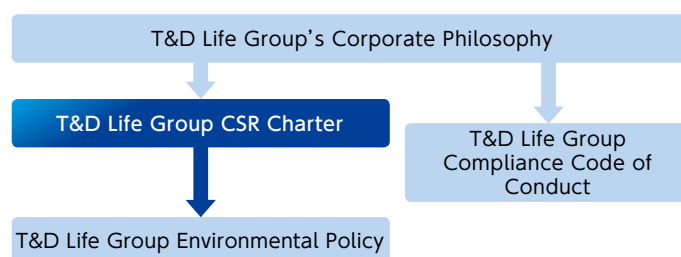
1-1 Philosophy and Policy of the T&D Life Group

G4-56

The T&D Life Group has embraced the following corporate philosophy as the starting point for the Group and the bedrock of all of its business activities: "With our 'Try & Discover' motto for creating value, we aim to be a group that contributes to all people and societies."

The T&D Life Group is centered on the life insurance business, which attaches fundamental importance to the principle of mutual assistance. Therefore, we believe that contributing to people and society as a whole through our businesses constitutes our fundamental guiding principle as a business enterprise and the very rationale for our existence.

[Structure of CSR Basic Policies]



[Other Related Basic Policies]

- The T&D Life Group's Basic Policies Related to Customer-oriented Business Operations
- Basic Policy on Corporate Governance
- Group Risk Management Policy

etc.

● 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.

● T&D Life Group CSR Charter

The T&D Life Group is firmly committed to fulfilling the public mission of life insurance and other businesses and to undertaking its corporate social responsibilities based on its management philosophy and by achieving sustainable growth along with society.

1. 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 dialogue 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.

● The T&D Life Group Compliance Code of Conduct

With our “Try & Discover” motto for creating value, we aim to be a group that contributes to all people and society. Guided by this corporate philosophy, the T&D Life Group has established the T&D Life Group Compliance Code of Conduct to conduct fair and appropriate business activities with integrity and sincerity for all stakeholders, including customers.

In the course of conducting business activities, the Group’s corporate officers and employees must conduct business fairly in accordance with the T&D Life Group Compliance Code of Conduct by correctly understanding laws, regulations and other rules pertaining to business activities and ensuring strict compliance with them.

Moreover, the T&D Life Group will endeavor to foster a corporate culture that respects the purpose and spirit of this code of conduct.

1. Rigorously Enforcing Compliance

(1) Ensuring Compliance

We shall adhere to not only the laws and regulations of countries around the world, but also international rules, social norms and internal rules. Moreover, we shall seek to understand the underlying spirit of those rules, and act accordingly with integrity.

(2) Maintaining and Promoting Fair and Free Competition

We shall not engage in any unfair competitive practices, including conduct that would put our customers at a disadvantage through cartels or other forms of collusion with competitors in connection with the products and services we provide, and conduct that would put our business counterparts at a disadvantage using our bargaining power.

(3) Prevention of Conflicts of Interest

We shall always consider separating our professional and private lives in the course of conducting our duties. We shall not engage in conduct that promotes our own self-interest or the interests of third parties at the expense of the Company’s interests.

(4) Prohibition of Insider Trading

As members of a publicly listed corporate group, we shall not use the non-public material information of the Company, or such information obtained in the course of performing our duties, for asset management purposes for the Company, or for personal use, nor shall we use such information for private economic gain.

(5) Protection of Intellectual Property Rights

We shall respect the copyrights, patents and other intellectual property rights of third parties, and shall not infringe upon those rights in the course of our business activities.

2. Addressing Society

(1) Responding to Antisocial Powers

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

(2) Prevention of Corruption through Restrictions on Business Entertainment and Other Activities

We shall work to prevent corruption in our relationships with business counterparts, civil servants and other parties by refraining from providing or receiving any business entertainment within reasonable bounds under normal social conventions, as well as refraining from giving or receiving gifts, in connection with our business activities worldwide.

(3) Political Activities and Funding

We shall comply with laws and regulations and maintain an impartial stance when conducting political activities.

3. Appropriateness and Transparency in Management

(1) Appropriate Disclosure and Explanation of Information

We shall accurately disclose and explain the details of the products and services we provide and the Group’s management information to stakeholders, including customers and shareholders and other investors.

(2) Appropriate Information Management

We shall handle the information we obtain from customers, including personal information, appropriately in accordance with laws, regulations and other rules. Moreover, we shall appropriately manage information that the Group has not published. Corporate officers and employees shall not disclose this information to others even after they retire from the Company.

4. Respect for Human Rights and Consideration for the Environment

(1) Respect for Human Rights

We shall support the protection of internationally declared human rights and show respect for those human rights. Moreover, we shall endeavor to maintain a sound workplace environment that is free of discrimination and harassment by protecting workers by upholding legal and regulatory compliance.

(2) Consideration for the Environment

We shall consider the global environment in the course of conducting business activities.

《Duties of Managers》

Recognizing their duty to implement the spirit of the T&D Life Group Compliance Code of Conduct, the T&D Life Group’s managers shall endeavor to set a good example through their own conduct, and strive to make the code of conduct known throughout the Group and provide guidance to ensure Group-wide compliance.

● T&D Life Group Environmental Policy

The T&D Life Group will carry out business activities with full awareness of the importance of environmental concerns and will give sufficient consideration to global environmental protection based on the T&D Life Group CSR Charter. The Group will achieve sustainable growth along with the society while fulfilling the public mission of life insurance and other businesses, and undertaking its corporate social responsibilities.

The Group established the following environmental policy and is committed to complying with it in all of its business activities.

1. Environmental Conservation Efforts through Business Activities

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

2. Reduction in Environmental Impact

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

3. Compliance with Environmental Laws

We will observe all environmental laws and regulations.

4. Promotion of Environmental Awareness-Raising Activities

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

5. Continuous Improvement in Environmental Initiatives

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

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

● Basic Policy on Corporate Governance

T&D Holdings has committed to all the provisions of the Corporate Governance Code that has applied to listed companies since June 2015 for the purpose of ensuring the T&D Life Group's sustained growth and the enhancement of its corporate value over the medium to long term. T&D Holdings has also disclosed a Basic Policy on Corporate Governance on its website setting forth the Group's initiatives and policies as they pertain to the salient principles and rules in the Corporate Governance Code.

WEB Basic Policy on Corporate Governance
(URL: http://www.td-holdings.co.jp/en/company/governance/pdf/e_governance_policy.pdf)

WEB For reference: Information related to the Corporate Governance Code
(URL: <http://www.jpx.co.jp/english/equities/listing/cg/>) (Website of the Tokyo Stock Exchange)

1-2 Principles That the T&D Life Group Endorses and Supports

G4-15

● The UN Global Compact

The T&D Life Group has become a participant of the United Nations (UN) Global Compact (UNGC), a cooperative framework between the UN and corporations to realize sustainable growth advocated by the UN.

The UNGC proposes ten principles applying to the four areas of the protection of human rights, the elimination of unfair labor practices, the protection of the environment and the prevention of corruption, and encourages companies to act in a responsible manner. The T&D Life Group endorses the UNGC's philosophy, and T&D Holdings, representing the Group, has signed a memorandum declaring its support for the ten principles.



WE SUPPORT

《UNGC's Ten Principles》

Human rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights;
	Principle 2	and make sure that they are not complicit in human rights abuses.
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labor;
	Principle 5	the effective abolition of child labor;
	Principle 6	and the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility;
	Principle 9	and encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

● Principles for Responsible Investment (PRI)

In the T&D Life Group, Taiyo Life, Daido Life and T&D Asset Management have endorsed and signed the Principles for Responsible Investment (PRI)*. PRI are guidelines that encourage global financial institutions and institutional investors to promote investment activities in consideration of Environmental, Social and Governance (ESG) issues.

* The UN Principles for Responsible Investment (PRI) were formulated by the UNEP Finance Initiative and the UN Global Compact as a set of principles that would facilitate the reflection of the ESG viewpoint in the decision-making processes of financial investors.

《The Six Principles of the PRI》

Principle 1: We will incorporate ESG issues into our investment analysis and decision-making processes.
 Principle 2: We will be active owners and incorporate ESG problems into our ownership policies for stocks and practices.
 Principle 3: We will seek appropriate disclosure on ESG problems by the entities in which we invest.
 Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
 Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
 Principle 6: We will each report on our activities and progress towards implementing the Principles.

● Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)

T&D Holdings and its direct subsidiaries endorse the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)*, and have become signatories to this voluntary initiative organized by Japanese financial institutions.

* The Principles for Financial Action for the 21st Century were formulated as guidelines for financial institutions that wish to fulfill their social responsibilities and play a role in the formation of a sustainable society. The principles were formulated by the Ministry of the Environment's Drafting Committee for Environmental Finance Principles, in which financial institutions from wide-ranging areas within the sector voluntarily participated.

《Principles for Financial Action for the 21st Century》

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.

2. CSR Promotion Framework

2-1 Promotion Framework of CSR

DMA

The T&D Life Group has established the 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.

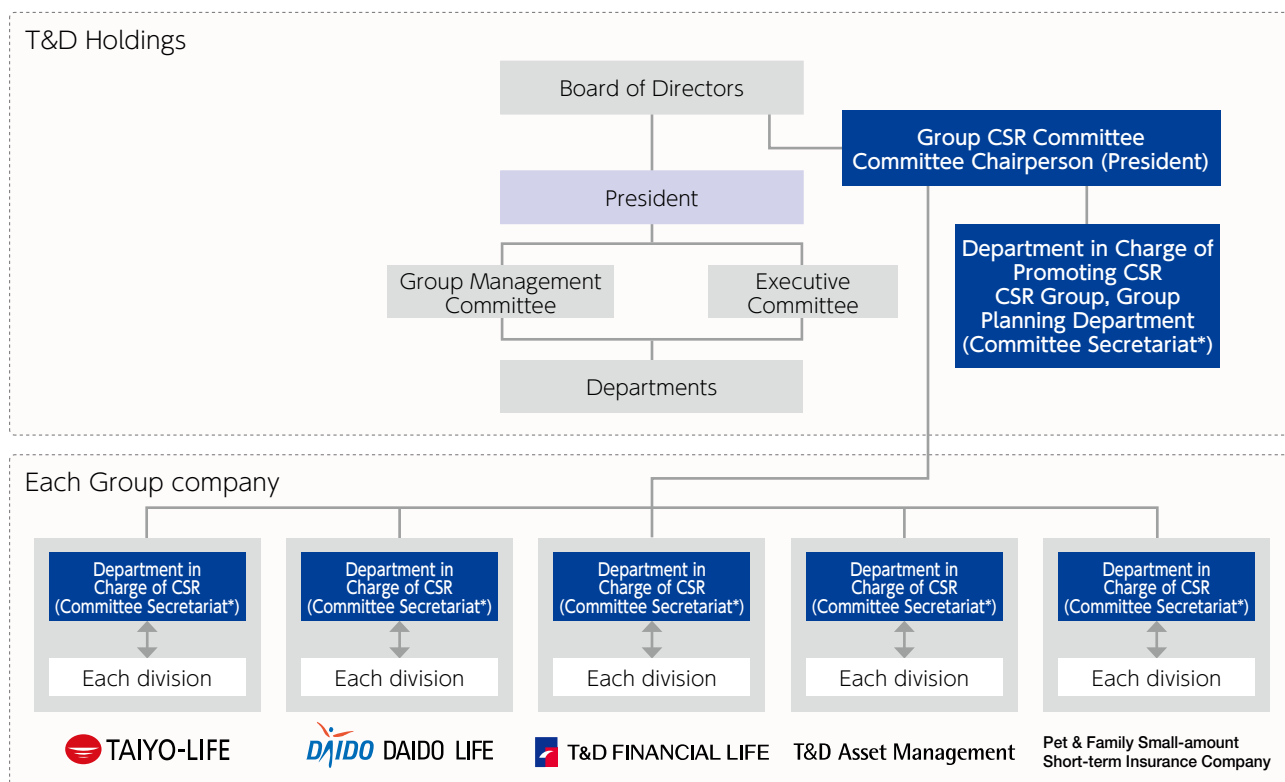
● Group CSR Committee

To further strengthen Group cooperation in CSR activities, the Group CSR Committee was established directly under the Board of Directors with the goal of advancing efforts across the Group as a whole. The committee serves as the cornerstone for promoting the Group's CSR activities. It formulates basic policies for the Group's CSR activities and selects important focus areas, along with drawing up annual plans and regularly confirming the implementation status of those plans. The Group CSR Committee is chaired by the president of T&D Holdings (representative director and chairperson of the Board of Directors) and vice-chaired by the executive officer in charge of group planning units. In fiscal 2016, the committee met four times. All the information shared and the issues deliberated and discussed are reported to the Board of Directors.

Moreover, the Group CSR Committee Secretariat comprises the CSR departments of T&D Holdings and the Group companies. The secretariat promotes CSR activities by sharing information on the CSR activities of each Company, in conjunction with assisting with the management and activities of the Group CSR Committee.

- **Director in Charge of CSR at T&D Holdings** Sonosuke Usui, Director and Executive Vice President (Fiscal 2016)
(From fiscal 2017, Representative Director and Executive Vice President Hirohisa Uehara)
100% attendance at Board of Directors in fiscal 2016
100% attendance at Group CSR Committee in fiscal 2016
- **Department in Charge of CSR at T&D Holdings** CSR Group, Group Planning Department
- **Departments in Charge of CSR at Group companies** Establishment of departments in charge of CSR in planning departments of Group companies

《CSR Promotion System in the T&D Life Group (as of July 31, 2017)》



* Committee Secretariat = Group CSR Committee Secretariat

2-2 Management Approach

DMA

T&D Holdings is promoting activities for each of the core subjects and themes of ISO 26000, through the meeting structure shown in the table below.

Core Subjects and Themes of ISO 26000		Meeting Structure (Chairperson)
Organizational governance	Organizational governance	Executive Committee (President of T&D Holdings) Group Management Committee (President of T&D Holdings)
Human rights	Due diligence, human rights risk situations, avoidance of complicity, discrimination and vulnerable groups	Group Compliance Committee (President of T&D Holdings)
Labor practices	Employment and employment relationships, conditions of work and social protection, social dialogue, health and safety at work, human development and training in the workplace	Human Resources Strategy Council (Executive officer in charge of personnel at T&D Holdings)
The environment	Prevention of pollution, sustainable resource use, climate change mitigation and adaptation, protection of the environment, biodiversity and restoration of natural habitats	Group CSR Committee (President of T&D Holdings)
Fair operating practices	Anti-corruption, responsible political involvement, fair competition, respect for property rights	Group Compliance Committee (President of T&D Holdings)
	Social responsibility in the value chain	Group Risk Management Committee (Executive officer in charge of risk management at T&D Holdings)
Consumer issues	Consumer service, support, and complaint and dispute resolution, education and awareness	Customer service department and product development department of each major group company
	Consumer data protection and privacy	Group Risk Management Committee (Executive officer in charge of risk management at T&D Holdings)
Community involvement and development	Community involvement	Group CSR Committee (President of T&D Holdings)

The activities of the core subjects and themes of ISO 26000, other than Group CSR committees, are described below.

● Executive Committee and Group Management Committee

T&D Holdings has established an Executive Committee and a Group Management Committee. The Executive Committee is composed of 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, 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 the Group's strategy and important matters associated with it.

● Group Compliance Committee

Positioned directly under the Board of Directors, this committee is charged with enhancing the compliance of the entire T&D Life Group. The committee chairperson is the president, and the vice chairperson is the executive officer in charge of the Risk Management Department (compliance). In addition to promoting, supervising and improving Group compliance, this committee surveys, plans and discusses issues regarding promotion of fair business practices as well as violations of human rights and other issues. In fiscal 2016, the committee held four meetings, and reported all of the information shared and matters deliberated and discussed to the Board of Directors.

● Human Resources Strategy Council

T&D Holdings and the three life insurance companies share information about labor-related matters regarding the administrative personnel employed by the Group. The Group has established the Human Resources Strategy Committee in order to cooperate in conducting surveys, formulating plans and holding consultations regarding important matters of policy to which the Group should respond.

The chairperson of the committee is the T&D Holdings executive officer responsible for human resources, and the committee members are the heads of the human resource departments of the three life insurance companies. The committee meets every month. The Human Resources Strategy Council is promoting efforts to create a corporate culture that diverse human resources will find engaging to work in and that enables them to reach their full potential. The council does this by conducting surveys, formulating plans and holding consultations regarding policies and management methods concerned with the Group's labor-related matters. These include promoting the active participation of women and other forms of diversity, developing human resources, promoting a good work-life balance, and ensuring the health and protecting the safety of employees.

● Group Risk Management Committee

Positioned directly under the Executive Committee, the Group Risk Management Committee manages and controls risks that the T&D Life Group is exposed to and ensures thorough risk management. The committee chairperson is the executive officer in charge of the Risk Management Department. The committee also engages in conducting surveys, formulating plans and holding consultations as regards risks associated with third-party service provider business operations.

In fiscal 2016, the committee held 19 meetings and reported the results of deliberations to the Executive Committee and the Board of Directors.

3. CSR Priority Areas

3-1 CSR Priority Areas

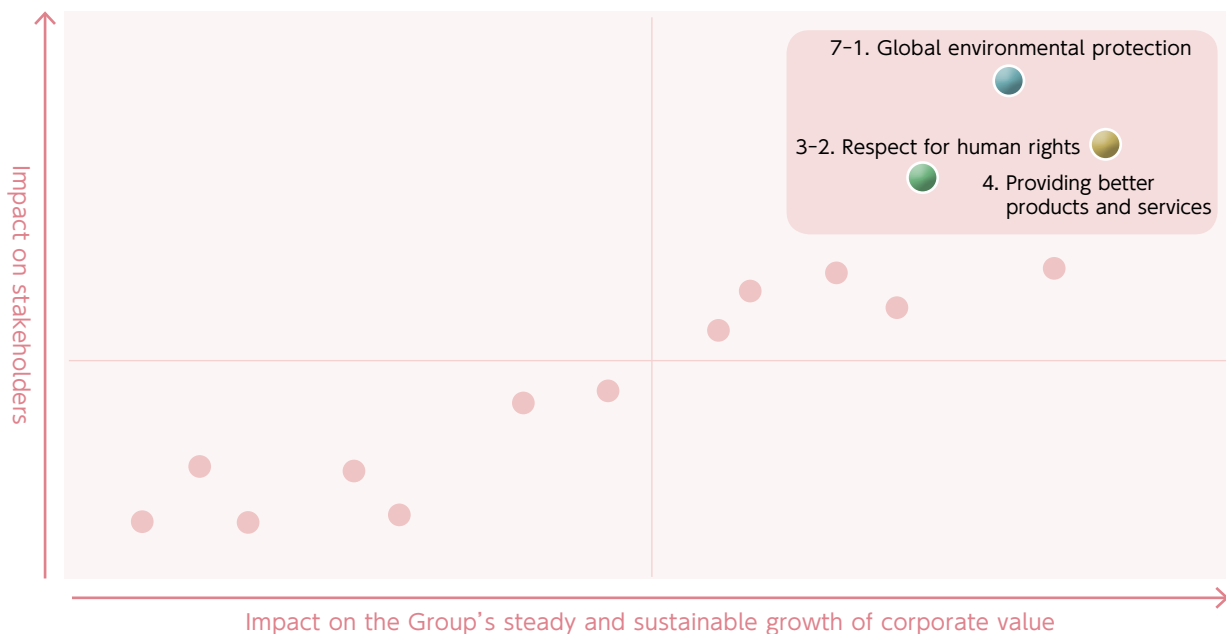
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The T&D Life Group has identified CSR priority areas that have a large impact on stakeholders and that the T&D Life Group should prioritize in order to enhance its corporate value in a steady and sustainable manner. The CSR priority areas are selected from among various fields of CSR activity related to the Group's business activities, as outlined below. In fiscal 2017, as in fiscal 2016, the Group selected "Providing Better Products and Services," "Respect for Human Rights" and "Global Environmental Protection" as its priority areas, and is conducting Group-wide CSR activities with a special emphasis on them.



● Process for Selecting Priority Areas

《Categorize Fields of Activity》

Referencing the ISO 26000 standard and the GRI guidelines, the Group has categorized its CSR activities into 15 areas (see the following page).

《Prioritizing Each Field》

The three fields were selected as priorities based on a quantitative assessment of both their impact on stakeholders*1 and their impact on the T&D Life Group's steady and sustainable growth of corporate value*2.

*1 Assessed based on findings from stakeholder dialogues, criteria of SRI assessment organizations, and the status of other companies' CSR efforts.

*2 Assessed based on relevance to T&D Life Group's corporate philosophy, management vision and Group CSR Charter, and the nature of the Group's CSR activities.

《Evaluate and Select Priority Areas》

The three areas were also assessed qualitatively, in terms of public interest and strength of demand in each area, in terms of the Group's corporate philosophy, management vision, and achievement of the Group CSR Charter, and in terms of contribution to SDGs, before being selected as priority areas.

《Verifying the Appropriateness of Priority Areas》

- After answering questions from a third-party organization regarding the priority area selection process and receiving a verification check of the evidence, the Group received a report on the results of that review.
- The Group CSR Committee (chaired by the president of T&D Holdings) then deliberated on and approved the selection of priority areas, which were reported to the Board of Directors.

● Progress Management and Verification of Initiatives

- The Group CSR Committee formulates an annual plan for priority area activities, and regularly checks progress with its implementation. Those developments are regularly reported to the Board of Directors.

● Categorize Fields of Activity

Category of priority aspects	ISO 26000 core subjects	Indicators by aspects of the GRI G4 (including social issues)*	Impact
1. Economy (allocation of value)	Organizational governance —	— EC Economic performance	T&D Life Group T&D Life Group
2-1. Compliance	Fair operating practices	SO Anti-corruption SO Anti-competitive behavior SO Compliance	T&D Life Group
2-2. Compliance	Human rights	HR Human Rights Grievance Mechanism	T&D Life Group and supply chain
2-3. Compliance	Consumer issues	PR Customer privacy	T&D Life Group and customers
3-1. Human rights	Human rights	HR Investment	T&D Life Group and supply chain
3-2. Respect for human rights	Labor practices	LA Employment LA Occupational health and Safety LA Training and Education LA Diversity and Equal Opportunity	T&D Life Group
4. Better products and services	Consumer issues	PR Marketing communication PR Compliance PR Product and Service Labeling	T&D Life Group and customers
5. CSR procurement	Fair operating practices	SO Supplier Assessment for Impacts on Society	Supply chain
6. Contribution to regional communities and societies	Community involvement and development	SO Local communities	Local communities
6-1. Contribution to health	Community involvement and development	Promotion of health of communities	Local communities
7-1. Protection of the global environment	The Environment	EN Raw materials EN Energy EN Water EN Atmospheric emissions EN Wastewater and waste EN Compliance	T&D Life Group and the global environment
7-2. Protection of the global environment	The Environment	EN Biodiversity	Global environment
8. Financial: Environmental investing and lending: ownership	CSR in financial products	FS10, 11 Environmental investing and lending: Active ownership	Recipients of investment and lending
9. Measures against demographic change and aging	Other	Measures against demographic change and aging	T&D Life Group, customers and local communities
10. Not applicable due to nature of industry	Other	Respect for property rights, economic impact on communities, etc.	—

* EC = economy; EN = environment; LA = labor practices and decent work; HR = human rights; SO = society; PR = product responsibility

3-2 Contribution to SDGs

At the United Nations Sustainable Development Summit 2015, “Transforming Our World: the 2030 Agenda for Sustainable Development” was adopted unanimously. The agenda sets forth Sustainable Development Goals (SDGs), consisting of 17 goals and 169 targets, for the realization of sustainable development at the global level through the cooperation of the global community, including national governments, ordinary citizens and private-sector corporations.

SDGs are intended to promote initiatives for issues in a wide range of fields, and many areas overlap with the T&D Life Group’s initiatives to contribute to all people and societies through its business. In the aforementioned selection process for Group CSR priority areas, we take into account the contribution to SDGs, and have committed to continuing to contribute through Group CSR initiatives that leverage our particular business characteristics and strengths.

