

CREATE VALUE FOR PEOPLE AND SOCIETIES.



Sustainability Report 2019

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Sustainability Report 2019

Report Publication Information

102-50 102-51 102-52

From the 2019 Edition, this report is issued as the Sustainability Report, renamed from the previous Corporate Responsibility Report.

Published in November 2019 (Previous Issue: November 2018; Next Issue: Scheduled for November 2020)

Scope of report All companies and foundations in the T&D Insurance 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 2018 to March 2019 (annual)

* Also includes reports on some significant activities and events having occurred in and after April 2019.

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Regarding Third-party Opinion

As a counselor of the Japan Research Institute, Mr. Eiichiro Adachi possesses extensive knowledge about CSR and was asked to offer his opinion and advice about the contents of Sustainability Report 2019 from the standpoint of a third party.

Editorial Policy

The T&D Insurance 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 2019, 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 Sustainability Report 2019, we are releasing a digest edition of Sustainability Report 2019. In the digest edition, we present the Group's thinking about CSR and the main CSR initiatives taken by the 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. Sustainability Report 2019 conforms to the GRI standards, and reports on the wide-ranging management, social, and environmental initiatives the Group is advancing.

Overview of the Digest Edition of Sustainability Report 2019

- Message from the President
 - Profile
 - How We Define CSR
 - Priority Themes 1 Promote healthy and abundant lives for all people
 - Priority Themes 2 Provide workplace environments that enable all people to participate actively
 - Priority Themes 3 Help mitigate and adapt to climate change
 - Priority Themes 4 Invest to help build a sustainable society
 - Social Activities
 - External Evaluation
-

Aiming to be a corporate group that grows along with society, through the creation of shared value



Hirohisa Uehara

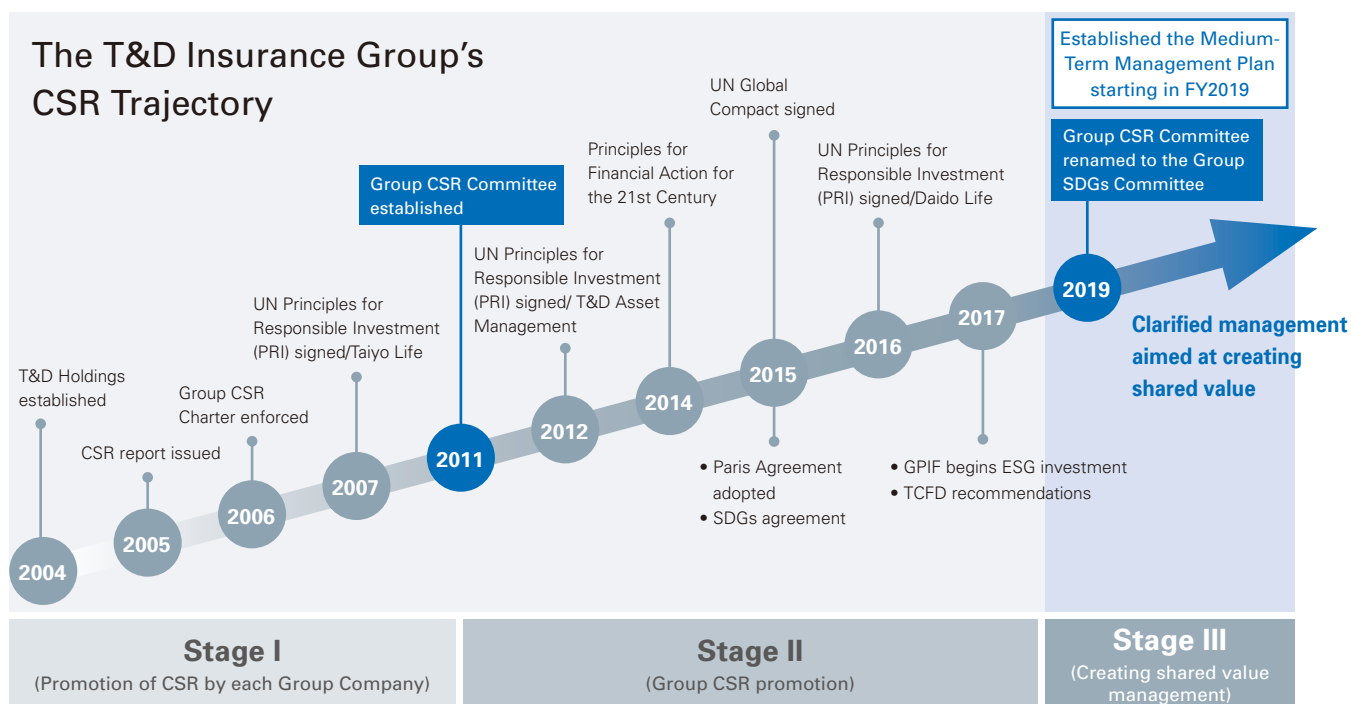
Representative Director and President,
T&D Holdings, Inc.