The following shows how the areas of the T&D Life Group CSR Charter, under which the Group as a whole carries out initiatives, and the initiative items of the T&D Life Group Medium-Term Management Plan (FY2016–18) are connected to the 17 Sustainable Development Goals.

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



17 Sustainable Development Goals	1 No poverty	2 Zero hunger	3 Good health and well-being	4 Quality education	5 Gender equality	6 Clean water and sanitation	7 Affordable and clean energy	8 Decent work and economic growth	9 Industry, innovation and infrastructure	10 Reduced inequalities	11 Sustainable cities and communities	12 Responsible consumption and production	13 Climate action	14 Life below water	15 Life on land	16 Peace, justice and strong institutions	17 Partnerships for the goals
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Connection between SDGs and the T&D Life Group CSR Charter

T&D Life Group CSR Charter

1. Providing Better Products and Services (Priority Areas)	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 (Priority Areas)	The T&D Life Group will respect human rights, and proactively 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 dialogue 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 (Priority Areas)	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.																

Connection between SDGs and the T&D Life Group Medium-Term Management Plan

T&D Life Group Medium-Term Management Plan (FY2016–18)

Internal growth	Strategy for domestic life insurance business	[Marketing strategy] Aim to expand growth areas and promote the following initiatives as common initiatives for the Group ① Strengthen initiatives for the senior market ② Work together as a group to strategically strengthen T&D Financial Life															
		[Asset management strategy] By strategically utilizing ERV, increase the sophistication of asset management such as diversifying revenue sources while implementing ALM in principle															
		[IT strategy] Enhance competitiveness by pursuing Group synergies															
	Strategy for domestic peripheral businesses	Asset management business, pet insurance business															
External growth	Investment, M&As, alliances, etc. • Domestic life insurance business • Domestic peripheral businesses • Overseas investment, etc.																

4. Progress of CSR Activities

4-1 FY2016 Group CSR Activities Progress Report

The T&D Life Group has established the Group CSR Committee, chaired by the president of T&D Holdings and consisting mainly of directors in charge of CSR at each Group company. Under this committee, we are pushing ahead with unified Group-wide CSR activities.

The Group CSR Committee serves as the cornerstone for promoting the Group's CSR activities. It formulates basic policies for the Group's CSR activities and selects important focus areas, along with drawing up annual plans and regularly confirming the implementation status of those plans. In fiscal 2017, the Group CSR Committee positioned "Providing Better Products and Services," "Respect for Human Rights" and "Global Environmental Protection" as high priority areas as it advances the Group's CSR activities.

FY2016 Group CSR Activities Progress Report (Partial Account of the Activities)

Plan Initiatives	Do FY2016 results/performance	Check/Act Activities planned for FY2017
● Providing Better Products and Services		
<ul style="list-style-type: none"> The Group strives to maximize satisfaction for all stakeholders by contributing to solutions to social issues through the life insurance business 	<ul style="list-style-type: none"> Over 170,000 dementia treatment insurance policies Sold nursing care insurance products/related services (<i>Kaigo Concierge</i>) Sold <i>Kakei ni Yasashii Shushin Iryo</i> (inexpensive whole life medical insurance) Assigned personnel with "Universal Manners" certification to branch offices Made home visits for help with payment procedures (<i>Kaketsuke-Tai Service</i>) 	<ul style="list-style-type: none"> Continue developing and providing insurance products and services that contribute to solutions to social issues
● Respect for Human Rights		
[Human resource development initiatives] <ul style="list-style-type: none"> Leveraged Group synergies and developed the next generation of human resources by expanding personnel exchanges 	<ul style="list-style-type: none"> Promoted intra-Group personnel exchange Held level-specific training including joint seminars on Group management 	<ul style="list-style-type: none"> Continue to leverage Group synergies and develop the next generation of human resources by expanding personnel exchanges
[Diversity and work-life balance initiatives] <ul style="list-style-type: none"> Work style reforms promoted to ensure all Group executives and employees can grow 	<ul style="list-style-type: none"> Created work style reform working group with members from the three life insurance companies Promoted initiatives to reduce working hours and encourage use of paid vacation days Held level-specific joint seminars and training on LGBT issues 	<ul style="list-style-type: none"> Continue to promote work style reforms to ensure all Group executives and employees can grow
[Health promotion initiatives] <ul style="list-style-type: none"> Conducted health promotion measures for executives and employees 	<ul style="list-style-type: none"> Conducted joint Group stress checks By promoting "Taiyo's GENKI Project" at Taiyo Life and the "DAIDO Koko-Kara" program at Daido Life, the two companies are implementing various initiatives for promoting employee health 	<ul style="list-style-type: none"> Promote health management
● Global Environmental Protection		
Reduction in power consumption Period: FY2013-FY2017 (Baseline year: FY2009) Scope: Buildings owned, leased and used by T&D Holdings and core Group companies Target: More than 10% reduction in power consumption per floor space	Implemented a multitude of measures, including lights-out before business hours and during lunch breaks, and turning off office appliances, as well as setting a "no overtime day" and implementing Cool Biz and Warm Biz campaigns, plus continuing to implement the "Lights Down" Campaign	Made steady progress from FY2013 to FY2016: Reduced by 81.8% from the baseline year Continue to implement the measures shown on the left in order to further reduce power consumption
Reduction in office paper use Period: FY2014-FY2018 Baseline: Average of office paper usage between FY2009 and FY2013 Scope: Paper used at T&D Holdings and head offices of core Group companies Target: 9% reduction from baseline	Promoted reduction in office paper use primarily by introducing paperless meetings, reducing meeting materials, utilizing 2-in-1 and two-sided printing and enforcing stricter control over use of copies	Made steady progress from FY2014 to FY2016: Reduced by 79.0% from the baseline year Continue to implement the measures shown on the left to reduce office paper use
Green purchasing ratio Target: A green purchasing ratio for stationery and other office supplies of 80% or more Scope: T&D Holdings and core Group companies	Established Group-wide Green Purchasing Standards and promoted preferential purchasing of green products	Continued to achieve target in FY2016: Green purchasing ratio of 96.0%. Continue to implement initiatives that give priority to purchasing eco-friendly products.
● Communication		
<ul style="list-style-type: none"> Communicated Group CSR-related information Raised CSR awareness within the Group 	<ul style="list-style-type: none"> Issued the CR Report and enhanced disclosure on website Held joint seminars for Group CSR officers and division managers and joint manager-class seminars 	<ul style="list-style-type: none"> Expand disclosure of information in the CR Report, and enhance communication of Group CSR-related information, including initiatives and results Continue initiatives to raise CSR awareness in the Group through education and training (seminars, e-learning, etc.) on CSR information
● Contribution to Local Communities		
<ul style="list-style-type: none"> Clean-up campaigns (local community clean-up activities) Group-wide blood drives 	<ul style="list-style-type: none"> Taiyo Life implemented the "Nationwide Clean Campaign" Head office divisions (Tokyo) of each Group company held biannual blood drives (A total of 314 people showed up to make blood donations in fiscal 2016) 	<ul style="list-style-type: none"> Continue to participate in clean campaigns as a Group Continue to hold biannual Group-wide blood drives

5. Stakeholder Engagement

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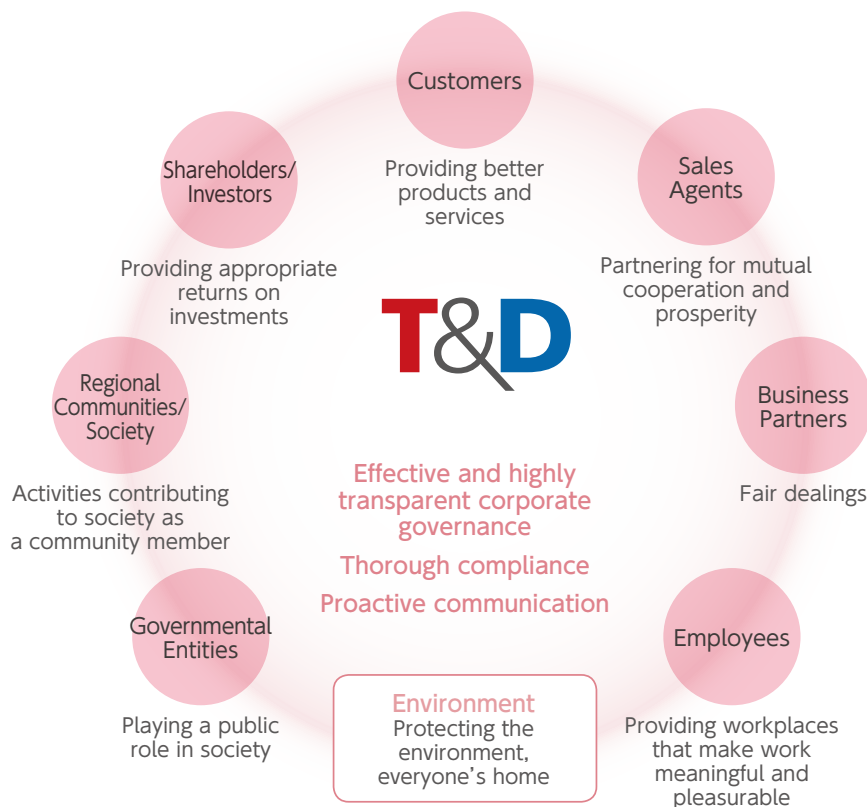
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5-1 Communication

● The T&D Life Group and Its Stakeholders



● Management Reflecting Stakeholders' Opinions

The T&D Life Group proactively engages in dialogue with stakeholders as set out in the T&D Life Group CSR Charter (see "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 comprehensible information disclosures to customers, shareholders, investors, and all other stakeholders. To maintain and even heighten our trustworthiness in the eyes of society, T&D Holdings and the Group's three life insurance companies have formulated Disclosure Rules*. In keeping with these 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 an emergency.

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

《Dialogues with Main Stakeholders》

Shareholders and investors	<p>Shareholders' meetings, financial results briefings, in-person visits to shareholders and institutional investors, publication of shareholder newsletters, etc.</p> <p>In addition to shareholders' meetings, we hold information meetings, teleconferences, and in-person visits for institutional investors. T&D Holdings informs its shareholders, numbering 239,417 as of March 31, 2017, of the status of Group operations and other matters twice a year, in June and December, through shareholder newsletters.</p>
Customers	<p>Customer feedback, customer surveys, Fureai Club (policyholder meetings), business reporting meetings, Service Quality Improvement Committee, Service Supervision Committee, etc.</p> <p>The Group has set up many points of contact with its customers, including sales representatives, agents, call centers and the Internet, as well as a new policy procedures survey that focuses on the attitudes of sales representatives and the understandability of application forms and other documents and customer satisfaction surveys, giving the Group access to a wide range of customer feedback. A committee has also been established to improve customer satisfaction, and the Group incorporates the opinions of outside committee members, including attorneys and experts in consumer issues, in its management.</p>
Employees	<p>Education and training, human rights training, employee awareness surveys, dialogues and consultations with labor unions, an internal reporting system, etc.</p> <p>Education and training are provided through on-the-job training and group training, and through support for self-education efforts. The Group also conducts human rights awareness training that addresses discrimination, harassment and other issues as a way of deepening employees' understanding of the importance of respecting human rights. Awareness surveys are conducted to collect information on employee opinions and requests regarding job satisfaction and enhancing motivation. Through dialogues with its labor unions, the Group has an opportunity to discuss a wide range of subjects, including Group management and policies, wages, working hours, leave, human resource systems and benefits.</p>
Protecting the environment and contributing to regional communities	<p>Participation in the Principles for Financial Action in the 21st Century, the United Nations Global Compact, and Japan UNEP Association; support for the Japan Down Syndrome Society; and working with the Japan Philanthropic Association, Forests of Taiyo Life activities, etc.</p> <p>The T&D Life Group is a participant in the Principles for Financial Action in the 21st Century, the UNGC and other initiatives, and through opportunities to attend member company seminars and dialogues, engages in a broad exchange of opinions. Through its support for and participation in NPOs active in various fields, the Group gains opportunities to understand the expectations of stakeholders and the potential of the Group's contributions.</p>

1. Corporate Governance

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G4-LA12

1-1 Basic Concept of Corporate Governance

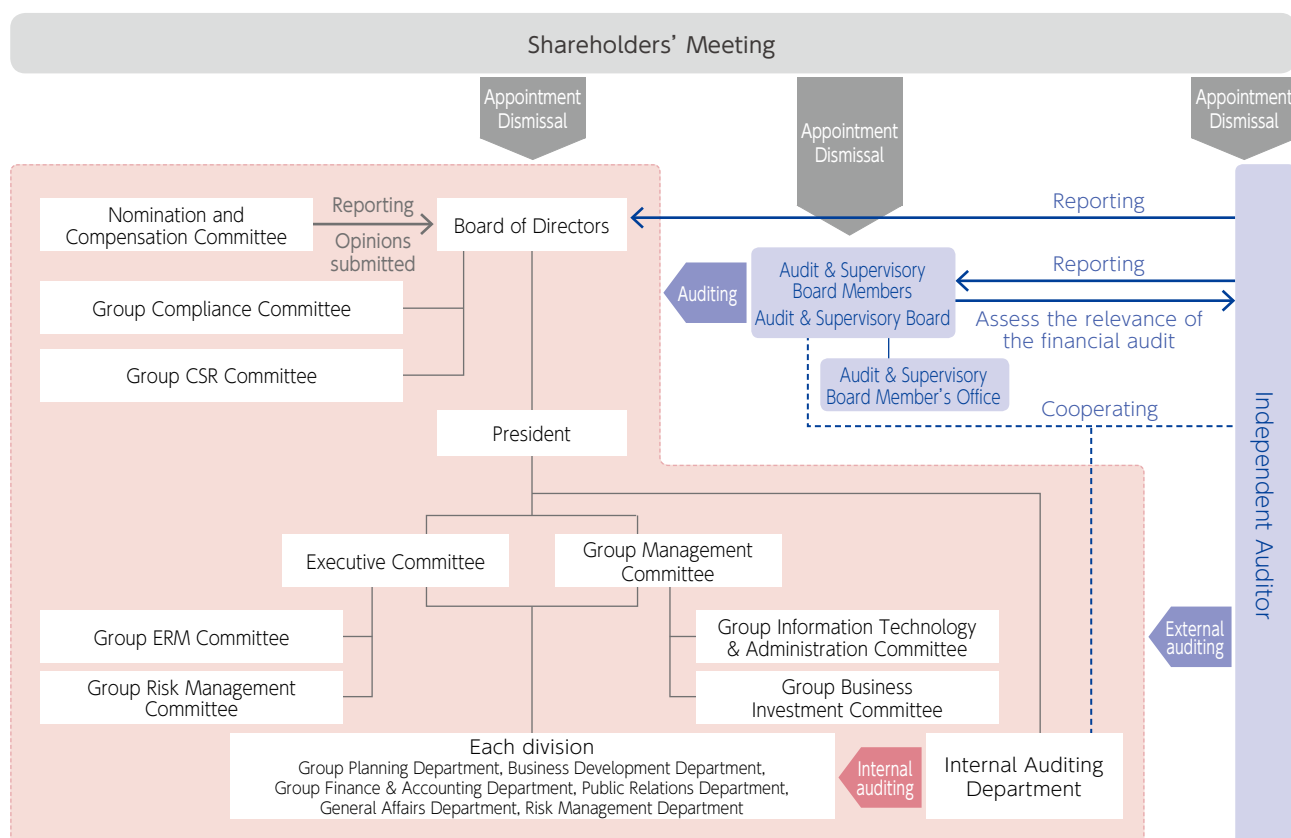
The basic concept of corporate governance at the T&D Life Group is to pursue an efficient and transparent business management structure capable of implementing flexible and united Group management. Based on this concept, T&D Holdings determines the Group's business strategies, appropriately allocates management resources and sets capital policies. In addition, T&D Holdings appropriately identifies the business risks of its five direct subsidiaries centered on the three life insurance companies of Taiyo Life, Daido Life, and T&D Financial Life, together with 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 direct subsidiaries.

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

WEB (URL: <http://www.td-holdings.co.jp/en/company/governance>)

1-2 Outline of Corporate Governance Framework

T&D Holdings shall make decisions on important business matters and oversee the execution of business through its Board of Directors. The Company is a "Company with Board of Auditors." Accordingly, the Company shall audit the performance of directors' duties through its Audit & Supervisory Board and Audit & Supervisory Board members, which are independent of the Board of Directors. In addition, a system of executive officers has been instituted to further strengthen business execution, and by clarifying oversight and execution responsibilities, the governance function of the Board of Directors is reinforced. Furthermore, the Company shall establish a Nomination and Compensation Committee as an advisory body to the Board of Directors for the purpose of discussing the fairness and appropriateness of the appointment and compensation of directors and Audit & Supervisory Board members, among other related issues, as well as for ensuring the transparency of management and enhancing accountability.



1-3 Corporate Governance Framework

● Shareholders' Meeting

The Ordinary Shareholders' Meeting is the highest decision-making entity for T&D Holdings. At Shareholders' Meetings, reports are made about the T&D Life Group's operations as well as consolidated and non-consolidated financial performance. Moreover, decisions are made on important matters regarding the appropriation of retained earnings, rules for the nomination of directors and Audit & Supervisory Board members, and resolutions related to important items stipulated in the Articles of Incorporation. The Ordinary Shareholders' Meeting is held once a year.

● Board of Directors

Roles and Responsibilities

The Board of Directors shall make decisions on important business matters and oversee the execution of business in accordance with laws and ordinances, the Articles of Incorporation, and the Company's relevant rules.

The Company's Board of Directors has entrusted all authority related to the execution of business, other than matters stipulated in the preceding paragraph, to the representative director and president. Furthermore, the representative director and president delegates authority related to the execution of business to executive officers in charge of business operations for the purpose of separating oversight functions and business execution functions. This framework is designed to facilitate decision-making for business execution matters.

Composition

The number of directors shall be no more than 12 as stipulated by the Articles of Incorporation. The Board of Directors shall be made up of individuals representing a balance of knowledge, experience and skills, and having diverse backgrounds as befitting the expansive range of business domains in the life insurance business.

Moreover, the Company shall appoint two or more directors who concurrently serve at the Company and its directly owned subsidiaries, including the presidents of the three life insurance companies. This shall be done from the standpoint of facilitating adequate communication and rapid decision-making within the Group, along with bolstering Group-wide governance.

Furthermore, the Company shall appoint two or more outside directors to appropriately reflect the opinions of individuals with extensive experience and knowledge in their capacity as outside corporate managers, legal experts and so forth in the Group's management policies and development of internal controls and other systems as well as in the oversight of the execution of business. The outside directors are independent officers who are free of conflicts with the common interests of shareholders as specified by the Group and the Tokyo Stock Exchange.

Effectiveness Evaluation

Looking at the effectiveness of the Board of Directors as a whole in fiscal 2016, the Company conducted an analysis and evaluation of its Board of Directors based primarily on self-evaluations of individual directors and Audit & Supervisory Board members, as well as interviews with these individuals.

The major items on the self-evaluation questionnaire form were as follows:

(1) Functions of the Board of Directors, (2) Composition of the Board of Directors, (3) Operations of the Board of Directors, (4) Information provided to outside officers, (5) Training and (6) Overall evaluation

The Company's Board of Directors has been judged overall as generally effective in fulfilling its roles and responsibilities.

Matters that were recognized as issues to be addressed (methods of deliberation, explanation and preparation of materials, etc.) in the fiscal 2015 assessment have largely been improved.

Regarding the development of a framework for activating the Board of Directors, the Company continues to recognize the necessity for improvement, and will strive to review methods of deliberation and preparation of materials at meetings of the Board of Directors, as well as improvement of executive training. In addition, the Company will promote diversification in the composition of the Board of Directors.

Based on this effectiveness evaluation and other activities, we will aim to further improve the supervisory functions and decision-making process of the Board of Directors.

Chairperson of the Board of Directors	President
Directors	11
Male	10
Female	1
Outside directors	2 (including one female)
Outside directors' role	<p>At meetings of the Board of Directors, the outside directors offer advice, as needed, from the viewpoint of their specialized knowledge, gained in their respective capacities as a university professor with experience in corporate legal affairs and as a lawyer, as well as their experience in corporate management.</p> <p>As the chairperson or as a member of the Nomination and Compensation Committee, an advisory body to the Board of Directors, outside directors offer useful opinions regarding matters such as the selection of directors of the Company and its key subsidiaries, the compensation of corporate officers, and so on.</p> <p>In addition to the above, they are regularly involved in exchanges of opinion with the representative director, the Company's independent auditors, the heads of each department, and the directors and executive officers of major subsidiaries, and also visit the offices of those subsidiaries, among other activities.</p>

* The information above is current as of the end of fiscal 2016.

As of June 28, 2017, there are 12 directors, three of whom are outside directors (one female).

● Audit & Supervisory Board

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. Outside Audit & Supervisory Board members are appointed as independent auditors who meet the criteria for independence set by the Company and the Tokyo Stock Exchange, and do not present any risk of conflict of interest with general shareholders. The Audit & Supervisory Board receives reports from individual auditors on important audit issues, and discusses or makes decisions on them.

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, as needed, at meetings of the Board of Directors and the Audit & Supervisory Board based on their specialized knowledge as lawyers. In addition to the above, they are regularly involved in exchanges of opinion with the representative director, the Company's independent auditors, the heads of each department, and the directors and executive officers of major subsidiaries, and also visit the offices of those subsidiaries, among other activities.

● Selection of Director and Audit & Supervisory Board Member Candidates

Process

Director and Audit & Supervisory Board member candidates are reviewed by the Nomination and Compensation Committee and appointed by the Board of Directors. Audit & Supervisory Board member candidates are approved by the Audit & Supervisory Board.

Criteria

We select directors and Audit & Supervisory Board members primarily based on 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. In addition to the requirements set forth above, outside directors and outside Audit & Supervisory Board members must satisfy the independence criteria established by the Company and the Tokyo Stock Exchange, and must be recognized as being free from the risk of any conflicts with the common interests of shareholders.

● Director and Audit & Supervisory Board Member Compensation

Director Compensation, etc.

The compensation for directors, excluding part-time directors and outside directors, comprises monthly compensation, bonuses, and compensation-type stock options. The compensation for part-time directors and outside directors comprises monthly compensation only.

The upper limit of annual compensation for directors, up to ¥500 million per year and no more than ¥40 million for outside directors, was resolved at the 13th Ordinary Shareholders' Meeting held on June 28, 2017. The total amount of bonuses paid to directors each year was 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 discussed and determined by the Nomination and Compensation Committee, based on a review of the corporate performance as well as on the performance of the department in charge, and in accordance with the assessment criteria determined by the Board of Directors.

In regard to compensation-type stock options, stock acquisition rights shall be allocated to directors, excluding part-time directors and outside directors, according to their rank, with the aim of boosting their motivation to further contribute to the improvement of corporate value.

In addition, directors (excluding part-time directors and outside directors) have a set portion, or more, of their monthly compensation allocated to the purchase of Company shares through a shareholders' association for corporate officers.

Audit & Supervisory Board Member Compensation

Compensation for Audit & Supervisory Board members consists of monthly compensation only. The upper limit of annual compensation was set at ¥130 million as resolved at the 8th Ordinary 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 Committee and Group Management Committee

Please see "Executive Committee and Group Management Committee" under "2-2 Management Approach" on page 14.

● Executive Officer System

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

1-4 Participation in Management by Outside Experts

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

● Service Quality Improvement Committee (Taiyo Life)

Outside expert committee members: Physicians, attorneys, academic experts and consumer affairs experts

Main themes examined: Management system for examination and payment of insurance claims and insurance benefits; understandability of various documents, including documents needed when insurance claims are made; appropriateness of insurance claim payment operations; status of customer feedback and of initiatives to improve operations responding to customer feedback

● Advisory Council for Insurance Payment (Daido Life)

Outside expert committee members: Attorneys and consumer affairs experts

Main themes examined: Appropriateness of responses to complaints about payments and handling of payment disputes, appropriateness of examinations and results of examinations that are judged ineligible for payment, and clarity of notification and explanatory documents provided to customers

● Service Supervision Committee (T&D Financial Life)

Outside expert committee members: Attorneys, consumer affairs experts and media representatives

Main themes examined: Comprehensive deliberations on protection of the interests of policyholders by securing appropriate systems for the payment of insurance claims and on actions for improving customer satisfaction

1-5 Committees

● Nomination and Compensation Committee

The Company has established a Nomination and Compensation Committee as an advisory body to the Board of Directors for the purpose of discussing the fairness and appropriateness of the appointment and compensation of directors and Audit & Supervisory Board members, among other related issues, as well as for ensuring the transparency of management and enhancing accountability. The committee chairperson of the Nomination and Compensation Committee is one of the outside directors and the committee members comprise the president and outside directors.

In fiscal 2016, the committee held six meetings and reported the results of the deliberations to the Board of Directors.

● Group Compliance Committee

Please see "Group Compliance Committee" under "2-2 Management Approach" on page 14.

● Group CSR Committee

Please see "Group CSR Committee" under "2-1 Promotion Framework of CSR" on page 13.

● Group Risk Management Committee

Please see "Group Risk Management Committee" under "2-2 Management Approach" on page 14.

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

In fiscal 2016, the committee held 22 meetings and reported the results of deliberations to the Executive Committee, the Group Management Committee and the Board of Directors.

● Group Business Investment Committee

In regard to the business investments of the T&D Life Group, the Group Business Investment Committee is positioned directly under the Group Management Committee, and aims to conduct highly efficient and effective business operations by means of unified promotion and management of the Group. The committee chairperson is the executive officer in charge of the Business Development Department. In fiscal 2016, the committee held 12 meetings and reported the results of deliberations to the Executive Committee, the Group Management Committee and the Board of Directors.

● Group Information Technology & Administration Committee

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

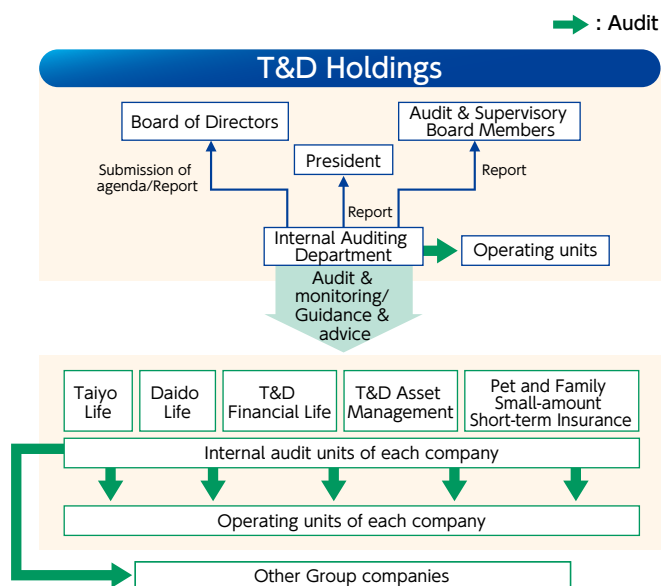
The committee chairperson is the executive officer in charge of the Group Planning Department and the vice chairperson is the president of T&D Information Systems, Ltd. In fiscal 2016, the committee held nine meetings and reported the results of deliberation to the Executive Committee, Group Management Committee and Board of Directors.

1-6 Internal Audit System

At the T&D Life Group, T&D Holdings and each of its subsidiaries have separate internal audit units 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 its subsidiaries, and provides them with guidance and advice as necessary to strengthen the Group's internal audit systems.

● Outline of the Group's Internal Audit System



1-7 Internal Control

● Establishment and Operational Status of the 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 is important to properly control the execution of its business operations and minimize the management impact of unforeseeable events arising from its operations to ensure sound, appropriate management and respond to the trust of society and social responsibilities.

Based on this thinking, T&D Holdings and its subsidiaries have established an internal control system, as stipulated in Article 362, paragraph 4, item 6 of the Companies Act. Each company's Board of Directors also conducts regular monitoring of these internal control systems to confirm the operation of the internal control system, suggest further improvements or reinforce efforts.

● Responding to the Internal Control and Reporting System

In accordance with the internal control and reporting system described in the Financial Instruments and Exchange Act, the Group established a proper internal control system to ensure the reliability of accounting and financial reporting in the form of financial reports and so forth. Top management assesses and reports the system's effectiveness, and the appropriateness of the assessments is then verified through external auditing typically performed by certified public accountants.

2. Disclosure of Information to Shareholders and Investors

2-1 Shareholder Return Policy

T&D Holdings' basic policy is to provide stable returns to shareholders as part of enhancing shareholder value, while retaining sufficient internal reserves to ensure the management soundness of T&D Holdings and its Group companies. On this basis, T&D Holdings will return profits to shareholders by paying stable cash dividends and conducting flexible share buybacks.

2-2 Information Disclosure

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

● Annual Reports

Our annual report is a yearly report for shareholders and investors. From fiscal 2015, we started publishing an Integrated Report to systematically convey the various activities undertaken in the T&D Life Group, integrating a greater level of enhanced non-financial information.

● Disclosure Documents

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

● Shareholder Newsletters

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

● Annual Securities Report

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

WEB For more details about these reports, please visit "IR Library" under "Investor Relations" on our website.
<http://www.td-holdings.co.jp/en/ir/document/>

2-3 IR Activities

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

● Details of Activities

Main Activities

《Presentations for Individual Investors》

We held presentations for individual investors where the executive in charge of IR and others made a presentation.

《Presentations for Institutional Investors and Securities Analysts》

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

《Presentations for Overseas Investors》

In Europe, the US and Asia, the president and the executive officer in charge of IR made individual visits to overseas institutional investors, and also conducted individual meetings such as conferences for overseas institutional investors organized by securities companies.

《IR Information Posted on Our Website》

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

2-4 Shareholders' Meeting

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

2-5 Inclusion in SRI Indexes

T&D Holdings is included in various socially responsible investment (SRI) indexes. SRI is an investment approach to select investment targets not only on the basis of financial considerations but also 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 August 1, 2017)

	FTSE4Good Index Series	MSCI ESG Leaders Indexes	
International	 FTSE4Good	 MSCI ESG Leaders Indexes	2017 Constituent MSCI ESG Leaders Indexes
Japan	 FTSE Blossom Japan	MSCI Japan ESG Select Leaders Index	MSCI Japan Empowering Women Index (WIN)
		 MSCI Japan ESG Select Leaders Index	 2017 Constituent MSCI Japan Empowering Women Index (WIN)
		Morningstar Socially Responsible Investment Index	
			

MSCI disclaimer:

THE INCLUSION OF T&D Holdings, Inc. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF T&D Holdings, Inc. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

2-6 Shareholders

G4-7

G4-9

● Proportion of Shares Held (as of March 31, 2017)

Shareholder category	Governments and local public bodies	Financial institutions	Financial product dealers	Other corporations	Foreign corporations, etc.	Individuals and others	Total
No. of shares held (1,000 shares)	2	191,160	12,837	133,080	257,110	87,288	681,480
Proportion of shares held (%)	0.00	28.05	1.88	19.53	37.73	12.81	100.00

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

● Principal Shareholders (as of March 31, 2017)

Name of shareholders	Number of shares held (1,000 shares)	Percentage of total shares outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	35,346	5.19
The Master Trust Bank of Japan Ltd. (Trust Account)	33,170	4.87
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15,487	2.27
Japan Trustee Services Bank, Ltd. (Trust Account 5)	13,214	1.94
Japan Trustee Services Bank, Ltd. (Trust Account 1)	9,731	1.43
Japan Trustee Services Bank, Ltd. (Trust Account 2)	9,694	1.42
Japan Trustee Services Bank, Ltd. (Trust Account 7)	9,194	1.35
GOLDMAN, SACHS & CO. REG	8,979	1.32
STATE STREET BANK WEST CLIENT - TREATY 505234	8,822	1.29
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	8,601	1.26
Total	152,241	22.34

Note: In addition to the above, the Company holds 48,925 thousand shares [7.18%] in treasury as of March 31, 2017. Moreover, on August 31, 2017, the Company cancelled 26,480 thousand shares of treasury stock held and following the cancellation the total number of shares issued became 655,000 thousand.

1. ERM

G4-14

1-1 Promotion of ERM Approach

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.

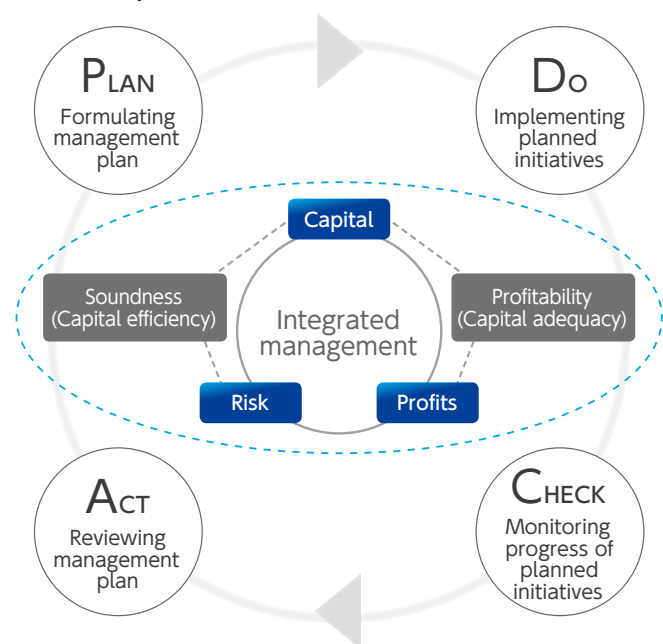
The T&D Life Group has established the Group ERM Committee to implement ERM as a Group-wide initiative. With the committee providing leadership in promoting ERM throughout the Group, we will enhance the Group's corporate value in a stable and continuous manner while maintaining a sound business foundation.

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).

● 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.

● PDCA Cycle



2. Risk Management

G4-14

DMA

2-1 Basic Concept for Risk Management

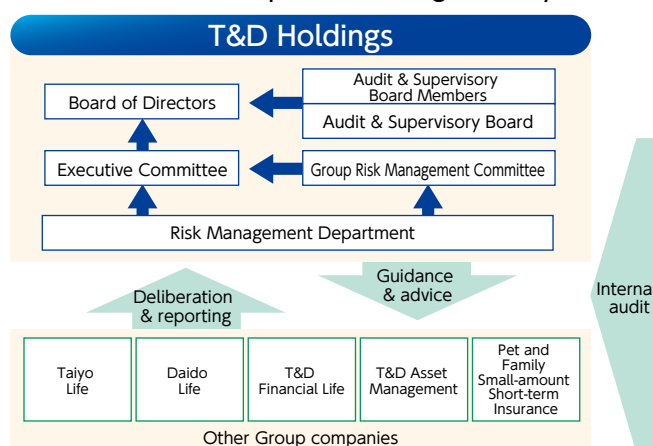
At the T&D Life Group, T&D Holdings has formulated a Group Risk Management Policy setting forth the Group's basic approach to risk management and, based on this policy, the three life insurance companies and other Group members have developed their risk management system that covers their affiliates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

The committee receives reports, regularly and as required, 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 the risk management system for the entire Group.

2-2 Risk Management System

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 issue in order to ensure sound and appropriate business management. Under overall control by the holding company, T&D Holdings, each Group company implements the necessary risk management suited to their respective business model based on the principle of self-responsibility.

● Outline of the Group's Risk Management System



2-3 Risk Classification and Responses

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

Insurance Underwriting Risk	Investment Risk	Liquidity Risk
Operational Risk*	Reputation Risk	Affiliate-related Risk

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

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

2-4 Risk Awareness and Assessment (Risk Profile)

G4-SO3

In order to respond to risks that are becoming more diverse and complex, the T&D Life Group is comprehensively sorting out the risks surrounding our Group's 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.

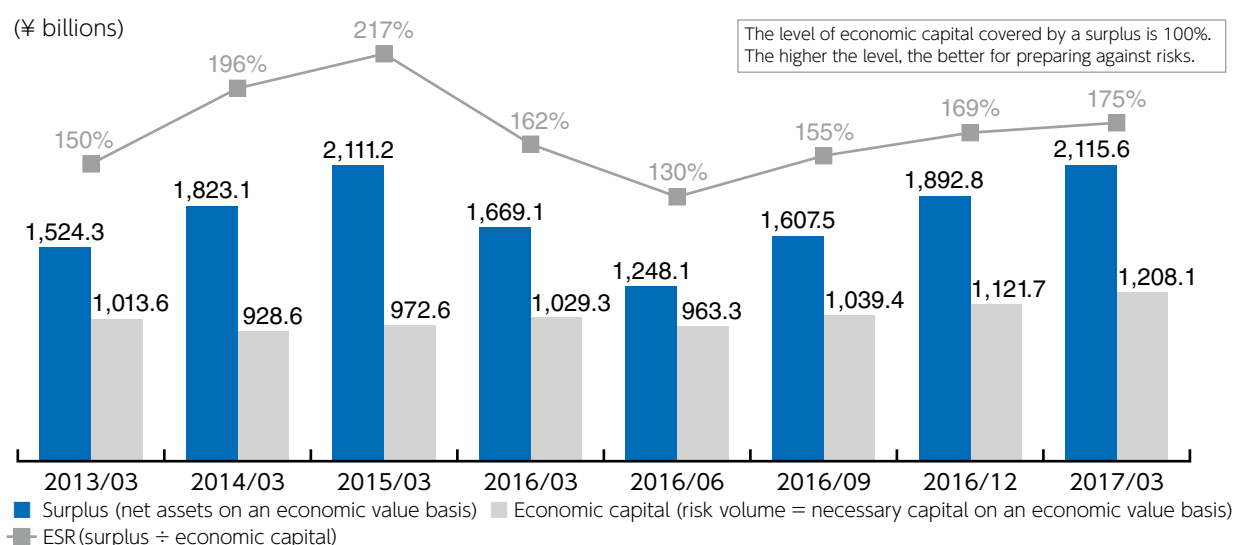
* Risk profile is a general risk management tool to characterize risks from various factors such as nature, magnitude, etc.

* The T&D Life Group's risk profile includes responding to issues surrounding sustainability, including the environment, society (human rights, labor practices and corruption prevention) and governance.

2-5 Risk Review (ESR)

To determine risk appetite and tolerance, other than the statutory solvency margin ratio, the T&D Life Group uses the economic solvency ratio (ESR), a risk management indicator based on economic value. The ESR is calculated by dividing surplus, an economic value based net asset, by 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. We implement economic value-based risk management by controlling EC within a certain range of surplus. ESR 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.

ESR



2-6 Optimization of the Risk Portfolio

(Risk Measurement by Internal Models and Complementary Efforts by Stress Test, etc.)

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

2-7 Cyber Security Initiatives

The T&D Life Group recognizes that one of the important tasks of management is appropriately protecting and managing information assets in compliance with laws and regulations. This specifically involves protecting information assets from increasingly sophisticated cyber threats. To fulfill our social responsibilities as a company engaged in the life insurance business, we have made engagement in cyber security mandatory for all executives and employees.

In particular, in order to provide even safer services to customers, we utilize security tools to conduct round-the-clock monitoring of cyber threats that target financial institutions, which have increased in recent years in both frequency and sophistication. We have also established the cross-organization Group Computer Security Incident Response Team (CSIRT) along with company-level CSIRT teams, which collect information, conduct analysis and implement measures in connection with cyber attacks. In addition, we conduct Group- and company-level drills and participate in industry-wide drills and training. Issues identified through these drills are reflected in our response procedures and manuals to strengthen our real-world responsiveness.

Along with conducting multi-layered security measures (entrance, exit, and internal), we regularly receive diagnostic security evaluations from independent institutions and promptly implement the necessary measures.

All of the Group's corporate officers receive training with outside experts on the most recent trends in cyber security to raise their risk awareness. Executives and employees also receive training on information security and cyber security (group training, e-learning, etc.) and drills are continually conducted on handling suspicious email in order to further raise security literacy.



● Protection of Personal Information

T&D Holdings and its three life insurance companies and other Group members have formulated Personal Information Protection Declarations (privacy policies), which they publicly disclose on their websites. In addition, T&D Information System, a Group company that supports the information system of the T&D Life Group, appropriately handles various data, including personal information, and keeps it strictly confidential. In May 2005, T&D Information System obtained Privacy Mark certification, which is given to the enterprises that take appropriate measures to protect personal information. In addition, in March 2007, the company acquired a certification for ISO 27001, an international standard for information security management systems, and in March 2015, it moved to the new standard.



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.

2-8 Crisis Management

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.

3. Compliance

DMA

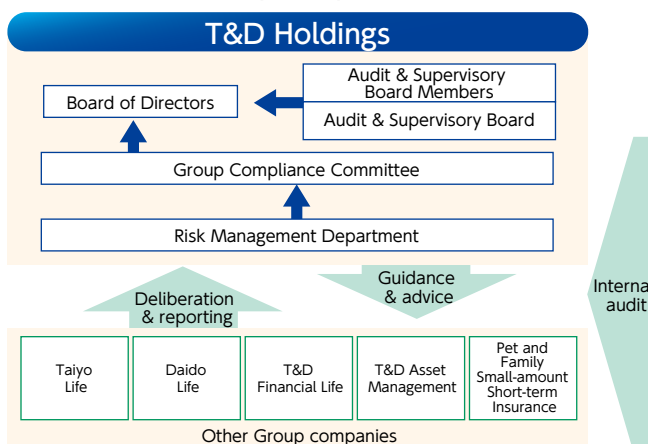
3-1 Basic Concept of Compliance

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.

3-2 Group Compliance Promotion Structure

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 advice. 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



3-3 Compliance Promotion Activities

G4-SO4

● Compliance Programs

Each Group 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. These serve as daily business operation manuals and are also used as textbooks for compliance training.

3-4 Prevention of Bribery and Corruption

The T&D Life Group Compliance Code of Conduct clearly states that the Group "shall work to prevent corruption in our relationships with business counterparts, civil servants and other parties" (page 10). Moreover, the T&D Life Group has compliance programs and manuals to ensure that all Group executives and employees thoroughly understand the importance of preventing bribery and corruption through measures to prevent money laundering, embezzlement, and diversion of funds. The Group's reward and punishment regulations stipulate bribery and corruption as being subject to the highest level of disciplinary action in view of the significant maliciousness and grave impact involved. All acts of wrongdoing (and concerns about possible wrongdoing), including bribery and corruption, are reported to the Board of Directors.

In addition, items on preventing bribery and corruption have been added to the risk assessment checklist for new business investments to ensure they are screened appropriately.

As of fiscal 2016, there have been no scandals or legal actions related to bribery and corruption.

〈Extract from a Compliance Manual〉

[Risks Related to Bribery and Corruption]

In today's world, bribery and corruption impede the development and economic growth of the country or region in which they occur. Bribery and corruption not only have an undue negative impact on poor regions, they also give rise to serious legal and reputational risks for companies. Many of the acts that involve corruption, such as bribery, are not only illegal in the place where a company performs them, but there is an increasing number of cases where these acts are also illegal by the laws of the home country of the company. As regards reputational risks, even if a company is judged to not be involved with corruption by the final judgment of the court concerned, there are many cases in which the reputation of the company has been damaged merely because it was suspected of corruption. A company must also pay attention to the fact that they not only take responsibility for their own actions but also for the actions of any agents that are conducting business on their behalf in other countries.

3-5 Tax Policy

G4-HR12

Strict compliance with laws and regulations is clearly stated by the T&D Life Group in its T&D Life Group CSR Charter and T&D Life Group Compliance Code of Conduct. Regarding tax affairs, on the basis of these CSR policies, we comply with laws and regulations and act in good faith to make appropriate tax filings and payments.

3-6 Whistleblower System

G4-HR12

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. Compliance-related reports are submitted by phone or online through an external independent company to help preserve anonymity. The helpline provides a venue for reporting actions that are problematic as regards compliance, that are violations or suspected violations of internal rules, or that damage the credibility or prestige of the Group.

● T&D Life Group Helpline

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

FY2014	FY2015	FY2016
130	188	186

* Numbers shown above include inquiries about the system and reports on workplace issues that reporters may find difficult to discuss with superiors, such as harassment concerns.

1. Basic Concept

1-1 Basic Concept

The T&D Life Group has positioned “Providing Better Products and Services” as the first principle of the T&D Life Group CSR Charter. The Group clearly states its commitment to fulfilling its responsibilities to society through the life insurance business by offering well-suited, high-quality products and services that meet customer needs.

The T&D Life Group believes that our most basic responsibility to society is to provide products and services that respond to the needs of society and the Group’s customers that are changing in a variety of ways with the acceleration of Japan’s declining birthrate and aging population.

2. Offering Products and Services That Address Social Needs

2-1 Taiyo Life’s Initiatives

《Innovative products that anticipate contemporary changes》

Since its foundation, Taiyo Life has anticipated changes in the times and offered the most advanced insurance products and services to family customers.

In March 2016, Taiyo Life launched *Himawari Dementia Treatment Insurance* to enable customers to prepare for the risk of dementia, which is verging on becoming a major social issue. The insurance is a first for the life insurance industry and is available even for customers with health concerns to enroll.

Himawari Dementia Treatment Insurance provides a benefit to help cover the economic burden of dementia treatment and other expenses, in addition to responding to the needs of senior customers by providing coverage for the diseases and illnesses to which seniors are particularly vulnerable, such as cataracts and heat exhaustion, or treatment for broken bones caused by accidents, falls or the like.

In October 2017, Taiyo Life launched *Centurion Pensions*, a new type of insurance to address the current era in which people often live healthily to age 100. This product combines pension coverage and nursing care coverage, and provides lifelong coverage in addition to enabling receipt of further pension funds in the event that the customer requires nursing care.

《Delivering security to households》

To make it comfortable and more convenient for seniors in particular to file claims for benefits, office workers with specialized knowledge will visit customers and their families at home to provide *Kaketsuke-Tai Service* home-visit assistance with procedures.

Kaketsuke-Tai Service has realized paper-free benefit claim procedures, whereby customers need only confirm the details of claims input by the workers with specialized knowledge and send them using a dedicated mobile device. This service significantly reduces the procedural burden placed on customers and accelerates the payment process even further.

In addition, sales representatives conduct home visits for senior customers at least once a year. We have introduced the Family Registration Program and encourage family members to register contact details in advance in the event of being unable to contact the policyholder.

《Taiyo’s GENKI Project initiatives》

Taiyo Life’s “Taiyo’s GENKI Project,” an initiative stemming from June 2016, takes into account that this is an age in which it is not uncommon to live to 100, responds to the social issue of people’s ever-increasing healthy longevity, and is aimed at energizing and improving the health of employees, customers, and society.

Specific initiatives include moving ahead and leading the industry in April 2017 by implementing a retirement age of 65 years and introducing a system enabling people to continue to work until as late as age 70, thereby creating an environment in which workers can continue to work healthily for a long time. In addition, Taiyo Life concluded an agreement with Kaminoyama City, Yamagata Prefecture, to utilize Kurort (health resort) to promote the health of employees. Taiyo Life is also providing customers with a smartphone app that supports preventing dementia, sponsoring dementia seminars held throughout Japan, and supporting local governments with the introduction of Kurort Health Walking, which is effective in preventing illness and promoting health.

ひまわり
認知症治療保険



元気

太陽の元気
project

2-2 Daido Life's Initiatives

《DAIDO KENCO Action—An initiative to encourage Health & Productivity》

By supporting the practice of “Health-oriented management” (Kenko Keiei) by small- and medium-sized companies, Daido Life aims to contribute to the creation of a society where small- and medium-sized companies and people working at them can work enthusiastically, and help solve the issues faced by Japan’s aging society.

* “Health-oriented management” (Kenko Keiei) is an approach by a company to think about employee health management from a management perspective, and to strategically work to manage and improve employee health.
“Kenko Keiei,” the Japanese term for “Health-oriented management” is a registered trademark of the Workshop for the Management of Health on Company and Employee, a non-profit organization.



—Collaboration with companies and organizations that promote the wide-spread practice of Health-oriented management—

By expanding the circle of cooperation with companies and organizations that support the practice of Health & Productivity by small- and medium-sized companies, Daido Life will continue to build a framework for helping as many small- and medium-sized companies across Japan as possible to implement it.

—The Daido Life “KENCO SUPPORT PROGRAM,” a tool for practicing Health-oriented management—

The Daido Life “KENCO SUPPORT PROGRAM” was developed with the cooperation of many companies possessing expert technologies and know-how, centered on Value HR Co., Ltd.

This is a comprehensive program for small- and medium-sized companies that can support them throughout the PDCA cycle for Health-oriented management. It is fully equipped with the necessary functions for both management and employees, such as internal sharing of “health management declarations” by senior management, promoting health examinations, analysis of health risks, provision of health promotion solutions, and incentives.

《Launch of HAL Plus Rider—A product commemorating the Company's 115th anniversary》

In July 2017, the company launched HAL Plus Rider, a new product which provides coverage for certain intractable illness treatments using HAL® for Medical Use with “Robotic Suit HAL® (Lower-Limb Model),” developed and provided by CYBERDYNE Inc.

By adding this rider to Daido Life's *M-type* product (non-participating comprehensive medical insurance), the product becomes even more attractive. The company will also contribute to creating a society where people are healthy and affluent by promoting the spread and penetration of treatment for intractable diseases using HAL® for Medical Use.



HAL® for Medical Use

《Providing total support for the burdens of nursing care》

The number of people who require nursing care has grown yearly as a result of the population aging, and a large number of people are concerned about the nursing care problems they and their family members will be facing in the future.

Given this social situation, in October 2015, for small and medium enterprise (SME) owners and sole proprietors Daido Life launched *Shunyu Relief*, a policy that protects against loss of income in the event they require nursing care, and *Kaigo Relief*, which covers their nursing care costs.

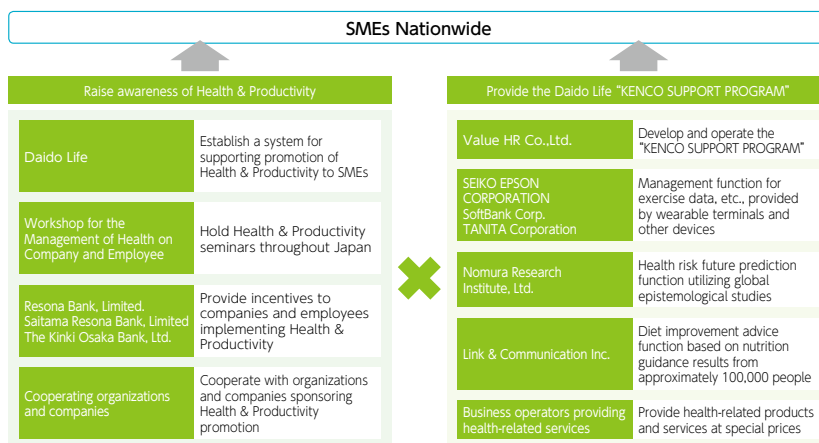
At the same time, Daido Life began offering *Kaigo Concierge*, a free nursing care consultation service through which care managers and other specialists in nursing care offer advice on the use of public long-term care insurance, introduce care facilities tailored to the customer, and even arrange for tours of those facilities.

With *Shunyu Relief*, *Kaigo Relief*, and *Kaigo Concierge* as an integrated offering, Daido Life offers total support not just for the economic burden of nursing care, but for addressing the physical and emotional burdens as well.

《Providing easy-to-understand, highly convenient services》

In response to an increasingly aging society, Daido Life is promoting its *Best Senior Service*, an initiative focused on ensuring that every process with which the customer becomes involved is easy to understand and highly convenient. This is part of an effort in working with seniors to encourage better understanding, verify their wishes, and take their living conditions into consideration. As part of this initiative, Daido Life is working to provide clear, easily understood product documentation and paperwork, and they have obtained the “Tsutawaru Design” certification from the Universal Communication Design Association (UCDA). (Details on page 42)

In addition, a number of measures have been taken at call centers to ensure that elderly customers are able to receive assistance smoothly. For example, if an incoming call is from a pre-registered phone number, the automated voice response system is bypassed and the call is immediately connected to a live communicator.



2-3 T&D Financial Life's Initiatives

《Respond to diversifying customer needs》

T&D Financial Life provides its expanded product lineup a timely basis through financial institutions and insurance shop agents to respond to customers' diverse needs.

In August 2016, T&D Financial Life revised its *Kakei ni Yasashii Shunyuho*, which provides death and disability income protection in the form of a monthly annuity, and its *Hataraku Anata ni Yasashii Hoken*, which provides living benefit coverage for living expenses over a prescribed period for particular conditions associated with the three major diseases (defined as cancer, acute myocardial infarction and stroke). The revision provides extended coverage for carcinoma in situ and simplified benefit conditions for acute myocardial infarction and stroke.

In addition, in February 2017, the company released a simple medical insurance product *Kakei ni Yasashii Shushin Iryo*, which provides coverage of hospitalizations not requiring overnight stays as well as outpatient surgery, and offers a discount for non-smokers. In May 2017, the company launched *Shogai Premium World 4* and *Shogai Premium Japan 4*. Both of these are single-premium whole life insurance products that address the needs of people who want to save money they can use for themselves while at the same time saving money to leave to family members.

《Efforts to enhance services for customers》

T&D Financial Life is strengthening its initiatives to address the needs of its senior customers.

For example, we initiated a policy inspection system to confirm that policyholders over a certain age haven't changed their contact details or forgotten to make a claim. We also took steps to increase customer satisfaction, such as reducing the requirements for documents to be submitted when carrying out procedures.

The company has set up white boards and communication boards in branches to facilitate communication with customers who have hearing or speech difficulties.

In August 2016, the company established a call center in Osaka to strengthen the call center structure and strengthen BCP (business continuity plan) measures. The company is now able to assist customers from two locations (Tokyo and Osaka), as well as handle an increase in the number of inquiries from customers. Moreover, the company is now able to respond more quickly than ever in the event of a major disaster or other significant event.

《Initiatives for making improvements reflecting customer feedback》

T&D Financial Life collects and analyzes feedback from customers regarding the various forms it sends out and the skills of communicators at its call centers. Each year, it conducts a Customer Satisfaction Survey to help improve customer service and operational quality.

According to the results of the fiscal 2016 survey, more than 90% of customers gave a positive rating to the way forms were to be filled out and to the response of call center communicators.

At the same time, many customers also responded that it was difficult to understand how to fill out forms and apply their seals when requesting payment, and the company subsequently began relaxing the requirements for documentation to be submitted with various procedures and simplifying the procedures by accepting unregistered seals and so on.

T&D Financial Life will continue to listen to its customers as it works toward achieving an even more customer-oriented operation.



2-4 T&D Asset Management's Initiatives

《Products that contribute to the formation of a sustainable society》

T&D Asset Management has established and manages the T&D Japan Equities ESG Research Fund. This fund selectively invests in companies with outstanding ESG (Environmental, Social and Governance) performance through ESG research. In doing so, the fund seeks to generate investment returns that outperform the medium- to long-term market average. Moreover, by investing in companies that seek to reduce environmental impact and help achieve a sound society, the fund aims to play a part in forming a sustainable society.



《As a responsible institutional investor》

T&D Asset Management believes that the essence of CSR is to contribute widely to society through asset management, its original field of business, and to that end engages in a vigorous exchange of opinion and the communication of information. In fiscal 2016, the company has participated in the proof of concept under the Ministry of the Environment's project to build a system for environmental information disclosure, and is active as a member of an expert working group.

2-5 Pet & Family Small-amount Short-term Insurance's Initiatives

《Providing for an important part of the family》

Against a background of social issues such as an advance in low birth rates and an aging population, as well as an increase in one-person households, pet ownership has remained stable. Changes in the way pet owners view their pets as a member of the family have also brought increased interest in issues such as medical care for pets and the associated costs.

Given this background, Pet & Family Small-amount Short-term Insurance is responding to pet healthcare costs by offering products that cover a certain portion of the cost of veterinary care for pet illness and injury, including *Genki Number One* and *Genki Number One Slim*, ensuring peace of mind for both pet owners and their pets when treatment is needed.



《More convenient procedures》

In November 2015, Pet & Family Small-amount Short-term Insurance began offering new tablet-based contract procedures through its pet shop agencies. While traditional paper-based procedures and application forms often resulted in inadequate documentation, the introduction of tablets has led to shortened times for contract completion and reduced the burden on customers.

2-6 Best Senior Service

Based on the social situation that the aging of society is progressing, we are carrying out Group-wide efforts to improve the convenience and satisfaction of our elderly customers. At Taiyo Life and Daido Life, this initiative was named the Best Senior Service, and through this initiative, we are developing a variety of service improvements.

《Main Initiatives of Taiyo Life》

① Home visit service

From July 2014, we began our customer support activities to give security and relief to seniors, those who are 70 years old or older, by visiting their homes more than once every year. Through this activity, we explain insurance matters carefully and comprehensively, including confirmation of policy details and examination of missed insurance claims, in order to deliver security and relief to each individual senior customer.

② Development of new products for senior customers

In March 2016, Taiyo Life launched *Himawari Dementia Treatment Insurance*, the life insurance industry's first product to offer coverage for predetermined states caused by dementia, available for seniors with health concerns. In addition to dementia, the product provides coverage for the diseases and illnesses to which seniors are particularly vulnerable, making it popular among elderly customers. The cumulative number of policies sold exceeded 250,000 as of September 2017.

③ Efforts to provide greater peace of mind during contract signing and renewal

In addition to strongly encouraging family members to be present during contract signing for senior customers, Taiyo Life sales representatives carry mobile devices and utilize video conferencing to enable head office staff to reconfirm the customer's intent to enter into the contract and verify matters for declaration (offered with some products).

Taiyo Life has introduced a Family Registration Program, and encourages family members to sign up for this program under which family members of the policyholder can register their contact information in advance, in case the policyholder cannot be contacted in the event of a major disaster or other event. Registered family members can also inquire about coverage and claims procedures on behalf of the policyholder.

④ *Kaketsuke-Tai* Service

The *Kaketsuke-Tai* Service is a service whereby staff with specialist knowledge visit customers and their families directly when they claim insurance benefits to relieve the burden of claims procedures and to provide pinpointed services that only staff with specialist knowledge can offer. Many customers, including elderly customers, have spoken highly of the service, which has been used more than 30,000 times since it was launched in April 2016. In addition, by making the process for claiming benefits paperless, customers are now able to check their claims and complete the necessary procedures simply by providing their signature on a dedicated mobile device.

《Main Initiatives of Daido Life》

① Establishment of a system by which customers can perform necessary procedures reliably and quickly regardless of the environment

<Designated proxy application option>

We propose the addition of a designated proxy application option to an insurance policy, under which a person who has been designated in advance (a preregistered proxy) may file claims for payment, etc., if the insured person eligible for receiving insurance benefits is unable to make claims due to an illness or accident.

<Family Registration Program>

We propose that our individual customers register their family members in the Family Registration Program, under which a family member registered in advance may make an inquiry about policy details or request dispatch of claim forms when the policyholder is unable to do so. Furthermore, we also send out a copy of the Daido Life Guide sent to policyholders to their families as well if the policyholders request it.

② Provision of easy-to-read, easy-to-understand guidance and procedural documents

We have reviewed our internal standards for guidance and procedural documents, and are making improvements such as increasing font sizes. Through these efforts, the Company has obtained the "Tsutawaru Design" certification (from the UCDA). (UCDA Certified Documents)

2015: New policy application procedure screen, notification of policy details, pension payment claim form, and claim leaflet

2016: Specification [policy overview], premium account transfer notification, premium payment information, benefits payment claim documents

③ Improvement of treatment of customers and hospitality

In order to provide courteous and careful service in response to customers' situations, we formulated and use a service manual taking into account the general characteristics of our senior customers, such as changes in physical abilities and psychological aspects, as well as visual aides. Through these means, we are striving to provide an environment in which our customers can complete necessary procedures with peace of mind.

3. Improving Customer Satisfaction

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3-1 Initiatives to Respond to Customer Feedback

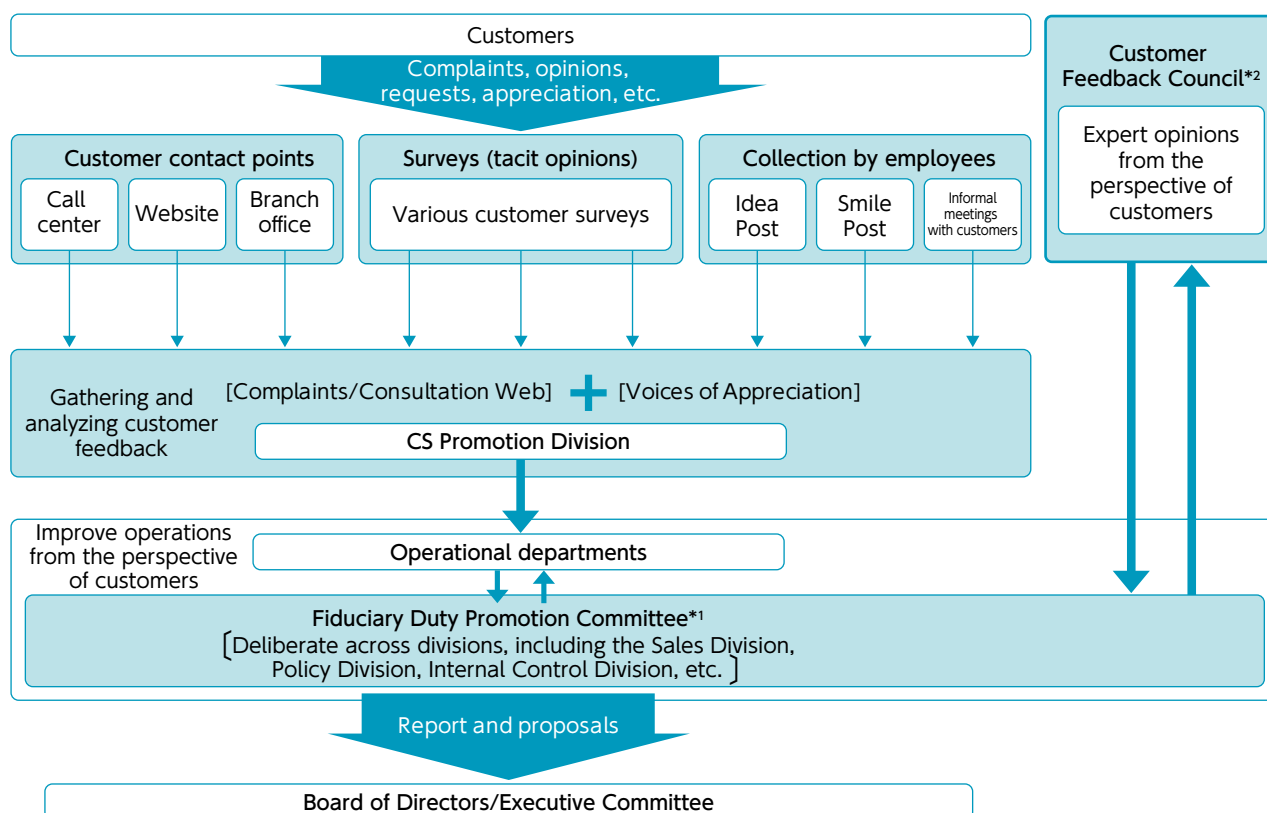
● Obtaining Customer Feedback through Daily Business Activities

To respond to society's changing needs by providing better products and services, the Group's three life insurance companies collect a variety of feedback from their customers in the course of daily business activities. By establishing a multitude of customer contact points through their sales representatives, agents, call centers (Customer Service Centers), the Internet and so on, they work to collect as much customer feedback as possible. They also work to proactively confirm our customers' satisfaction through regular, as well as ad hoc, surveys and other means.

● 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 a clearly stated policy for customer satisfaction and specific guidelines for the handling of customer complaints. All the feedback collected from customers is input into a centrally managed database and shared by the relevant units for the development and quality improvement of products and services, as well as for the improvement of business practices.

● System for Reflecting Customer Feedback in Operations (Illustration is an example from Dai-ichi Kangaro Life)



*1 Fiduciary Duty Promotion Committee

We established the Fiduciary Duty Promotion Committee to further promote customer-centric corporate activities. In addition to continuously reviewing all processes from insurance solicitation to payments from the perspective of customers, the Fiduciary Duty Promotion Committee makes reports and proposals for improvements to the Board of Directors and the Executive Committee.

*2 Customer Feedback Council

The company has established the "Customer Feedback Council" in order to utilize the insights of outside experts in sound business operations from the perspective of customers. The Customer Feedback Council monitors the situation with business operations related to improving customer service and reviews the appropriateness and effectiveness of the content of deliberations by the Fiduciary Duty Promotion Committee.

《Examples of Reflecting Customer Feedback in Operations》

[Taiyo Life]

● Customer Information Meetings

Taiyo Life holds regular meetings with policyholders called the "Customer Information Meetings" in order to help 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 2016, meetings were held at 132 venues in August and September. 1,210 customers attended, and Taiyo Life made presentations on its management policy, results for fiscal 2015, "Taiyo's GENKI Project," *Kaketsuke-Tai* Service, and new products. 600 opinions were received from the participants concerning a broad range of its business operations. The feedback from policyholders was shared within the Group as valuable information and utilized to achieve improvements in various business practices.

● Acquiring a Third-party Opinion on ISO 10002 Compliance

In March 2008, Taiyo Life declared the introduction of ISO 10002, an international standard for handling complaints as regards 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 March 2017, following on from March 2016, we obtained a third-party opinion on ISO 10002 compliance 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.

Customer Complaints by Type

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

Type of feedback	FY2014		FY2015		FY2016	
	No. received	%	No. received	%	No. received	%
New contracts	2,637	34.3	1,918	31.1	1,784	28.2
Payment of premiums, etc.	473	6.1	395	6.4	436	6.9
Conservation work	1,202	15.6	920	14.9	988	15.6
Insurance claims and benefits	1,681	21.9	1,258	20.4	1,641	25.9
Others	1,673	21.8	1,658	26.9	1,469	23.2
Total	7,666	100.0	6,149	100.0	6,318	100.0

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

[Daido Life]

Customer Surveys

Conducting surveys is useful in identifying hidden issues related to Daido Life's business that are difficult to uncover by passively receiving customer opinions and requests.

Major examples include the new policy procedures survey filled out by new policyholders after the completion of the contract procedures, with a focus on the attitudes of sales representatives and the understandability of application forms and other documents, as well as customer satisfaction surveys filled out by business owners/managers that inquire about the level of satisfaction provided by our products, services and after-sale services.

Response to Customer Complaints

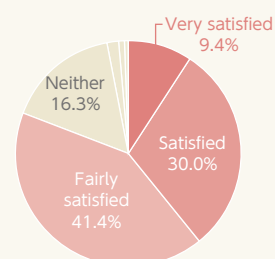
We define "complaint" as an expression of dissatisfaction by a customer regarding the company's operations. Upon receiving complaints, we immediately respond in a sincere manner, setting out to resolve such issues. At the same time we take these complaints as valuable information to be used for improving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

Customer Complaints by Type

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

Type of feedback	FY2014		FY2015		FY2016	
	No. received	%	No. received	%	No. received	%
Purchase of life insurance policy	1,698	14.1	1,539	13.2	1,410	12.8
Payment of premiums	1,036	8.6	838	7.2	856	7.8
Procedures after making a contract	4,803	39.8	4,754	40.7	4,103	37.3
Payment of insurance claims and benefits	2,134	17.7	2,030	17.4	2,643	24.0
Other	2,412	20.0	2,517	21.6	1,987	18.1
Total	12,083	100.0	11,678	100.0	10,999	100.0

《Overall Satisfaction with Daido Life (Corporate Customers)》

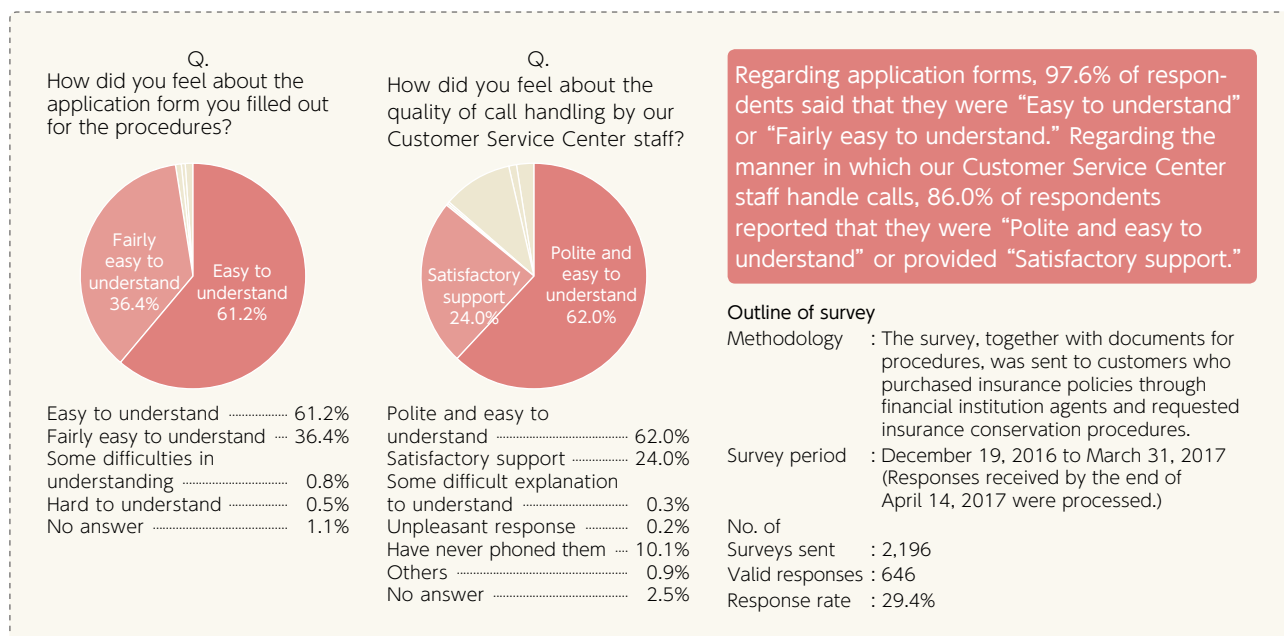


* The level of customer satisfaction is the percentage of customers who replied "Very Satisfied," "Satisfied," or "Fairly Satisfied."

[T&D Financial Life]

● Customer Survey

T&D Financial Life conducts a customer satisfaction survey to proactively reflect customer feedback in customer service and product quality improvements. 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.



● Provision of Information on the Internet

T&D Financial Life discloses a summary of information regarding customer feedback, such as frequently made complaints, comments and requests, on its website.

● Customer Complaints by Type

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

Type of feedback	FY2014		FY2015		FY2016	
	No. received	%	No. received	%	No. received	%
New contracts	243	16.0	220	19.0	152	11.5
Payment of premiums, etc.	65	4.3	50	4.3	61	4.6
Procedures after making a contract	534	35.2	385	33.3	441	33.4
Insurance claims and benefits	412	27.1	305	26.4	426	32.2
Others	264	17.4	197	17.0	242	18.3
Total	1,518	100.0	1,157	100.0	1,322	100.0

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

4. Providing Wholehearted Reassurance

4-1 Fairness in Offering Insurance Products to the Broader Public

Life insurance is a mutual aid system in which insurance premiums collected from a large number of policyholders are used to fund insurance payments and benefits in the event of someone's death or hospitalization. Life insurance companies use the law of large numbers to calculate fair premiums based on statistical data such as mortality rates and insurance accident rates presented in life insurance tables, which are calculated separately for each age and gender. Life insurance companies maintain the fairness of the life insurance system by adding some conditions such as additional premiums, or in the worst cases by not offering coverage, for those who do not meet the companies' predetermined standards due to health conditions or other factors. The Group's three life insurance companies and other Group members respect customers' human rights, 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 at a fair premium.

4-2 Establishment of Solicitation Policies

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 Policy (In the Case of Taiyo Life)》

The following are Taiyo Life's basic solicitation policies for offering financial products, including life insurance, 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.

- | | |
|---|--|
| <ul style="list-style-type: none"> • 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. | <ul style="list-style-type: none"> • We will make efforts to enhance employee education and our training program. • We will safeguard customer information strictly in confidence. • We will make continuous efforts to establish an internal structure ensuring appropriate solicitation activities. |
|---|--|

4-3 Efforts to Offer Customer-oriented Services

From contract procedures 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 as an approach to earn trust from customers.

● Awards for Customer Service

《Taiyo Life · Daido Life》

《Winner of the 2015 UCDA "Easy-to-Understand" Award》

Taiyo Life and Daido Life are working to improve all of their documents, including pamphlets and contract overviews, with the goal of creating easy-to-read, easy-to-understand documents and forms. As a result of these initiatives, Taiyo Life and Daido Life won the "Easy-to-Understand" Award, an award of excellence, in the life insurance contract overview (specification) division of the 2015 UCDA Awards, sponsored by the Universal Communication Design Association (UCDA). Taiyo Life also revamped its website from the viewpoint of senior customers, making it easier to read, and the usability of its system for requesting materials captured the highest score on the Accessibility For Seniors assessment conducted by Tribeck Strategies Inc., an outside assessment company.

《Taiyo Life》

《Received the 2016 UCDA “Supreme Excellence” Award》

Taiyo Life received the 2016 UCDA “Supreme Excellence” Award in recognition of the fact that the structure and design of the “Warning Information” used for providing explanations when a customer enrolls in a policy are easy to understand and allow customers to apply with no hassle, as well as the company’s stance of protecting policyholders by accurately communicating disadvantageous information.

《Received the 2016 UCDA “Another Voice” Award》

On the declaration procedures screen developed in March 2016, simply by entering a response to the questions automatically displayed according to the customer’s health condition and medical history, the declarations necessary for judgment regarding underwriting the policy are received accurately without omissions, and customers are able to know on the spot if the policy will be underwritten, as well as the enrollment terms.

In May 2017, the company obtained the patent rights to the development of its Insurance Policy Support System that allows for the enrollment process to become completely paperless. Also, the company received the “Another Voice” Award* in the 2016 UCDA Awards (life insurance category), in recognition of the company’s efforts to make the policy enrollment procedures (including declarations) screen easy for customers to understand and simple to complete the procedures.

* “Another Voice” Award: An award given to products and services that have been particularly well received by consumers (including assessments by elderly people).

《Daido Life》

《Obtained the “Tsutawaru Design” certification from the UCDA》

Daido Life has obtained the “Tsutawaru Design” certification from the UCDA for its main forms and screens. Daido Life was the first company in the life insurance industry to receive this certification for non-paper media, namely for its device-based contract application procedure screen.

(UCDA Certified Documents)

2015: New policy application procedure screen, notification of policy details, pension payment claim form and claim leaflet

2016: Specification [policy overview], premium account transfer notification, premium payment information, benefits payment claim documents

《Received the 2016 UCDA “Supreme Excellence” Award》

Daido Life’s mobile device new policy application procedures screen received the “Supreme Excellence” Award in the life insurance category of the 2016 UCDA Awards, which honors excellent communication designs. This award was received in recognition of the fact that the screen is easy to understand and allows customers to apply without hassle.

● Initiatives of Each Group Company

《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
- "Overview Materials," which provides a concise overview of the product as well as information about fees, etc.

《After-sales Services》

We 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 (Taiyo Life) (T&D Financial Life)
- Distribution of Security Guide (Taiyo Life)
- Notification of account transfer payment
- Accounting method guidance service for corporate clients (Daido Life)
- Confirming policy details by visiting customers (Taiyo Life) (Daido Life)

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 (Taiyo Life) (Daido Life)
- 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
- 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
- Services include confirmation of senior customer intent to file a claim, after which office staff may fill out claim forms on behalf of the customer, as well as obtaining medical certificates needed for benefit claims. (Taiyo Life)
- Made it possible to designate a signing proxy other than a family member in the event that a customer has physical difficulty in signing, filling out or affixing their seal to claim forms due to illness or suchlike. (T&D Financial Life)

4-4 Working toward Better After-sales Service

The Group's three life insurance companies have each set up various systems aiming at providing quality after-sales services. At Customer Service Centers, 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 office staff and sales representatives, fully aware of the importance of post-contract support, attend to individual customers, offering the best possible service to each of them. At Taiyo Life, representatives visit senior customers at least once a year to confirm the details of their policies and check that no claims have been missed. For customers living farther away with whom there is less direct contact, a call center representative will conduct follow-up calls to check if any procedures need to be completed and to ask the customer about any opinions or requests they may have. At Daido Life, sales representatives and agents visit customers to confirm the details of their current policies and confirm the amount of protection needed. They also provide meticulous advice and suggestions to help customers address a range of risks, including introduction of risk management measures.

4-5 Other Services

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 enriched off-time activities and lifestyles to the policyholders of the three life insurance companies and Pet and Family Small-amount Short-term Insurance. T&D Club Off members may use domestic and overseas hotels, leisure facilities, car rentals, etc., at special preferential rates.

《Example》

- | | |
|--|--|
| • Domestic hotels and Japanese inns: about 20,000 locations | • Overseas hotels: about 200,000 locations |
| • Leisure facilities: at about 700 locations | • Nursing homes, babysitters, etc. |
| • Housework services, pet sitting, and phone consultations on pensions and legal issue | |

* For more details about these services, please visit each company's website.

● Customer Service Center Open for Inquiries on Saturdays and Sundays

In order to provide services to customers who are busy on weekdays, Taiyo Life's Customer Service Center, or call center, is open and handles inquiries on Saturdays and Sundays from 9:00 to 17:00 as well.

● Services Useful for SMEs

Daido Life provides various services to help policyholders with business support and health support.

《Examples of Services》

(Business Support)

- Support for a stress check system, from initial preparation to post-deployment follow-up
- Specialist support for use of M&A by small and medium enterprises
- Providing reports on management strategy, industry trends, and other useful business information
- Providing a standard form of company regulations
- Complimentary assessment for receiving public subsidies
- Complimentary assessment of employment regulation
- Providing information on public support

(Health Support)

- Nursing care professionals provide one-stop support in resolving a variety of concerns and problems regarding nursing care
- 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

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

《Examples of Internet Services》

Taiyo Life

- Change of information related to contract, such as change of address, request for adding designated proxy application option, change of password
- Request for application forms for change of account, change of first/family name, loan repayment
- Used for making loans to policyholders or for the withdrawal of accumulated dividends or various types of deferred funds
- Reissue of insurance certificates, annuity payment certificates, deferred 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, various inquiries about guidance (guidance on insurance premiums accounting method, etc.)

T&D Financial Life

- Inquiries about summary and details of policies 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.

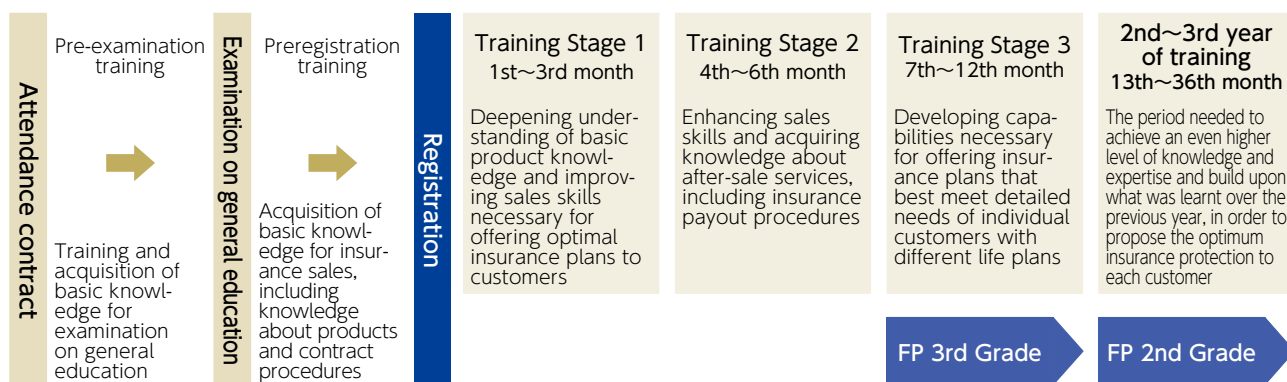
4-6 In Order to Provide Better Services

The Group's three life insurance companies are working to enhance the skills of their customer service staff based on a basic knowledge of life insurance, specialist knowledge and compliance essential to increase customer satisfaction. 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.

[Education Program for New Employees (Taiyo Life)]

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.

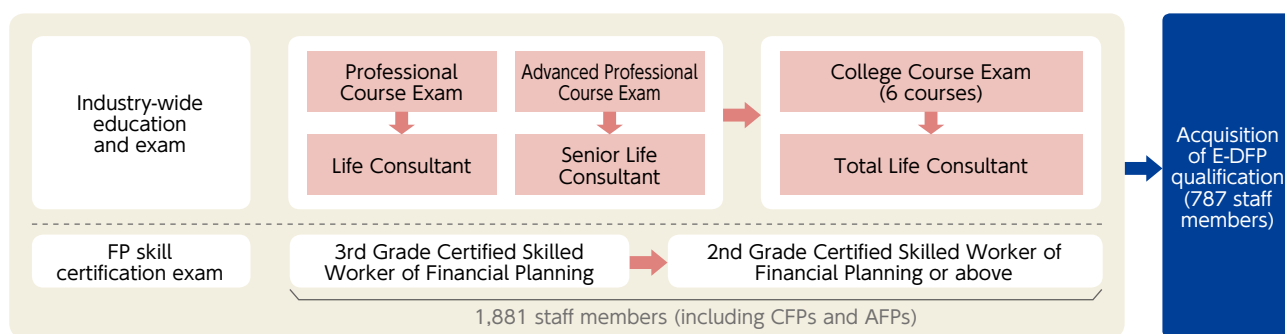
《Education Programs for New Sales Representatives (New-employee Education Programs and Financial Planner Education Programs)》



[E-DFP Program (Daido Life)]

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) program with the purpose of 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 have passed all six life insurance college course examinations and are ranked as a 2nd Grade Certified Skilled Worker of Financial Planning or above, including AFPs and CFPs.

《E-DFP Program (As of March 2017)》



4-7 Cooperation with Sales Agents and Cooperating Organizations

[Sales Agent Training Program]

At Daido Life, the head office and branches work together closely to provide high-quality support for sales agents by assisting them in responding to customers' diversified needs. As a part of these 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.

[Business Partner Meetings]

Daido Life has entered into partnerships with SME industry associations as well as the professional organizations of tax accountants and others, and has built a sales structure aimed at offering appropriate life insurance products tailored to the needs of various member companies, members who are tax accountants, and others. Because these partner organizations and agents are key stakeholders of Daido Life, the Company holds regular meetings with its partners to report the latest business developments and to hear their views on Daido Life's business operations.

[Wholesaler Activities]

T&D Financial Life carries out elaborate support activities for its sales agents, such as 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, to win the trust of customers and sales agents, the company provides practical training to wholesalers, to deepen knowledge about insurance and other financial products and enhance sales skills, overall asset management, related laws and regulations as well as improve presentation skills for accurately explaining features of our products to customers and sales agents.

1. Basic Concept

1-1 Basic Concept

The T&D Life Group has positioned “3. Respect for Human Rights” as a key principle of the T&D Life Group CSR Charter. The charter clearly states that 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; and the T&D Life Group will respect privacy and strictly control and protect personal information. The T&D Life Group believes that supporting the protection of and showing respect for internationally declared human rights and the ongoing process of creating a comfortable work environment where employees are able to work to meet society’s needs are important corporate responsibilities that lead to the growth of the company and vitalization of society.

2. Utilization and Development of Human Resources

G4-LA10

2-1 Human Resource Development Policy

Since its establishment, the T&D Life 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.

2-2 Initiatives to Offer Employees Opportunities for Growth

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.

The three life insurance companies also carry 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, through transfers from the head office to branches or changing jobs from sales to administrative work, 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 provide 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 dispatch to companies outside of the Group, positions of their choice and MBA programs.

● Personnel Exchange within the Group

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

Phase I (2008–2012): Temporary transfer or transfer to other Group company for 1 to 2 years

- Number of participants 50 employees (47 men, 3 women)

Phase II (2013–): Short-term training program for a maximum period of 1 month was introduced

- Number of participants in fiscal 2013 (including long-term transfer programs) 17 employees (3 men, 14 women)
- Number of participants in fiscal 2014 28 employees (8 men, 20 women)
- Number of participants in fiscal 2015 39 employees (18 men, 21 women)
- Number of participants in fiscal 2016 (including long-term transfer programs) 41 employees (21 men, 20 women)

● Working Group Comprising Young Employees from Group Companies

In 2011, we started the Working Group for the Active Participation of Women to plan and recommend Group-wide measures to promote the active participation of women. In fiscal 2016, we expanded the scope of the working group to include work style reform to enable each and every employee to pursue fulfillment at work regardless of gender, and a mixture of young male and female employees formed teams and implemented the working group’s activities.

● Overseas Job Assignments and Overseas MBA

Taiyo Life

Looking ahead to future overseas business strategies, we are dispatching young employees to a number of companies for approximately three months in order to develop personnel capable of successfully working on a global level.

Daido Life

With the goal of developing human resources through diverse experiences, Daido Life offers all employees, regardless of gender or career course, the opportunity to apply for internships with overseas firms and for MBA study overseas.

2-3 Promoting the Active Participation of the Elderly

The Group's three life insurance companies have introduced a reemployment system for employees who are reaching the mandatory retirement age. Also, in order to promote work style reform, we are working to give older people the opportunity to actively participate, and each Group company has introduced various systems according to its particular situation.

Also, Taiyo Life and Daido Life hold life planning seminars for employees before they reach the mandatory retirement age, to give them an opportunity to think about the way they want to work and live in the future.

Taiyo Life

From April 1, 2017, the Company raised the mandatory retirement age to 65. Furthermore, a system was introduced to allow continuous employment up to the age of 70, thereby allowing employees to work until the age of 70.

Daido Life

Effective April 1, 2017, the system was revised to employ all applicants up to a maximum age 65.

To put in place a work environment in which employees can more easily achieve their life plans, Daido Life has introduced a Home Base system for personnel employed on a nationwide basis who are 55 or older that encourages assignment to positions at offices in the same location as their homes.

3. Diversity Promotion Initiatives

3-1 Employment of People with Disabilities

As of the end of March 2017, a total of 328 employees with disabilities, including 35 new recruits for fiscal 2016, worked at the Group's three life insurance companies, which account for 2.22% 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.

● Employment of People with Disabilities at the Three Life Insurance Companies

	FY2014	FY2015	FY2016
Employment rate of people with disabilities (%)	2.20	2.27	2.22

3-2 Human Rights Education

G4-HR2

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, harassment and LGBT orientation, to deepen employees' understanding of the importance of respecting human rights.

Taiyo Life

Taiyo Life has formulated a number of human rights education programs, and holds study sessions for all employees on the topic of human rights.

In fiscal 2016, in-house study sessions on various human rights issues, such as international standards on human rights and harassment, were held for all administrative personnel.

Workplace study sessions targeting branch employees were also held by outside instructors and branch office managers.



Daido Life

Daido Life conducts workplace human rights awareness training twice a year, with the goal of enhancing awareness of human rights.

In fiscal 2016, training focused on the themes of Preventing Mental Illness and Workplace Environments Without Harassment, with each workplace taking time to think about human rights at work and in everyday life, and engaging in vigorous exchanges of opinion.

T&D Financial Life

T&D Financial Life holds human rights training sessions aimed at deepening each employee's knowledge and understanding of human rights and prompting them to proactively consider human rights issues, as well as provide them with a better understanding of mental health and harassment (sexual harassment and power harassment), thereby helping each employee maintain his/her mental health and fostering a healthy workplace environment free of harassment.

In fiscal 2016, we held human rights training for all employees (including temporary staff). This training covered topics including LGBT issues and harassment in the workplace.

3-3 Initiatives to Support Active Roles for Female Employees

The T&D Life Group has promoted efforts to create a corporate culture that diverse human resources will find engaging to work in and that enables them to reach their full potential. Particularly given that women represent the majority of the Group's employees, enabling them to further reach their potential is an important driver of sustainable growth in corporate value, and the T&D Life Group recognizes that their active participation is a crucial management priority. With this in mind, the Group's three life insurance companies are working to revise their respective personnel and compensation systems, as well as introducing various support systems to enhance the work-life balance.

By fostering Group-wide collaboration to encourage male employees to take childcare leave and measures to reduce total working hours, we are promoting the creation of workplace environments where everybody is motivated to play an active role.

To steadily advance these measures to promote the active participation of female employees, the Group's three life insurance companies formulated their action plans based on their respective business models.

● Action Plan: Promote Active Roles for Women at the Three Life Insurance Companies

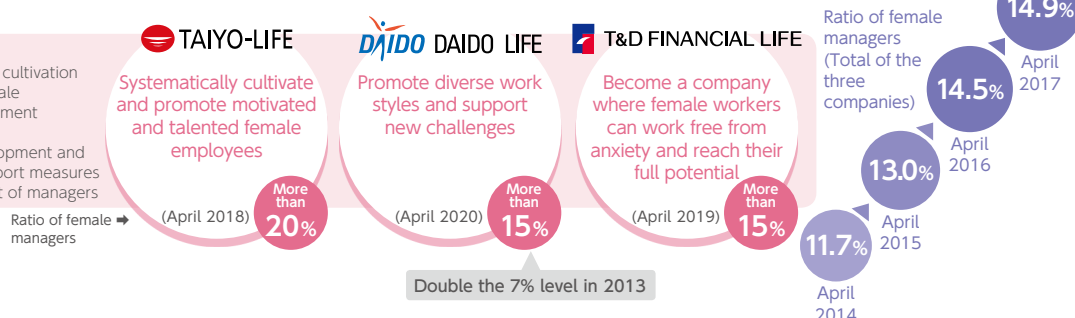
The T&D Life Group has disclosed action plans for promoting the active participation of women and targets for promoting female employees to management positions. The ratio of female managers has been steadily increasing.

Action Plan

[Initiatives]

- Implement systematic cultivation and promotion of female employees to management positions
- Enhance career development and work-life balance support measures
- Transform the mindset of managers

Targets set for promoting female employees to management positions (Achievement deadline)



Taiyo Life

In March 2017, the ratio of female managers was 20.1%, thereby surpassing the initial target. In addition, a female executive officer was appointed in April 2017.

• Training for Manager Candidates

A management development program is in place under which group training is provided to competent managerial 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 Newly Appointed Female Managers

Taiyo Life provides management training for newly appointed female managers to ensure that they can efficiently perform the duties of their management roles.

• Developing Diverse Personnel

Taiyo Life is aiming at expanding the roles and responsibilities of female employees from across the company, as well as promoting their appointment to management positions.

Daido Life

• The “Challenge Women’s Workshop”

Daido Life created a four-month workshop attended only by female employees. Under the guidance of an outside instructor, participants worked on boosting their business skills (logical thinking and communication abilities), then used those skills in group study and research into efforts to promote the active participation of women.

• Career Challenge System

In addition to various courses to train female employees for management positions, Daido Life provides its employees with growth opportunities by gaining a wide range of business experience beyond what is available in their existing career paths. These opportunities include in-house internships that allow the area-based employees, who have very few transfer opportunities, to experience other duties away from their own workplaces for a short period of time, job assignments outside the company, and the chance to apply for posts using an in-house free agent system.

• Eijyo College

Employees participate in Eijyo College, an external proposal-type training program that brings together people from companies representing a wide range of industries. This training motivates female sales employees to independently develop their careers.

T&D Financial Life

• Training to Support Women’s Active Participation

In order for female employees to gain a clear image of the leadership they should pursue and to acquire the skills required of 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.”

Received the “Most Excellent” Award at the Osaka City Mayor’s Awards as a Leading Company in Women’s Active Participation

As a company actively working to give motivated women the opportunity to thrive in the workplace, support the balance between work and family life, and encourage male employees to take an active role in childcare, housework, and participate in community activities, Daido Life received the “Most Excellent” Award at the Fiscal 2016 Osaka City Mayor’s Awards as a leading company in women’s active participation. This award was in recognition of Daido Life having revised its personnel system to give women more opportunities to assume new work responsibilities and key roles in the company, as well as its steady efforts to increase the number of female managers.



3-4 LGBT-friendly

[Welcomed by the Group]

The T&D Life Group's CSR Charter calls for "Respect for Human Rights," and the Group is striving to develop a workplace environment where each employee can fully demonstrate their abilities. Regarding the LGBT community (a sexual minority) from the perspective of diversity, Group companies are advancing initiatives such as implementing training and establishing consultation desks.

In addition, from December 2016 to January 2017, the Group held seminars regarding LGBT issues for executives, department general managers, and managerial staff. Approximately 1,700 people attended a lecture on the topic of LGBT compliance in companies by an outside lecturer, and attendees became more aware of the importance of engaging in LGBT initiatives as a company. In addition, working-level training sessions primarily targeting Group company human resources division managers and other human resources staff were held.

[Customer-oriented]

The T&D Life Group's three life insurance companies have also started to allow policyholders to designate same-sex partners as beneficiaries of insurance benefits, just like for a spouse, by submitting documents showing that the two people are in a partnership, such as a partnership certificate issued by a local government.

4. Worker-friendly Work Environment

4-1 Work-life Balance Initiatives

G4-LA1

G4-LA3

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 responsibilities, by improving the childcare leave system and reducing total work hours. In order to promote the active participation of female employees, the Group as a whole is promoting work-life balance initiatives with an awareness of the need to create workplaces where female employees 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 system, for instance, through expanding the scope of employees eligible for the flextime system and improving the system, as well as introducing a short working hour system for employees engaged in childcare and nursing care, while making continuous efforts toward reducing total work hours. Men are encouraged to participate in childrearing, and in fiscal 2015, the rate of men taking childcare leave reached 100%.

Daido Life

In addition to Challenge 19 (time to leave the company is 7 pm; there is automated shutting down of PCs at 7:30 pm) and its other efforts to reduce total working hours, Daido Life has worked to promote work-life balance through its "slimmed-down" work campaign and other operational improvements, and by introducing a home-based work system. As a result, the rate of male employees taking childcare leave reached 100%, and these and other efforts to support work-life balance and reform work styles have been highly praised. In October 2015, these efforts were recognized when Daido Life became the first life insurance company to receive the Grand Prix in the 2015 Ikumen Company Awards sponsored by the Ministry of Health, Labour and Welfare.

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 a good work-life balance. Specific measures taken include introduction of a short working hour system, promotion of the flextime system, reduction in overtime through the establishment of a no overtime day, and the automated shutting down of PCs.

● Acquisition of Maternity and Childcare Leave

	FY2014	FY2015	FY2016
No. of employees taking maternity leave	234	290	328
Number of employees eligible to take childcare leave	410	432	462
Male	176	142	134
Female	234	290	328
No. of employees taking childcare leave	366	406	450
Male	153	140	133
Female	213	266	317
No. of employees taking nursing care leave	6	8	12
Male	0	0	0
Female	6	8	12

* The acquisition of maternity and childcare leave at the three life insurance companies.

* The number of administrative personnel at the three life insurance companies who have returned to work after taking childcare leave is as follows.

Fiscal 2014 220 (97.8%) (Men 143 (100%), Women 77 (93.9%))

Fiscal 2015 230 (97.5%) (Men 142 (99.3%), Women 88 (94.6%))

Fiscal 2016 228 (99.6%) (Men 133 (100%), Women 95 (99.0%))

● Number of Administrative Personnel Taking Paid Leave

	FY2014	FY2015	FY2016
Average number of paid leave days taken	11.0	11.8	12.4

* Number of administrative personnel of the three life insurance companies taking paid leave

● Turnover

	FY2014	FY2015	FY2016
Turnover (number)	348	334	371
Voluntarily turnover	192	202	205
Male	198	194	154
Voluntarily turnover	66	75	72
Female	150	140	217
Voluntarily turnover	126	127	133

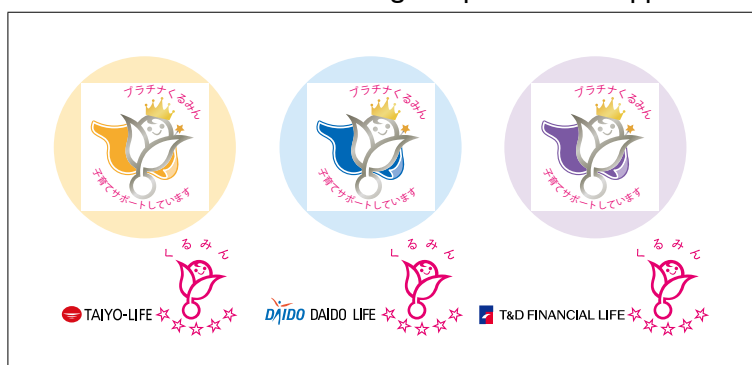
* Number of administrative staff at the Group's three life insurance companies who left.

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

● Measures to Support Raising the Next Generation

Since the enforcement of the Act on Advancement of Measures to Support Raising Next-Generation Children in April 2005, the 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 (Kurumin certification) for five consecutive biennial periods starting from the first period from April 1, 2005 to March 31, 2007. T&D Asset Management has obtained the Kurumin certification for two consecutive biennial periods starting from the fourth period from April 1, 2011 to March 31, 2013. Additionally, in April 2008, T&D Information System 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 four consecutive periods after renewing its certification in May 2015. Moreover, the Platinum Kurumin System was initiated on April 1, 2015. This certification is awarded only to Kurumin-certified companies that have satisfied certain requirements by undertaking even more advanced activities. All three of the Group's life insurance companies obtained the "Platinum Kurumin" mark in recognition of their proactive initiatives as enterprises that support child raising activities.

T&D Life Group companies have been certified as being companies that support the raising of children



4-2 Initiatives Reflecting Employee Feedback

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 views from employees as reference information for management, which include opinions about the current personnel system and its operation, as well as employee satisfaction, a critical element leading to greater customer satisfaction.

4-3 CSR Questionnaires for Employees

T&D Holdings attaches importance to communication within the Group, and seeks to grow together with every employee, each of whom it sees as an important stakeholder, in the course of fulfilling the Group's public mission and social responsibilities. Within the Group, the T&D Life Group's CR Report serves as a mirror that reflects the Group's situation. Therefore, the report is put to good use in improving our awareness about CSR. The Group distributed copies of CR Report 2016 to corporate officers and employees, and conducted a questionnaire in order to further improve the Group's CSR activities.

[Questionnaire respondents]

T&D Life Group corporate officers and employees * Questionnaires are completed anonymously.

● About the Entire Report

《Commendable sections》

① Toward a Society in which Everyone Can Work Vibrantly	27.7%
② Products and Services That Address Social Needs	19.8%
③ The T&D Life Group's Businesses	10.3%
④ Initiatives to Protect the Environment	9.2%
⑤ Top Message	8.4%
⑥ Others	24.6%



《Conclusions drawn from the opinions and requests received》

There is an improvement trend in terms of comprehensibility and the amount of information, and the understanding of the Group's CSR efforts is more widespread than before. Content that people would like to see us enhance in the future includes "Initiatives for Employees (such as initiatives to improve the workplace environment)," "Overall Group Management (such as the business overview and future vision of Group companies)," "Group Management Soundness (compliance, risk management, etc.)," and "Initiatives for Communities and Society (such as cooperation and sponsorship of social contribution activities)," and we will look at enhancing the content on these topics.

《How we responded to their opinions and requests》

To further enhance CSR awareness among corporate officers and employees, CR Report 2017 has been created to make the Group's approach to CSR and its initiatives easier to understand, with key editorial policies including "present CSR in the report so that it feels like a more familiar, everyday activity" and "make the report easier to read."

5. Health Promotion for Employees

5-1 Health Management Initiatives

G4-LA8

Based on our health management philosophy, T&D Life Group companies aim to realize workplaces in which all employees can be both physically and mentally healthy and work in a spirited manner.

Both Taiyo Life and Daido Life were recognized as 2017 Certified Health and Productivity Management Organizations (White 500) under the Ministry of Economy, Trade and Industry's (METI) Certified Health and Productivity Management Organization Recognition Program, which METI established with the aim of encouraging organizations to engage in initiatives to improve the health of their employees.

Taiyo Life is promoting "Taiyo's GENKI Project," an initiative aimed at energizing and improving the health of employees, customers, and society. In order to improve the health of employees, Taiyo Life concluded an agreement with Kaminoyama City, Yamagata Prefecture, regarding a comprehensive partnership utilizing the Kaminoyama Onsen Kurort (health resort). The company is offering support aimed at promoting the health of employees by utilizing Kurort Health Walking and the Kaminoyama Onsen Kurort Program.

Also, since 2017, Taiyo Life has been engaging in implementing a number of health management initiatives, including increasing the company's subsidies for cancer screening and performing MCI screening tests along with health checks to diagnose the future risk of dementia.

Daido Life has instituted the "DAIDO KENCO Action," which collectively refers to the company's health-related initiatives, and is supporting the education of "Health-oriented management." With the aim of improving the health of employees, under senior management's "Koko-Kara Declaration" concerning Health-oriented management, a variety of initiatives are being implemented. These include initiatives to reduce total working hours, such as Challenge 19 and "no overtime" days, providing wearables that measure activity status, such as heart rate and number of steps walked, and establishing no-smoking days. These initiatives are collectively called "DAIDO Koko-Kara."

[Recognition as a "Certified Health and Productivity Management Organization"]

Both Taiyo Life and Daido Life were recognized as Certified Health and Productivity Management Organizations (White 500) in the large enterprise category under the Ministry of Economy, Trade and Industry's (METI) Certified Health and Productivity Management Organization Recognition Program, which METI established with the aim of honoring organizations that engage in initiatives to improve the health of their employees.

The two initiatives of "Taiyo's GENKI Project" at Taiyo Life and "DAIDO Koko-Kara" at Daido Life are being carried out to improve the health of employees, and both aim to realize workplaces where all employees can be both physically and mentally healthy and work in a spirited manner.



5-2 Health Promotion for Employees

G4-LA8

● Initiatives by the Human Resources Department

The T&D Life Group has a clinic at its head office, 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.

● Stress Check Program

All employees at T&D Life Group companies were invited to undergo a stress check as part of the program's goal of preventing mental health disorders. The Group encourages self-care among its employees, and has also put in place a system for employees under particularly high stress to receive in-person advice from a physician, and when necessary, to introduce such employees to specialists the Group has contracted with on a part-time basis. Each company also conducts group analysis, which is beneficial in improving the workplace environment.

● Health Insurance Societies

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 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 screenings. Since fiscal 2008, the companies' health insurance societies have also been implementing specified medical check-ups and healthcare guidance with the aim of preventing lifestyle diseases.

1. Basic Concept

1-1 Basic Concept

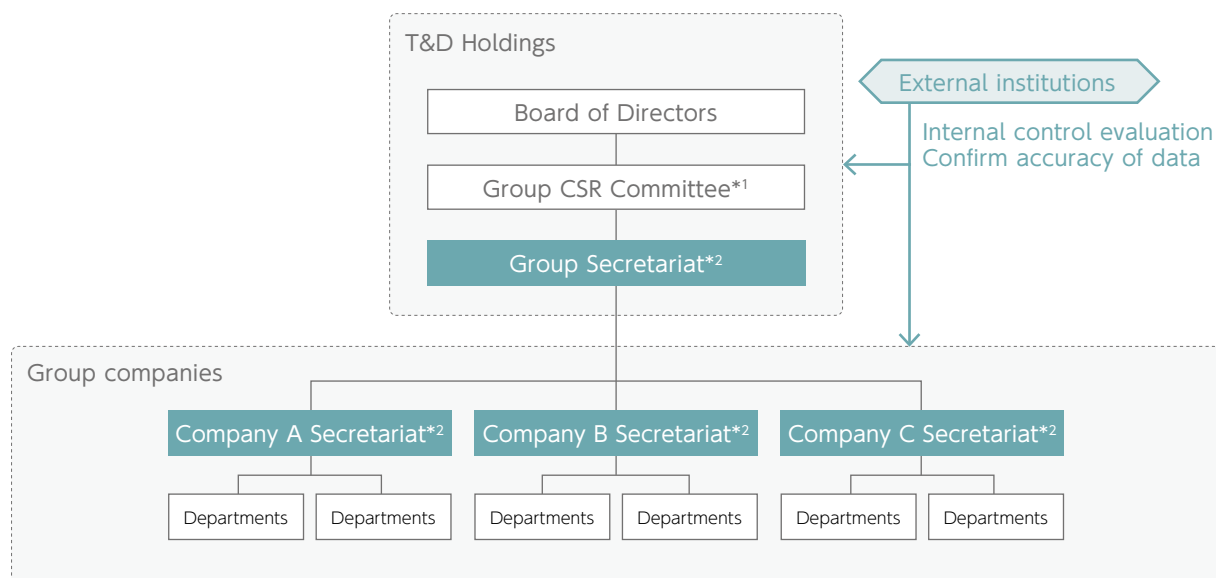
The T&D Life Group formulated the T&D Life Group Environmental Policy* to clarify the Group's stance on the environment and to publicize the policy among executives and employees and has promoted various activities to reduce our environmental impacts based on the policy. The T&D Life Group has announced that its basic policy is to carry out business activities with full awareness of the importance of environmental concerns and will give sufficient consideration to global environmental protection. 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.

* The T&D Life Group Environmental Policy is available at <http://www.td-holdings.co.jp/en/csr/csr-policy/environment.html>

2. Promotion Framework

2-1 Promotion Framework (Environmental Management)

DMA



*1 The Group CSR Committee is chaired by the representative director and president, and vice-chaired by the director and president (executive officer in charge of CSR).

*2 Secretariat = Group CSR Committee Secretariat

3. Environmental Impact-reduction Initiatives

3-1 Environmental Initiatives

● Reduction of CO₂ Emissions

As more than 90% of the CO₂ emissions derive from electricity use at the T&D Life Group, we have set targets for electricity use and are taking actions to cut our energy consumption.

● Power-saving Efforts

Each year the T&D Life Group participates in a "Cool Biz" campaign from May to September (setting thermostats of air conditioners at 28°C) and a "Warm Biz" campaign from November to March (setting a room temperature at 20°C). In addition, 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 initiative 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 fiscal 2016, this initiative was conducted in July and February. This initiative is being implemented in support of the “Reduce CO₂: ‘Lights Down’ Campaign” initiated by the Ministry of the Environment to address for lit up facilities and individual homes to turn off lights in order to help combat global warming.

● Efforts for Achieving Group-wide Targets

The T&D Life Group has set Group-wide targets related to environmental protection, and is working to achieve these targets in the course of its daily business activities.

The Group’s three targets are to reduce electricity consumption, reduce office paper consumption and improve the green purchasing ratio.

《Electricity Consumption》 Targets and Results ▶ Page 58

In addition to the power-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 and turn off printers and multifunction machines when leaving offices.

《Office Paper Consumption》 Targets and Results ▶ Page 58

We are striving to reduce the paper consumption in offices by promoting paperless meetings, two-sided and 2-in-1 printing, test printing and confirmations before printing a large quantity and rigorously insisting on printing only after confirming printing settings.

《Green Purchasing Ratio》 Targets and Results ▶ Page 58

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 to Eco Mark products. In addition to establishing Green Purchasing Standards and working to prioritize purchasing of products that meet those standards, initiatives include setting up a system that requires approval when ordering office supplies online that are not environmentally compliant.

● Promoting Paperless Office Work

With the relocation of the head office to Tokyo’s Nihonbashi district, we have installed OA equipment in the conference rooms to realize paperless meetings of the Board of Directors, Executive Committee, and so forth. Moreover, in order to conduct meetings and suchlike in a paperless manner, the Group is promoting paperless practices including by distributing mobile PCs, deploying wireless LANs, and installing display units on the tables at meetings.



● Green Procurement Initiatives (Total Costs and Quantities of Procurement Intended for Environmental Protection)

In addition to green purchasing initiatives, which mainly target office supplies and other consumables, Green Procurement Standards that reduce environmental impact have been established for the printing of product brochures, policy documents and riders; procurement of lighting, air conditioning and other equipment for real estate; and for system equipment and office automation equipment. The Group gives priority to procurement of items that meet these standards. The results of these efforts to promote environmentally friendly procurement are not only collated in terms of amounts spent and quantities, but specific measures are also studied, shared among the Group companies and used to benefit environmental protection initiatives.

《Green Procurement Results》

	Portion known to apply/ not apply to standard, in figures				Portion for which applicability/ non-applicability is unknown		Total	
	Standard applicable		Standard non-applicable		Quantity or number of orders	Amount (million yen)	Total number	Total amount (million yen)
	Number	Amount (million yen)	Number	Amount (million yen)				
Printing of product brochures, riders, etc.								
FY2013	341	224	673	134	409	36	1,423	393
FY2014	377	293	609	122	505	0.5	1,491	416
FY2015	236	320	621	103	483	0.2	1,340	424
FY2016	220	242	542	94	490	0.4	1,252	336
System equipment and office automation equipment								
FY2013	1,149	108	0	0	78	78	1,227	186
FY2014	6,550	427	7,345	305	2	2	13,897	734
FY2015	5,373	476	18,797	699	228	266	24,398	1,441
FY2016	4,623	345	16,354	359	13	10	20,990	714
Real estate equipment								
FY2013	16	1,026	0	0	5,061	5,660	5,077	6,686
FY2014	19	1,942	0	0	5,133	9,543	5,152	11,485
FY2015	12	986	0	0	5,271	5,097	5,283	6,082
FY2016	29	1,696	0	0	4,500	4,419	4,529	6,115

(The total of T&D Holdings, Taiyo Life, Daido Life, T&D Financial Life, and T&D Asset Management.)

3-2 Environmental Performance Data

G4-EN3 G4-EN8 G4-EN10 G4-EN15
G4-EN16 G4-EN17 G4-EN23

The T&D Life Group discloses its measurements of CO₂ emissions, electricity consumption, water consumption, and waste generated and recycling rate. (The applicable scope and calculation methods of this data are described on page 58 in “3-4 Scope and Calculation Methods of Environmental Performance Data and Group-wide Targets and Results.”)

● CO₂ Emissions

★ indicates limited verification has been carried out by a third party.

	FY2014	FY2015	FY2016★
Scope 1 (Direct emissions)	2,358 t	2,315 t	1,997 t
Scope 2 (Indirect emissions)	55,677 t	55,344 t	55,531 t
Scope 3 (Others)	6,357 t	6,412 t	6,461 t
Category 3 (Fuel- and energy-related activities)	3,751 t	3,772 t	3,836 t
Category 5 (Waste generated by business activities)	82 t	82 t	49 t
Category 6 (Business trips)	2,524 t	2,558 t	2,576 t
Total	64,392 t	64,071 t	63,989 t

● Electricity Consumption

★ indicates limited verification has been carried out by a third party.

	FY2014	FY2015	FY2016★
Electricity consumption	95,866 MWh	96,348 MWh	97,705 MWh

● Water Consumption

★ indicates limited verification has been carried out by a third party.

	FY2014	FY2015	FY2016★
Water consumption (Utility + reclaimed water)	71,100 m ³	64,300 m ³	35,000 m ³
Reclaimed water usage rate	23.7%	18.2%	2.4%

● Waste Generated & Recycling Rate

★ indicates limited verification has been carried out by a third party.

① Paper waste	FY2014	FY2015	FY2016★
Total amount	549 t	554 t	369 t
Recycling rate	78.2%	85.4%	79.0%
② Non-paper waste	FY2014	FY2015	FY2016★
Total amount	193 t	183 t	137 t
Recycling rate	66.7%	68.2%	70.9%

3-3 Group-wide Targets and Results

G4-EN1

G4-EN3

G4-EN5

The T&D Life Group has set Group-wide targets for electricity consumption, office paper consumption, and the green purchasing ratio, and is working to mitigate its environmental impact. (The applicable scope and calculation methods of this data are described on page 58 in "3-4 Scope and Calculation Methods of Environmental Performance Data and Group-wide Targets and Results.")

● Electricity Consumption

Baseline: FY2009 value (Electricity consumption per unit of floor space) (119 kWh/m²)

Target: Five-year average of FY2013 to FY2017 at least 10% below baseline value.

★ indicates limited verification has been carried out by a third party.

	Baseline	FY2013	FY2014	FY2015	FY2016*	Progress made (Average value of FY2013-FY2016)
Electricity consumption	72,163,000 kWh	57,873,000 kWh	56,340,000 kWh	56,573,000 kWh	58,508,000 kWh★	57,324,000 kWh
Total floor space	606,000 m ²	583,000 m ²	578,000 m ²	605,000 m ²	589,000 m ²	589,000 m ²
Per unit of floor space	119 kWh/m ²	99 kWh/m ²	97 kWh/m ²	93 kWh/m ²	99 kWh/m ²	97 kWh/m ²
Compared to baseline	—	83.3%	81.9%	78.5%	83.4%	81.8% (18.2% reduction from the baseline value)

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

* Some figures for the previous year adjusted to reflect additional values.

● Office Paper Consumption

Baseline: Five-year average from FY2009 to FY2013 (183.6 t)

Target: Cut five-year average from FY2014 to FY2018 by 9% compared to the baseline value.

★ indicates limited verification has been carried out by a third party.

FY2013	FY2014	FY2015	FY2016★	Progress made (Average value of FY2014-FY2016)
163.2 t	160.2 t	151.8 t	123.1 t	79.0% (21.0% reduction from the baseline value)

* Total amount of office paper purchased.

● Green Purchasing Ratio

Target: Keep the green purchasing ratio for office stationery and supplies at a minimum of 80%.

FY2014	FY2015	FY2016
96.0%	95.9%	96.0% (Target exceeded by 16.0%)

* Applies to purchases through online purchasing systems.

3-4 Scope and Calculation Methods of Environmental Performance Data and Group-wide Targets and Results

● Scope of Environmental Performance Data and Group-wide Targets and Results

Category	Environmental performance data	Group-wide targets and results	
	CO ₂ emissions Electricity consumption	Electricity consumption Green purchasing ratio	Office paper consumption
T&D Holdings	Each business site	Each business site	Each business site
Taiyo Life	Each business site + own building (tenant lease)	Each business site	Each business site (excluding sales offices and branch offices)
Daido Life	Each business site + own building (tenant lease)	Each business site*	Each business site (excluding sales offices and branch offices)
T&D Financial Life	Each business site	Each business site	Each business site
T&D Asset Management	Each business site	Each business site	Each business site
T&D Information Systems	Each business site	—	—

Each business site: Refers to the head office, administrative centers, branches and sales offices (including sites occupied as tenants).

* From fiscal 2015, scope for calculating electricity usage was expanded from each site in owned buildings to owned buildings and buildings occupied as tenants.

Category	Environmental performance data	
	Water consumption/Waste generated & recycling rate	
Tokyo Nihombashi Tower	Water consumption and waste generation by the T&D Life Group	
Daido Life Osaka Head Office Building	Water consumption and waste generation by the T&D Life Group	
Taiyo Life Urawa Building	Water consumption and waste generation by the T&D Life Group	
Hamamatsucho Building	Water consumption and waste generation by the T&D Life Group	
Mita Bellju Building	Water consumption and waste generation by the T&D Life Group	

Note: The data for 2013–2015 includes the data for the Shiodome Shiba-Rikyu Building (formerly the head office).

● Calculation Methods of Environmental Performance Data and Group-wide Targets and Results

Disclosure item		Calculation method
Environmental performance data		
CO ₂ emissions	Scope 1 (Direct emissions)	The figures were calculated by multiplying the measured energy input by the predetermined coefficient in accordance with the Greenhouse Gas Emission Volume Calculation, Reporting, and Disclosing System. (The measured energy input comprises the measured gas, heavy oil, and kerosene.)
	Scope 2 (Indirect emissions)	As above. (The measured energy input comprises the measured electric power, steam, and hot and cold water.)
	Group-wide	Basic Guidelines Ver. 2.2 regarding the measurement of greenhouse gas emissions generated by the supply chain. They are measured on the basis of directives from the Ministry of the Environment and the Ministry of Economy, Trade and Industry.
	Scope 3 (Others)	
	Category 3 (Fuel- and energy-related activities)	The figures were calculated by multiplying the measured input of electric power, steam, and hot and cold water by the predetermined coefficient.
	Category 5 (Waste generated by business activities)	Calculated by multiplying the waste generated by the predetermined coefficient.
	Category 6 (Business trips)	Calculated by multiplying the number of Group personnel at the end of the fiscal year by the predetermined coefficient.
Total		The total emissions from the sum of Scope 1 (Direct emissions), Scope 2 (Indirect emissions), and Scope 3 (Others).
Electricity consumption		The annual amount of office-use electricity purchased from each energy-supplying company is calculated in accordance with the law on the rationalization of energy consumption.
Water consumption		The reportable item according to the environmental reporting guidelines of the Ministry of the Environment comprises the amount used on the invoices received from the water supply authorities.
Waste generated & recycling rate	Group-wide	Measured based on the Waste Disposal & Public Cleansing Law and other laws concerned with waste disposal and cleaning.
	Waste generated	Calculated according to the invoices received from waste disposal companies.
	Recycling rate	The recycled amount is calculated according to the invoices received from waste disposal companies, and the recycling rate is calculated by dividing the recycled amount by the waste generated.
Group-wide targets and results		
Electricity consumption		The calculation excludes the amount used by tenants of the Group's buildings, and is calculated using the annual amount of office-use electricity purchased in accordance with the relevant energy-saving laws.
Office paper use		A reportable item according to the environmental reporting guidelines of the Ministry of the Environment, and is calculated from the purchasing system data.

3-5 Independent Assurance Report

G4-33

The T&D Life Group obtained third-party assurance from Ernst & Young ShinNihon LLC for fiscal 2016 data presented in section “3-2 Environmental Performance Data” on page 57 and section “3-3 Group-wide Targets and Results” on page 58 in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) and 3410 (International Auditing and Assurance Standards Board).



Translation
The following is an English translation of an independent assurance report 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.

September 8, 2017

Independent Assurance Report

TO:

Mr. Tetsuhiro Kida
Representative Director and President
T&D Holdings, Inc.

Kenji Sawami Partner
Ernst & Young ShinNihon LLC Tokyo

We, Ernst & Young ShinNihon LLC, have been commissioned by T&D Holdings, Inc. (hereafter the “Company”) and have carried out a limited assurance engagement on the Key Environmental Performance Indicators (hereafter the “Indicators”) of the Company and its major subsidiaries for the year ended March 31, 2017 as included in the Environmental Performance Data and Group-wide Targets and Results of the Company’s Corporate Responsibility Report 2017 (hereafter the “Report”). The scope of our assurance procedures was limited to the Indicators marked with the symbol “★” in the Report.

1. The Company’s Responsibilities

The Company is responsible for preparing the Indicators in accordance with the Company’s own criteria, which it determined with consideration of Japanese environmental regulations as presented in the Scope and Calculation Methods of Environmental Performance Data and Group-wide Targets and Results of the Report. Greenhouse gas (GHG) emissions are estimated using emissions factors, which are subject to scientific and estimation uncertainties, given instruments for measuring GHG emissions may vary in characteristics, in terms of functions and assumed parameters.

2. Our Independence and Quality Control

We have met the independence requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants in March 2013, which is based on the fundamental principles of integrity, objectiveness, professional competence and due care, confidentiality, and professional behavior. In addition, we maintain a comprehensive quality control system, including documented policies and procedures for compliance with ethical rules, professional standards, and applicable laws and regulations in accordance with the International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board in April 2009.

3. Our responsibilities

Our responsibility is to express a limited assurance conclusion on the Indicators included in the Report 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”) (Revised), issued by the International Auditing and Assurance Standards Board in December 2013, *Practical Guidelines for the Assurance of Sustainability Information*, revised in December 2014 by the Japanese Association of Assurance Organizations for Sustainability Information and, with respect of GHG emissions, *Assurance Engagements on Greenhouse Gas Statements* (“ISAE 3410”), issued by the International Auditing and Assurance Standards Board in June 2012. The procedures, which we have been performed according to our professional judgment, include inquiries, document inspection, analytical procedures, reconciliation between source documents and Indicators in the Report, as well as the following:

- Making inquiries regarding the Company’s own criteria that it determined with consideration of Japanese environmental regulations, and evaluating the appropriateness thereof;
- Inspecting relevant documents with regard to the design of the Company’s internal controls related to the Indicators, and inquiring of personnel responsible thereof at the headquarters and one major subsidiary visited;
- Performing analytical procedures concerning the Indicators at the headquarters and one major subsidiary visited; and
- Testing, on a sample basis, underlying source information and conducting relevant re-calculations at the headquarters and one major subsidiary visited.

The procedures performed in a limited assurance engagement are more limited in nature, timing and extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is lower than would have been obtained if we had performed a reasonable assurance engagement.

4. Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Indicators included in the Report have not been measured and reported in accordance with the Company’s own criteria that it determined with consideration of Japanese environmental regulations.

4. Forest Conservation Activities

4-1 Forest Conservation Activities Taiyo Life

G4-EN13

● Forest Conservation 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 the Forests of Taiyo Life in Nasushiobara (Tochigi Prefecture) and Takashima (Shiga Prefecture). The first Forest of Taiyo Life was established in March 2006 in Nasushiobara as a project under the Forestry Agency's "Corporate Forest" program. In cooperation with the Enna District Forest Office and others, we conducted forest improvement activities including forest thinning and the maintenance of walking trails in July and November 2016. In addition, in May, we invited members of the Japan Down Syndrome Society and their families to take part in a forest studies class experience (total number of participants for the year: approx. 174). Our second corporate forest (Kutsuki Forest of Taiyo Life) was established in Takashima, Shiga Prefecture in November 2007. For this forest, we collaborated with the Asosatoyama Center, a local NPO, in conducting forest improvement activities, including the improvement of forest roads and the clearing out of fallen leaves in red pine forests, in September and December 2016. We also conducted Kurort Health Walking using the Kutsuki Forest course in September 2016, and hosted the "Acorn Project" in December 2016, whereby local elementary students grew broad-leaf seedlings from acorns and then planted them in the forest at the time of graduation (total number of participants for the year: approximately 277).



Name of Forest	Forest of Taiyo Life (Tochigi Prefecture)	Kutsuki Forest of Taiyo Life (Shiga Prefecture)
Date of Establishment	March 2006	November 2007
Area	Approx. 4.8 ha	Approx. 12.7 ha
CO ₂ Absorption	19 t (Estimate by the 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 conducting the following activities 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 the use of disposable chopsticks made from domestic timber derived from forest thinning and wood scraps

Our employees and executives made use of 470,185 pairs of chopsticks in aggregate from September 2006 to March 2017.

To promote forest development by encouraging use of timber from forest thinning, Taiyo Life has created its own disposable chopsticks from Yoshino Japanese cedar derived from forest thinning. The chopsticks are distributed for a charge to those who request them, and efforts are made to use them at meals during internal meetings and so on.

Active Use of "3.9 Paper"*

Another initiative designed to promote use of timber from forest thinning is the use of "3.9 Paper" in paper wrappers for "Wood Thoughtfulness Chopsticks."

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

5. Environmental Communications and Educational Activities

5-1 Environmental Communications and Educational Activities

T&D Holdings endorses the activities of the Japan UNEP Association which produces the Japanese edition of *Our Planet*, published by the United Nations Environment Programme (UNEP). This publication is distributed to all companies in the T&D Life Group as well as to local elementary and junior and senior high schools, public libraries, and other parties to raise awareness of environmental issues.



1. Basic Concept

1-1 Basic Concept

As a Group engaged in the life insurance business with its highly public and social nature, 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. As a life insurance group, our efforts focus primarily on “improving health, medical care and welfare,” “developing a sound society” 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.

* The protection of the global environment is described in “VII. Priority Areas (3) Global Environmental Protection” on page 55.

2. Improving Health and Welfare (Health, Medical Care, Welfare, etc.)

2-1 Blood Drives

The T&D Life Group cooperates with blood drives hosted by the Japanese Red Cross Tokyo Metropolitan Blood Center. The head office divisions (Tokyo) of each company held biannual blood drives in the summer and the winter, and executives and employees are encouraged to donate blood. In fiscal 2016, a total of 314 people in the Group donated blood during the drive.



2-2 Friends of Taiyo Life Goodwill Circles

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 8,632 members as of March 31, 2017. In order to support social contribution activities on a monthly basis, the members contribute 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 broader participation by executives and employees in the activities.



Photograph source: JOICFP (a Japan-based international NGO)

《Major Activities in FY2016》

- Contribution to local communities:
Support for victims of the Kumamoto Earthquakes, collection and donation of pull tabs, aluminum cans and PET bottle caps, and consolation for nursing homes for the elderly by the Kokarina Club (compensation of travel expenses)
- Educational support: Donation of school bags to children in Afghanistan through JOICFP (a Japan-based international NGO)

2-3 Daido Life Employees’ Community Contribution Club

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 fundraising activities and volunteer activities. In addition, since 1994, the club has been implementing the One-day Outing Volunteer Activity for the Physically Disabled. Under this program, employees take volunteer work leave to help 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.



《Major Activities in FY2016》

- Fundraising 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 (including facilities damaged by the Great East Japan Earthquake of 2011 and the Kumamoto Earthquake of 2016).
- 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 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 People with Disabilities, the club also conducted the One-day Outing Volunteer Activity for the Physically Disabled and suchlike.

2-4 Supporting the Japan Down Syndrome Society Taiyo Life

Taiyo Life and Friends of Taiyo Life Goodwill Circles support the Japan Down Syndrome Society.

《Main Activities》

- Support activities as a supporting member of the association
- Provide Taiyo Life conference rooms for use as venues for seminars held by the association and for meetings of its Board of Trustees and Board of Directors
- Participation of the corporate officers and employees of branches and head office departments as volunteers at association activities



2-5 Supporting Sports for People with Disabilities Daido Life

Daido Life has been a special sponsor of the National Sports Festival for People with Disabilities every year since the first National Sports Games for the Mentally Handicapped (Yuaipic)* was held in 1992, when Daido Life celebrated its 90th anniversary. It is the largest sports event for people with disabilities in Japan, aiming at helping the disabled experience the joy of playing sports, 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 and Taiyo Life work as volunteers to support this event.



In January 2015, Daido Life commenced initiatives to further spread and develop sports for people with disabilities in its capacity as an official partner of the Japanese Para-Sports Association.

* 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 Festival for People with Disabilities since then.

2-6 The Daido Life Welfare Foundation

《Purpose of Establishment》

Daido Life established the foundation in 1974. The foundation aims to contribute to public health and welfare by providing grants to programs designed to address health problems arising from the deterioration of environmental living conditions, together with 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 those 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.
- 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 emotional development of children through social interaction.
- Company worker volunteer activity grants: Support volunteer activities conducted by workers who use their days off to work toward enhancing the welfare of senior citizens and disabled people, or fostering the healthy emotional development of children through social interaction.



《Cumulative Grants from Establishment to FY2016》 3,720 grants; 1,603.57 million yen

● Publication of the “Environment and Health” Series Brochures

Published 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, 72 brochures have been published. To ensure that these brochures are accessible to many people publications in recent years were digitized and made public on the foundation’s website.

● Home Care/Nursing Consultation and Workshop

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

2-7 The Taiyo Life Welfare Foundation

《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, the disabled living at home, and those with dementia.
- Research grants: Grants for study and research regarding healthcare and medical care for the elderly and lifestyle diseases and welfare of the elderly.

《Cumulative Grants from Establishment to FY2016》 1,950 grants; 1,208.83 million yen

● Main Activities in FY2016

In fiscal 2016, 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. The foundation also awards research grants to study and research programs seeking to improve the welfare of the elderly and so on.

In fiscal 2016, a total of 68 grants (worth 21.84 million yen) were offered to 63 volunteer/NPO projects (19.39 million yen) and 5 study/research projects (2.45 million yen).

3. Developing a Sound Society (Education, Sports, Local Community Contribution, etc.) ……

3-1 Nationwide Clean Campaign Taiyo Life

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 2016, the campaign attracted 5,722 participants (executives, employees, and their families), and the clean-up activities were carried out with a sense of gratitude to the local area that had been their home day after day. The employees were united in their work of conducting the social contribution activities.



3-2 Sponsorship of the Japan Junior High School Rugby Football Tournament Taiyo Life

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.



3-3 Endowed Open Courses at Universities Daido Life

As an expression of gratitude to its many supporters, Daido Life began annually endowing open courses at universities in fiscal 2002 as part of the company's centenary celebrations. These courses offer a lineup of topics that include a mixture of theory and practice, and provide managers of small- to medium-sized businesses with opportunities for acquiring knowledge and skills relevant to management and business. The courses have been very well received by those who have attended them, with over 13,000 people participating over the past 15 years.

In fiscal 2016, courses were held at nine universities across Japan, including Japan Women's University of which Asako Hirooka (a female industrialist in Japan's Meiji Period (1868-1912) who was one of the founders of Daido Life) was involved in the founding.



3-4 The Daido Life Foundation

《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 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; 68 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 since fiscal 2012 and has made them available for free in an electronic format on their 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 40 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 5 countries) 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.

3-5 Hosting Internship Program Daido Life

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, asset management, and the payment of insurance claims. 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.

3-6 Support for Areas Affected by Disasters

When a major disaster occurs, the T&D Life Group and its Group companies provide support that includes making contributions to disaster relief funds and cooperating with recovery work.

Shortly after the Great East Japan Earthquake, 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 subsequent years, the Group continued to provide a broad range of support, including making donations.

In the case of the Kumamoto Earthquakes, the Group made donations to offer support toward recovery in the disaster-hit areas.

3-7 Daido Life Survey Daido Life

From October 2015, Daido Life has been conducting the Daido Life Survey, a monthly survey for managers of small and medium enterprises (SMEs) nationwide. The survey aims to collect the direct opinions of the managers of SMEs on such matters as business confidence and management issues of SMEs, in order to help us by providing corporate management tips.

Daido Life strives to provide useful and timely information, including on topics in which all managers are highly interested, together with tips about corporate management, by focusing on the small businesses that comprise most SMEs and by taking advantage of the uniqueness of this monthly survey.

Responsible Investment Initiatives

A discussion with asset managers from three Group companies that are signatories to the UN's Principles for Responsible Investment



Taiyo Life Insurance Company

Minoru Yoneda
Investment Planning Section,
Planning Department

T&D Asset Management Co., Ltd.

Akane Kumagai
ESG Analyst, Responsible Investment
Group, Institutional Investors Division

Daido Life Insurance Company

Teppei Iwamoto
Fund Manager,
Asset Management Department

Position as of July 2017

Signing the Principles for Responsible Investment

Yoneda: Taiyo Life in 2007 became the first Japanese life insurance company to sign the UN's Principles for Responsible Investment (PRI). The PRI declare that as an institutional investor we will incorporate Environmental, Social and Governance (ESG) issues into investment analysis and decision-making processes. One of our important social roles as a life insurance company is faithfully paying out insurance money and benefits, but we also have a social role to play as a long-term institutional investor. The insurance industry as a whole in 2007 had been shaken by problems involving the payment of insurance benefits, and so the obvious course of action at the time for an insurance company was strengthening payment systems, but we also became a signatory to the PRI out of a desire to contribute to society as an institutional investor.

Kumagai: T&D Asset Management began conducting surveys in 2011 with the aim of utilizing ESG factors in asset management. The PRI were in accordance with the thrust of our initiatives, and based on the fact that they also match the long-term interests of our clients, we became a signatory in 2012.

Iwamoto: Daido Life signed the principles in 2016. We had long been involved in initiatives that helped solve social issues and became a signatory in order to actively play a role not only in the area of life insurance but also in asset management.

Yoneda: PRI signatory institutions report the performance of initiatives with respect to the principles each year. The framework for the report is published by the end of the year, so we confirm the contents and conduct self-evaluations for each asset class. Each year we formulate a PRI action plan and finalize it at the upper management level, but the process presents a good opportunity at the stage preceding this for managers of each asset class to conduct self-evaluations on investment processes and performances. Through issues identified through this process, changes in reporting items and other information, we confirm trends in global ESG investment and formulate the activities plan based on this.

Kumagai: In addition to that, we have monitoring from asset owners, and it is necessary to provide even more detailed information on PRI initiatives. The PRI reporting area I'm involved in is shareholder voting and engagement (dialogue with companies receiving investment), and we have to show the extent to which engagement is being conducted effectively and with clear goals. For investment clients, we are required to report activities in specific terms. On this point, due in part also to revisions to the Stewardship Code, I think a further level of depth is needed.

Yoneda: The PRI and the Stewardship Code require the same things regarding voting rights execution and engagement activities.

Approach to Responsible Investment

Iwamoto: I'm currently in charge of foreign and domestic corporate bonds. In making investment decisions, I consider both investment returns and the return to society. I think one of the roles society seeks from institutional investors is contributing to social returns. However, since we are institutional investors and not philanthropists, one of the things we have to do is consider how to integrate social returns with investment returns.

Kumagai: Empirical studies continue to be conducted on ESG factors and investment results and partial correlations have been found with G, Governance. Regarding E, Environmental, and S, Social, there are a variety of opinions, but consideration of ESG factors is essential to investment decisions. It is generally thought that when the investment timeframe is longer, non-financial information and intangible assets become more important as investment decision factors than financial information. We also believe that with long-term investments, ESG factors, which are a type of non-financial information, are important factors in the formation of corporate and share value.

Yoneda: This is a bit of a different perspective, and while I used the expression earlier of the social role of a life insurer and the social role of an institutional investor, as a basic concept, I think the aims of a life insurer and the aims of ESG investment are the same. The PRI require that ESG initiatives be promoted throughout the entire company, including upper management, and not only by employees in the asset management division. I feel that when explaining to people outside the company that we engage in ESG investment through company-wide systems, it won't be adequately conveyed unless we start from this basic concept.

Iwamoto: Europe is the leader in this area. For example, institutional investors are required by law to declare their commitment to CO₂ reduction, etc., and disclose the results; various regulations also underpin ESG investment. I think that it will be difficult to approach Europe's level with investors alone taking the lead; I think society as a whole needs to move forward. In this sense, GPIF initiatives* can be seen as an activity aimed at promoting ESG initiatives throughout society, including corporations.

Yoneda: I think it is exceedingly difficult to generate results in voting rights execution and engagement over the short term. Japan and Europe are different not only in terms of laws and regulations but in the way the society as a whole is viewed and understood. We won't simply imitate countries in the lead or get on board with temporary trends; we plan to be a long-term institutional investor that makes an ongoing contribution to the progression of society as a whole.

* Government Pension Investment Fund (GPIF): Japan's public pension investment organization, referred to as the world's largest institutional investor, announced that in the future it would begin ESG investment on a scale of ¥3 trillion.

Specific Investment Decision Processes That Incorporate ESG

Yoneda: We have created a system based on the PRI for always considering ESG in the asset management process. All our asset management regulations stipulate consideration of ESG issues, and based on these regulations, departments that manage assets create responsible investment checklists and confirm conformance in all investment and financing decisions. We also conduct negative screening and incorporate a method in which points accrue when standards are met. Equity investments are re-evaluated each year and an investment universe is built. Ten years have passed since the initiatives were started and I think they have steadily become firmly established.

Iwamoto: When Daido Life invests in corporate bonds, we evaluate investment targets while also considering ESG issues, from the standpoint of mitigating the risk of sudden changes in the company's creditworthiness due to governance problems or other issues. Like Taiyo Life, this is also stipulated in regulations and manuals. In addition, we actively consider initiatives for social bonds as well, a type of themed investment, based on a social returns standpoint.

Kumagai: Taking the example of T&D Japan Equities ESG Research Fund, we first do a basic industry evaluation. We set key indicators for each industry, make evaluations centering on these key indicators of the company's business model and stakeholder relations, and assign an ESG rating. There are five rankings and the lower rankings are not eligible for investment. The most important part of this process is direct interviews with the companies. We make requests to the companies being evaluated and conduct direct interviews on ESG. In addition to the information that comes out of the interviews, we also research and analyze the company's CSR reports, integrated reports, environmental reports and other such information and make adjustments to our evaluation. We have discussed the lack of significant correlation with the evaluations of major ESG ratings agencies, but the evaluations of each rating agency have certain characteristics, and we think our evaluations are also distinctive.

Future of ESG Investment

Yoneda: ESG investment is a global trend, and I think it will continue to expand going forward. While formerly there was the view that responsible investment was something done from a social contribution standpoint by companies with the leeway to do it, now the idea has become fairly well established that investment returns are pursued through ESG investment and that this contributes to society. Given the prevailing low interest rate environment, I think ESG investment is a field that will garner attention from the standpoint of increasing investment sophistication and diversity as well.

Iwamoto: When I talk to people outside the company at banks or securities companies, I get the sense there is a high level of interest in ESG investment performed by institutional investors like pension funds and life insurance companies. I believe that institutional investors will drive the expansion of the ESG investment market.

Kumagai: This is from the perspective of an analyst, but in the future I think that the quality of ESG will become more of an issue both for companies and for investors. Companies will be expected to consider closely whether they should truly be engaged in the key issues and goals they themselves have decided on. Investors will have to consider how to incorporate ESG factors into investment decisions from the standpoint of raising the sustainable growth potential of the company as well as society as a whole. In the past, simply performing ESG investment was perhaps sufficient, but I believe we are now at a new stage in which further improvement is needed from a quality standpoint.

[Examples of Key Socially Responsible Investment Initiatives]

- Investment in Green Bonds, which are issued by international financial institutions for the purpose of supplying funds to renewable energy businesses and similar projects
- Investment and lending for project finance projects related to solar power and wind power
- Investment in EYE Bonds that contribute to education and supporting youth and employment in Central and South America and Caribbean countries
- Investment in Social Bonds issued by the Japan International Cooperation Agency to finance infrastructure projects and employment creation in developing regions
- Investment in the Good Health Support Fund, which supports businesses that contribute to improving people's health
- Investment in funds that support the growth and development of SMEs
- Contribution to the global environment and local communities through company-owned buildings

1-1 Signing the Principles for Responsible Investment

The three companies of Taiyo Life, Daido Life, and T&D Asset Management have become signatories of the Principles for Responsible Investment (PRI)*, which are supported by the United Nations.

Signatory of:



Taiyo Life Insurance Company

In order to further fulfill its social responsibility as an institutional investor, Taiyo Life determined that it was essential to exert its influence for the betterment of society and the global environment through investment and lending activities to a greater extent, and to contribute to the realization of a sustainable society.

In line with this thinking, in March 2007, Taiyo Life became the first Japanese life insurance company to sign the PRI. Based on these principles, Taiyo Life gives due consideration to ESG issues, namely, environmental (E), social (S), and governance (G) issues, and promotes asset management to achieve a sustainable society.

Daido Life Insurance Company

Daido Life supports the objectives of the PRI and became a signatory institution to them in November 2016. The company has long carried out initiatives that contribute to solutions to social issues through business activities, and by promoting financing and investment that takes into account environmental, social and governance (ESG) issues in the area of asset management as well, it is contributing to the formation of a sustainable society.

T&D Asset Management Co., Ltd.

T&D Asset Management, to fulfill its responsibilities of being entrusted as an institutional investor that manages investments, endorses the concept of the PRI, and signed them in March 2012. In accordance with these principles, T&D Asset Management tackles ESG issues in a manner consistent with meeting the long-term interests of customers, fully grasping the status of investee companies. Accordingly, the company is also committed to pursuing the sustained growth of these companies, particularly through holding constructive dialogues with them and through the exercise of voting rights, with the aim of increasing the medium- and long-term investment returns on the funds entrusted to it by customers.

The status of each Group company's PRI initiatives is reported in RI Transparency Report.

WEB <http://www.unpri.org/signatories/signatories/>

* The Principles for Responsible Investment (PRI) are a code of conduct for the global financial industry that was proclaimed by Kofi Annan, the secretary-general of the United Nations in 2006. A commitment to these principles has been signed by over 1,700 financial institutions worldwide, and by 59 in Japan (as of July 2017).

1-2 Policy of Socially Responsible Investment and Investment Decision-making

Taiyo Life, Daido Life and T&D Asset Management have incorporated the viewpoint of socially responsible investment in their investment and lending processes.

Taiyo Life Insurance Company · Daido Life Insurance Company

Taiyo Life and Daido Life handle the insurance premiums entrusted to them by customers, and conducts asset management founded on these insurance premiums, from the viewpoints of profitability, stability, and the public interest. As institutions signing their commitment to the PRI, Taiyo Life and Daido Life have adopted another basic attitude of considering ESG issues in the form of the rules applied to asset management.

In line with this basic attitude regarding this type of asset management, Taiyo Life and Daido Life reflect their PRI thinking in investment and lending processes when they invest in stocks and real estate, or lend to companies.

T&D Asset Management Co., Ltd.

As an institutional investor engaged in the asset management business, T&D Asset Management tackles ESG issues in a manner consistent with meeting the long-term interests of customers.

T&D Asset Management believes that environmentally friendly, socially conscientious companies with excellent corporate governance are superior companies from the viewpoint of sustainability. Based on this belief, T&D Asset Management has assigned dedicated ESG survey staff to conduct ESG surveys of companies in Japan. ESG information is provided to personnel in charge of handling domestic shares and domestic industrial bonds as materials for making investment judgments.

Furthermore, T&D Asset Management cooperates with the major US SRI company Domini Social Investments LLC to grasp overseas ESG trends by means of information exchanges.

1-3 The Principles for Responsible Institutional Investors (the Japanese Version of the Stewardship Code)

Three of the Group's 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.

Details of each company's basic policies, policy on exercising voting rights and status of exercising voting rights with respect to the Principles for Responsible Institutional Investors are disclosed on the companies' respective websites (Japanese).

Taiyo Life Insurance Company	https://www.taiyo-seimei.co.jp/company/activity/ssc.html https://www.taiyo-seimei.co.jp/company/activity/exercise.html
Daido Life Insurance Company	http://www.daido-life.co.jp/about/info/topics/ssc.html http://www.daido-life.co.jp/about/info/topics/voting.html
T&D Asset Management Co., Ltd.	http://www.tdasst.co.jp/company/principles/stewardship/ http://www.tdasst.co.jp/company/principles/voting/

* Since T&D Financial Life does not operate with listed stocks, and does not plan to do so in the future, there are no plans to announce support for the Stewardship Code.

● Policy on Exercising Voting Rights

Taiyo Life · Daido Life

When exercising their voting rights, Taiyo Life and Daido Life endeavor to make voting decisions based not only on formal decision-making criteria such as financial information, but also on non-financial information such as ESG considerations. Moreover, the two companies foster the sustainable growth of investee companies by conducting purposeful dialogue with those companies on a daily basis. Based on this basic approach, the two companies exercise their voting rights strictly in accordance with the Guidelines for Exercising Voting Rights established to ensure the appropriate exercise of voting rights. In order to further enhance measures to exercise voting rights, those guidelines were revised in June 2015 in line with the purport of "Japan's Corporate Governance Code—Seeking Sustainable Corporate Growth and Increased Corporate Value over the Mid- to Long-Term." In June 2017, an in-house committee on exercising voting rights was established and governance and conflict of interest management structures were strengthened in regard to all aspects of stewardship activities, including exercising of voting rights.

《Main Focal Points for Carefully Examining Proposals, Engaging in Dialogues and Making Voting Decisions》

- ▶ Has the investee company decided to pay no dividends despite having ample funds for dividend payments? Is the dividend payout ratio extremely low (or high)?
- ▶ Does the investee company face problems in connection with any activities against public order and common decency (willful tax evasion, collusion, bribery, etc.) and/or antisocial activities such as environmental destruction (actions deemed questionable in light of ESG problems)?
- ▶ From the standpoint of requesting investee companies to ensure corporate governance is functioning effectively in management, does the investee company present problems in terms of any of the following:
 - Level of ROE
 - Number and independence of outside directors
 - Attendance rate of corporate officers at meetings of the Board of Directors and the Audit & Supervisory Board
 - Length of service of Audit & Supervisory Board members
 - Eligible recipients of retirement benefit payments
 - Eligible recipients of stock options

T&D Asset Management

T&D Asset Management believes that exercising voting rights is an effective means for shareholders to increase the corporate value of investee companies by giving the shareholders a say in corporate governance, which has a pivotal impact on corporate management. Based on this belief, T&D Asset Management has clearly codified guidelines in its internal rules for expressing its voting intentions on proposals put forward to the Ordinary Shareholders' Meeting. This is to fulfill the company's fiduciary responsibility as an asset management institution. Moreover, T&D Asset Management carefully examines all proposals put forward based on the Guidelines for Exercising Voting Rights.

1. Appointment of corporate officers (directors, Audit & Supervisory Board members, and audit and other committee members)
2. Compensation and retirement benefits for corporate officers
3. Stock options
4. Capital policies
5. Amendments to the Articles of Incorporation
6. Antitakeover measures
7. Shareholder proposals

● Status of Exercising Voting Rights (Status of Stewardship Activities)

Taiyo Life · Daido Life

Based on the Guidelines for Exercising Voting Rights, Taiyo Life and Daido Life exercised their voting rights for all proposals put forward to Shareholders' Meetings held from July 2016 to June 2017, after engaging in dialogue with the investee companies as necessary.

《Status of Dialogue》

Taiyo Life and Daido Life emphasize dialogue with investee companies. Through proactive dialogue with investee companies, Taiyo Life and Daido Life work to verify the circumstances faced by management and share an awareness of issues while continuously taking steps to help increase shareholder value.

► Examples of companies with whom Taiyo Life and Daido Life engaged in dialogue

- Companies whose ROE fell below a certain threshold
- Companies issuing dividends despite having reported a net loss
- Companies not paying dividends despite having adequate resources
- Companies proposing an increase in internal directors without adequate explanation for the reasons or background
- Companies proposing to reappoint directors despite not having paid a dividend
- Companies raising officer compensation without persuasive explanation
- Companies that have proposed deploying or continually instituting antitakeover measures without sufficient explanation of their background or objective
- Companies planning to reappoint outside directors who had a low attendance rate at Board of Directors Meetings
- Companies planning to reappoint Audit & Supervisory Board members who have served for extensive periods of time
- Companies proposing officer retirement bonuses without disclosing individual payment amounts
- Companies that have been involved in misconduct or other such incidents

《Status of Exercising Voting Rights》

Taiyo Life and Daido Life reject proposals in cases where problems are not rectified despite constructive dialogue, cases where shareholder value is highly likely to be impaired and in certain other circumstances.

The results of voting rights of shares listed on domestic markets exercised at general meetings of shareholders held by domestically listed companies between July 2016 and June 2017 are as follows.

Type	Taiyo Life					Daido Life				
	Approve	Reject	Abstain	Carte blanche	Total agenda items	Approve	Reject	Abstain	Carte blanche	Total agenda items
Company proposals	232	—	3	—	235	373	4	—	—	377
Surplus appropriation	54	—	—	—	54	84	—	—	—	84
Director appointment*1	69	—	1	—	70	106	1	—	—	107
Corporate auditor appointment*1	49	—	1	—	50	66	3	—	—	69
Partial change to Articles of Incorporation	13	—	1	—	14	34	—	—	—	34
Payment of retirement bonus	2	—	—	—	2	17	—	—	—	17
Change to officer compensation	10	—	—	—	10	9	—	—	—	9
Issue of stock acquisition rights	13	—	—	—	13	4	—	—	—	4
Appointment of accounting auditors	1	—	—	—	1	1	—	—	—	1
Reconstruction related*2	—	—	—	—	—	—	—	—	—	—
Other company proposals*3	21	—	—	—	21	52	—	—	—	52
Of which, antitakeover measures	3	—	—	—	3	12	—	—	—	12
Shareholder proposals	—	18	—	—	18	—	61	—	—	61
Total	232	18	3	—	253	373	65	—	—	438

*1 Regarding appointments of multiple candidates, if even one candidate was voted against, it is counted as "Reject."

*2 Includes mergers, business transfers, share exchanges, stock transfers, company splits, etc.

*3 Includes share buybacks, decrease in legal reserve, increase through third-party allotment, decrease in capital, reverse stock split, officer bonuses, anti-takeover measures, income statement approval, etc.

T&D Asset Management

《Status of Dialogue》

T&D Asset Management views individual meetings, small meetings and other such forums with companies as opportunities to engage in constructive dialogue. This dialogue seeks to foster sustained growth principally from the viewpoints of business strategies, capital efficiency and shareholder returns, as well as from ESG perspectives. From July 2016 to June 2017, T&D Asset Management engaged in dialogue with 38 companies. Examples of such dialogue undertaken with companies are as follows:

- (1) T&D Asset Management indicated to the companies that in information disclosed in convocation notices for general meetings of shareholders, it wanted the companies to provide descriptions of appointment policies and reasons for director candidates, and when there was an extended term of office, the reasons, etc., for the longer term. The companies disclosed this information as requested.
- (2) T&D Asset Management encouraged initiatives related to officer and employee diversity. With the deepening problem of personnel and labor shortages, all operating companies recognize the importance of hiring women, foreign nationals and people with disabilities, and T&D Asset Management received responses on current measures and targets.
- (3) T&D Asset Management called on operating companies to reduce use of alternative CFCs. It confirmed that some products use natural refrigerants and that companies are engaged in the development of products with the lowest possible environmental impact while also fully taking into account product safety.

《Status of Exercising Voting Rights》

T&D Asset Management has established an internal Voting Rights Exercising Committee to discuss and decide on required matters related to the exercise of voting rights. The committee is chaired by the chief investment officer, and comprises members in charge of the Investment Management Department and the Legal & Compliance Department. Meetings are held from time to time as required. Guidelines for exercising voting rights are determined by the committee chairperson after discussion among committee members. The individual in charge of the committee's secretariat then prepares the draft directions for exercising voting rights, with the executive officer in charge of investment making the final decision. Under this procedure, from May to June 2017, T&D Asset Management announced that it intended to reject 941 proposals submitted to the company (13.4% of the total number of proposals). Examples of proposals that T&D Asset Management rejected are as follows:

- (1) T&D Asset Management generally opposed proposals on the continual institution of antitakeover measures. Also, with regard to companies continually instituting antitakeover measures, T&D Asset Management carefully considered proposals to reappoint directors who had resolved their institution.
- (2) With regard to proposals for executive compensation involving introduction of a performance-linked stock compensation program, T&D Asset Management judged such proposals based on whether or not the program in question was designed with the goal of achieving medium- to long-term company growth.
- (3) With regard to shareholder proposals, T&D Asset Management approved proposals that it judged would improve management transparency through the disclosure of information.

Third-party Opinion

1. Examining T&D Holdings' Business Model

First, I'd like to express my respect for T&D Holdings' consistent and sincere commitment to addressing social issues through its core businesses. With this in mind, this year I'd like to take a look at T&D Holdings' efforts from the perspective of its business model.

In simple terms, the general business model of a life insurance company is to allocate funds generated through insurance premium income and investment income to four areas: the payment of insurance claims, expenses needed to maintain the company's daily operations, provisions for risks, and shareholder returns. In the short term, returns of profits to shareholders could be increased by curtailing the payment of insurance claims, and internal costs. However, I don't think the profits generated in these ways could be sustained over the long term. In other words, life insurance companies cannot be successful by focusing merely on short-term ROE. How is T&D Holdings' unique business model structured in this respect?

In this report, T&D Holdings articulates its commitment to the well-being of its workers through activities such as initiatives for health and productivity, support for work-life balance, and the promotion of active participation by female employees. In my view, T&D Holdings' emphasis on these areas will increase employee satisfaction, thereby enhancing the quality of service too. In practice, T&D Holdings is providing value above and beyond the amount of insurance claims paid out. This is being done through such means as developing products in line with social needs, such as nursing care and dementia risks; providing clear and easy-to-read information, as recognized with an award from the Universal Communication Design Association (UDCA); taking creative steps to make it easier for customers to file insurance claims; providing after-sales services such as *Kaigo Concierge*, a free nursing care consultation service; and diligent risk management. Through these and other initiatives, each operating company will seek to become an "insurance company of first choice" for customers. This, in turn, will enable T&D Holdings to meet the expectations of shareholders over the long term.

While this entire report suggests that T&D Holdings indeed possesses this sort of business model, it might be a good idea for T&D Holdings to articulate this idea more directly and clearly in future reports.

2. Relationships between CSR Priority Areas and ESG Investing

This year's report presented the frank views of T&D Holdings' frontline staff on ESG investing through a discussion with managers from each of the Group's three core life insurance companies on ESG investing initiatives. The report showed that each company is addressing ESG investing in earnest based on their respective approaches.

That said, I'm slightly concerned about the extent to which the CSR priority areas derived from the Group's corporate philosophy are recognized in ESG investing activities. For example, "Respect for Human Rights" is one of T&D Holdings' priority areas. Human rights issues in the supply chains of investee companies are one theme that has been attracting considerable public attention in the field of ESG investing. In regard to "Global Environmental Protection," another priority area for T&D Holdings, the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) has issued their final report, recommending that companies analyze climate-related scenarios with respect to climate-related risk. The report thus takes the position that climate change issues have already become a financial risk. Judging from T&D Holdings' CSR report, it is not necessarily clear how these specific environmental (E) and social (S) themes are treated in the context of the Company's ESG investing activities.

In the aforementioned discussion, a participant noted that the quality of ESG investing will be put to the test in the future. I wholeheartedly agree. In particular, universal owners, such as T&D Holdings that undertake passive investments, simply addressing ESG issues not only leads directly to stronger investment performance, but by protecting the environment and society that are the foundations of economic activity through engagement, it is ultimately helping to safeguard the returns of their entire portfolios. This would also be consistent with the Top Message, in which the president states that the T&D Life Group will directly address social issues to ensure that people can continue to live comfortably with security and peace of mind, through to the generations of their children and grandchildren.

This year, Japan's Stewardship Code was revised, and it has been made clear that collective engagement will be permitted. I expect T&D Holdings to accelerate its efforts in step with these advances and changes in institutional frameworks.

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

Graduated from the 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 a lecturer in the Faculty of Economics at Takasaki City University of Economics, and assumed his present position in 2008. His primary areas of research include responsible investment and the disclosure of non-financial information. He has also served as chair of the Japanese Institute of Certified Public Accountants' Technical Committee on Environmental Accounting, and as a member of 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).



Index: G4 GRI Guidelines

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GRI G4 Comparison Chart Core Standards

General Standard Disclosures

Category and item number		Reference
Strategy and Analysis		
G4-1	Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	I Top Message/Organizational Profile ► Top Message
Organizational Profile		
G4-3	Name of the organization	I Top Message/Organizational Profile ► 1. Organizational Profile ► 1-3 Corporate Profile (as of March 31, 2017)
G4-4	Primary brands, products, and services	I Top Message/Organizational Profile ► 1. Organizational Profile ► 1-1 Outline of the T&D Life Group's Business I Top Message/Organizational Profile ► 1. Organizational Profile ► 1-2 T&D Life Group Companies and Foundations
G4-5	Location of the organization's headquarters	I Top Message/Organizational Profile ► 1. Organizational Profile ► 1-3 Corporate Profile (as of March 31, 2017)
G4-6	Number of countries where the organization operates and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	I Top Message/Organizational Profile ► 1. Organizational Profile ► 1-2 T&D Life Group Companies and Foundations
G4-7	Nature of ownership and legal form	III Governance and Internal Control ► 2. Disclosure of Information to Shareholders and Investors ► 2-6 Shareholders
G4-8	Markets served	I Top Message/Organizational Profile ► 1. Organizational Profile ► 1-2 T&D Life Group Companies and Foundations
G4-9	Scale of the organization	I Top Message/Organizational Profile ► 1. Organizational Profile ► 1-4 Number of Employees III Governance and Internal Control ► 2. Disclosure of Information to Shareholders and Investors ► 2-6 Shareholders
G4-10	Total number of employees, number of permanent employees, workforce	I Top Message/Organizational Profile ► 1. Organizational Profile ► 1-4 Number of Employees
G4-11	Percentage of total employees covered by collective bargaining agreements	I Top Message/Organizational Profile ► 1. Organizational Profile ► 1-5 Dialogue and Consultations with Labor Unions
G4-12	The organization's supply chain	I Top Message/Organizational Profile ► 2. Supply Chain ► 2-1 Definition of Supply Chain
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	N/A
Commitments to External Initiatives		
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	IV Management Control ► 1. ERM IV Management Control ► 2. Risk Management
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	II CSR Management ► 1. CSR Basic Policy ► 1-2 Principles That the T&D Life Group Endorses and Supports
G4-16	Memberships of associations and national or international advocacy organizations in which the organization holds a position on the governance body	I Top Message/Organizational Profile ► 1. Organizational Profile ► 1-3 Corporate Profile (as of March 31, 2017)
Identified Material Aspects and Boundaries		
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents	I Top Message/Organizational Profile ► 1. Organizational Profile ► 1-2 T&D Life Group Companies and Foundations
G4-18	Process for defining the report content and the aspect boundaries	II CSR Management ► 3. CSR Priority Areas ► 3-1 CSR Priority Areas
G4-19	List all the material aspects identified in the process for defining report content	Same as above
G4-20	For each material aspect, report the aspect boundary within the organization	Same as above
G4-21	For each material aspect, report the aspect boundary outside the organization	Same as above
G4-22	Effect of any restatements of information provided in previous report and reasons for such restatements	N/A
G4-23	Significant changes from previous reporting in the scope and aspect boundaries	N/A

General Standard Disclosures

Category and item number		Reference
Stakeholder Engagement		
G4-24	A list of stakeholder groups engaged by the organization	II CSR Management ▶ 5. Stakeholder Engagement
G4-25	Basis for identification and selection of stakeholders with whom to engage	Same as above
G4-26	The organization's approach to stakeholder engagement	Same as above
G4-27	Key topics and concerns raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	II CSR Management ▶ 5. Stakeholder Engagement V Priority Areas (1) Providing Better Products and Services ▶ 3. Improving Customer Satisfaction
Report Profile		
G4-28	Reporting period for information provided	About Corporate Responsibility Report 2017
G4-29	Date of most recent previous report	About Corporate Responsibility Report 2017
G4-30	Reporting cycle	About Corporate Responsibility Report 2017
G4-31	Contact point for questions regarding the report or its contents	About Corporate Responsibility Report 2017
G4-32	The "in accordance" option the organization has chosen, the GRI Content Index for the chosen option, and a reference to the External Assurance Report	Index: G4 GRI Guidelines
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	VII Priority Areas (3) Global Environmental Protection ▶ 3. Environmental Impact-reduction Initiatives ▶ 3-5 Independent Assurance Report
Governance		
G4-34	The governance structure of the organization	III Governance and Internal Control ▶ 1. Corporate Governance
Ethics and Integrity		
G4-56	The organization's values, principles, standards and norms of behavior	II CSR Management ▶ 1. CSR Basic Policy ▶ 1-1 Philosophy and Policy of the T&D Life Group IV Management Control

Special Standard Disclosures

Category and material aspects, DMA and indicators		Reference, reason for omitting and ★ external assurance
Category: Economic		
Aspect: Economic Performance		
DMA	Report on DMA management methods	Annual Report
G4-EC1	Direct economic value generated and distributed	Website ▶ Reporting segments shown in the consolidated financial statements Website ▶ Financial Performance of the Group
G4-EC4	Financial assistance received from the government	N/A
Category: Environmental		
Aspect: Materials		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-1 Promotion Framework of CSR II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach II CSR Management ▶ 4. Progress of CSR Activities VII Priority Areas (3) Global Environmental Protection ▶ 2. Promotion Framework ▶ 2-1 Promotion Framework (Environmental Management)
G4-EN1	Materials used by weight or volume	VII Priority Areas (3) Global Environmental Protection ▶ 3. Environmental Impact-reduction Initiatives ▶ 3-3 Group-wide Targets and Results ★ External Assurance
Aspect: Energy		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-1 Promotion Framework II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach II CSR Management ▶ 4. Progress of CSR Activities VII Priority Areas (3) Global Environmental Protection ▶ 2. Promotion Framework ▶ 2-1 Promotion Framework (Environmental Management)
G4-EN3	Energy consumption within the organization	VII Priority Areas (3) Global Environmental Protection ▶ 3. Environmental Impact-reduction Initiatives ▶ 3-2 Environmental Performance Data ★ External Assurance VII Priority Areas (3) Global Environmental Protection ▶ 3. Environmental Impact-reduction Initiatives ▶ 3-3 Group-wide Targets and Results ★ External Assurance
G4-EN5	Energy intensity	VII Priority Areas (3) Global Environmental Protection ▶ 3. Environmental Impact-reduction Initiatives ▶ 3-3 Group-wide Targets and Results

Special Standard Disclosures

Category and material aspects, DMA and indicators		Reference, reason for omitting and ★ external assurance
Aspect: Water		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-1 Promotion Framework of CSR II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach VII Priority Areas (3) Global Environmental Protection ▶ 2. Promotion Framework ▶ 2-1 Promotion Framework (Environmental Management)
G4-EN8	Total water withdrawal by source	VII Priority Areas (3) Global Environmental Protection ▶ 3. Environmental Impact-reduction Initiatives ▶ 3-2 Environmental Performance Data ★ External Assurance
G4-EN10	Percentage and total volume of water recycled and reused	VII Priority Areas (3) Global Environmental Protection ▶ 3. Environmental Impact-reduction Initiatives ▶ 3-2 Environmental Performance Data ★ External Assurance
Aspect: Biodiversity		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-1 Promotion Framework of CSR II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach VII Priority Areas (3) Global Environmental Protection ▶ 2. Promotion Framework ▶ 2-1 Promotion Framework (Environmental Management)
G4-EN13	Habitats protected or restored	VII Priority Areas (3) Global Environmental Protection ▶ 4. Forest Conservation Activities ▶ 4-1 Forest Conservation Activities Taiyo Life
Aspect: Emissions		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-1 Promotion Framework of CSR II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach VII Priority Areas (3) Global Environmental Protection ▶ 2. Promotion Framework ▶ 2-1 Promotion Framework (Environmental Management)
G4-EN15	Direct greenhouse gas emissions (Scope 1)	VII Priority Areas (3) Global Environmental Protection ▶ 3. Environmental Impact-reduction Initiatives ▶ 3-2 Environmental Performance Data ★ External Assurance
G4-EN16	Indirect greenhouse gas emissions (Scope 2)	VII Priority Areas (3) Global Environmental Protection ▶ 3. Environmental Impact-reduction Initiatives ▶ 3-2 Environmental Performance Data ★ External Assurance
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	VII Priority Areas (3) Global Environmental Protection ▶ 3. Environmental Impact-reduction Initiatives ▶ 3-2 Environmental Performance Data ★ External Assurance
Aspect: Effluents and Waste		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-1 Promotion Framework of CSR II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach VII Priority Areas (3) Global Environmental Protection ▶ 2. Promotion Framework ▶ 2-1 Promotion Framework (Environmental Management)
G4-EN23	Total weight of waste by type and disposal method	VII Priority Areas (3) Global Environmental Protection ▶ 3. Environmental Impact-reduction Initiatives ▶ 3-2 Environmental Performance Data ★ External Assurance
Aspect: Compliance		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-1 Promotion Framework of CSR II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach VII Priority Areas (3) Global Environmental Protection ▶ 2. Promotion Framework ▶ 2-1 Promotion Framework (Environmental Management)
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	N/A

Special Standard Disclosures

Category and material aspects, DMA and indicators		Reference, reason for omitting and ★ external assurance
Category: Social Sub-category: Labor Practices and Decent Work		
Aspect: Employment		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	I Top Message/Organizational Profile ▶ 1. Organizational Profile ▶ 1-4 Number of Employees VI Priority Areas (2) Respect for Human Rights ▶ 4. Worker-friendly Work Environment ▶ 4-1 Work-life Balance Initiatives
G4-LA3	Return to work and retention rates after parental leave, by gender	VI Priority Areas (2) Respect for Human Rights ▶ 4. Worker-friendly Work Environment ▶ 4-1 Work-life Balance Initiatives
Aspect: Occupational Health and Safety		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach
G4-LA8	Health and safety topics covered in formal agreements with trade unions	VI Priority Areas (2) Respect for Human Rights ▶ 5. Health Promotion for Employees ▶ 5-1 Health Management Initiatives VI Priority Areas (2) Respect for Human Rights ▶ 5. Health Promotion for Employees ▶ 5-2 Health Promotion for Employees
Aspect: Training and Education		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach II CSR Management ▶ 4. Progress of CSR Activities
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	VI Priority Areas (2) Respect for Human Rights ▶ 2. Utilization and Development of Human Resources
Aspect: Diversity and Equal Opportunity		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach II CSR Management ▶ 4. Progress of CSR Activities
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	III Governance and Internal Control ▶ 1. Corporate Governance I Top Message/Organizational Profile ▶ 1. Organizational Profile ▶ 1-4 Number of Employees
Category: Social Sub-category: Human Rights		
Aspect: Investment		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations	VI Priority Areas (2) Respect for Human Rights ▶ 3. Diversity Promotion Initiatives ▶ 3-2 Human Rights Education
Aspect: Human Rights Grievance Mechanisms		
DMA	Report on DMA management methods	IV Management Control ▶ 3. Compliance
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	IV Management Control ▶ 3. Compliance ▶ 3-6 Whistleblower System
Category: Social Sub-category: Society		
Aspect: Local Communities		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-1 Promotion Framework of CSR II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach II CSR Management ▶ 4. Progress of CSR Activities
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	VIII Social Contribution Activities
Aspect: Prevention of Corruption		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach IV Management Control ▶ 2. Risk Management IV Management Control ▶ 3. Compliance
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	IV Management Control ▶ 2. Risk Management ▶ 2-4 Risk Awareness and Assessment (Risk Profile)
G4-SO4	Communication and training on anti-corruption policies and procedures	IV Management Control ▶ 3. Compliance ▶ 3-3 Compliance Promotion Activities

Special Standard Disclosures

Category and material aspects, DMA and indicators		Reference, reason for omitting and ★ external assurance
Aspect: Anti-competitive Behavior		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach IV Management Control ▶ 3. Compliance
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	N/A
Aspect: Compliance		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach IV Management Control ▶ 3. Compliance
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	N/A
Aspect: Supplier Assessments for Impacts on Society		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach I Top Message/Organizational Profile ▶ 2. Supply Chain
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	I Top Message/Organizational Profile ▶ 2. Supply Chain ▶ 2-2 Cooperation with Suppliers
Category: Social Sub-category: Product Responsibility		
Aspect: Product and Service Labeling		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach V Priority Areas (1) Providing Better Products and Services ▶ 3. Improving Customer Satisfaction
G4-PR5	Results of surveys measuring customer satisfaction	V Priority Areas (1) Providing Better Products and Services ▶ 3. Improving Customer Satisfaction
Aspect: Customer Privacy		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Reason for omitting ▶ While the total number is known, the information is not disclosed due to company policy.
Aspect: Compliance		
DMA	Report on DMA management methods	II CSR Management ▶ 2. CSR Promotion Framework ▶ 2-2 Management Approach IV Management Control ▶ 3. Compliance
G4-PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	N/A
Aspect: Active Ownership		
DMA	Report on DMA management methods	IX Responsible Institutional Investor
G4-FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Same as above
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	Same as above