Message

The T&D Insurance Group (the Group) is a corporate group mainly composed of three life insurance companies: Taiyo Life Insurance Company (Taiyo Life), Daido Life Insurance Company (Daido Life), and T&D Financial Life Insurance Company (T&D Financial Life). The Group's core business is life insurance. A total of 15 years have passed since they all joined hands under the holding company T&D Holdings, Inc. in 2004. During this time, views regarding the relationship between corporations and society have changed. I think the view that corporations have the power to change society, while society has the power to develop better corporations has come to be widely shared by investors, corporations, consumers, and local communities worldwide. The Group has published a CSR Report since 2005. And we have changed its name to "Sustainability Report" from this 2019 report. The importance of corporate social responsibility (CSR), including activities to contribute broadly to society, has not changed. Based on this, we have reexamined the relationship between corporate business activities and society, and through this renamed report, we will once again communicate our "thoughts" based on our corporate philosophy of "contributing to people and society through value creation".

T&D Insurance Group's CSR goes to a new stage: creation of shared value

The core companies of the Group are insurance companies with histories spanning more than a century. During this time, each of these companies has carried out its own distinctive initiatives to contribute to society, over many years. In 2011, we created the Group CSR Committee, a cross-Group organization that unites the CSR initiatives of the entire Group. By carrying out the unique CSR activities of each Group company in a collaborative manner within the Group, and implementing new measures based on themes defined at the Group level, we have advanced CSR in a way that embodies the Group's commitment.



During this period, in 2015, countries worldwide joined in cooperation to adopt the Paris Agreement and agree to the SDGs, and in 2017, the Government Pension Investment Fund (GPIF), which is the world's largest institutional investor, began ESG investment. I believe that the understanding of CSR has evolved from activities carried out by a company to contribute to society, to the creation of value aimed at society, along with a commitment to corporate growth through this creation of value. This view matches our corporate philosophy of aiming to be a group that contributes to all people and societies through creation of value, which we have maintained consistently since our Group's founding. The Group's CSR has also evolved steadily. Now that our commitment is aligned with the expectations of people worldwide toward corporations. The Group's CSR is entering a new stage: "creating shared value management."

The T&D Insurance Group Future Vision: creating shared value and management strategy

The Group has established a new medium-term management plan, "Try & Discover 2021 - Creation of Shared Value -," which began in FY2019. The plan's overall policy is "Aiming to become an insurance group that grows with society by contributing to the resolution of ever-changing people and social issues" through strengthening core businesses and diversifying the business portfolio. In our group Future vision, we focused on the creation of shared value and set the main theme of "Creating Shared Value" by taking advantage of the Group's strengths, and expressed our intention to create value in society by expanding our business domain.

Before establishing the medium-term management plan, the Group CSR Committee*1, which I chair, examined the 17 goals and 169 targets of the SDGs, and identified social issues that we could help solve by leveraging the strengths of the Group. Based on those social issues, we selected four CSR priority themes*2 for the Group. These themes will be achieved via the "creation of shared value," through the businesses listed in the medium-term management plan. Achieving a sustainable society by solving social issues and growing continually as a corporate group through the creation of value for society are policies that run throughout our management planning, and we work on them in our day-to-day business.

*1 In April 2019, Group CSR Committee reorganized to the Group SDGs Committee

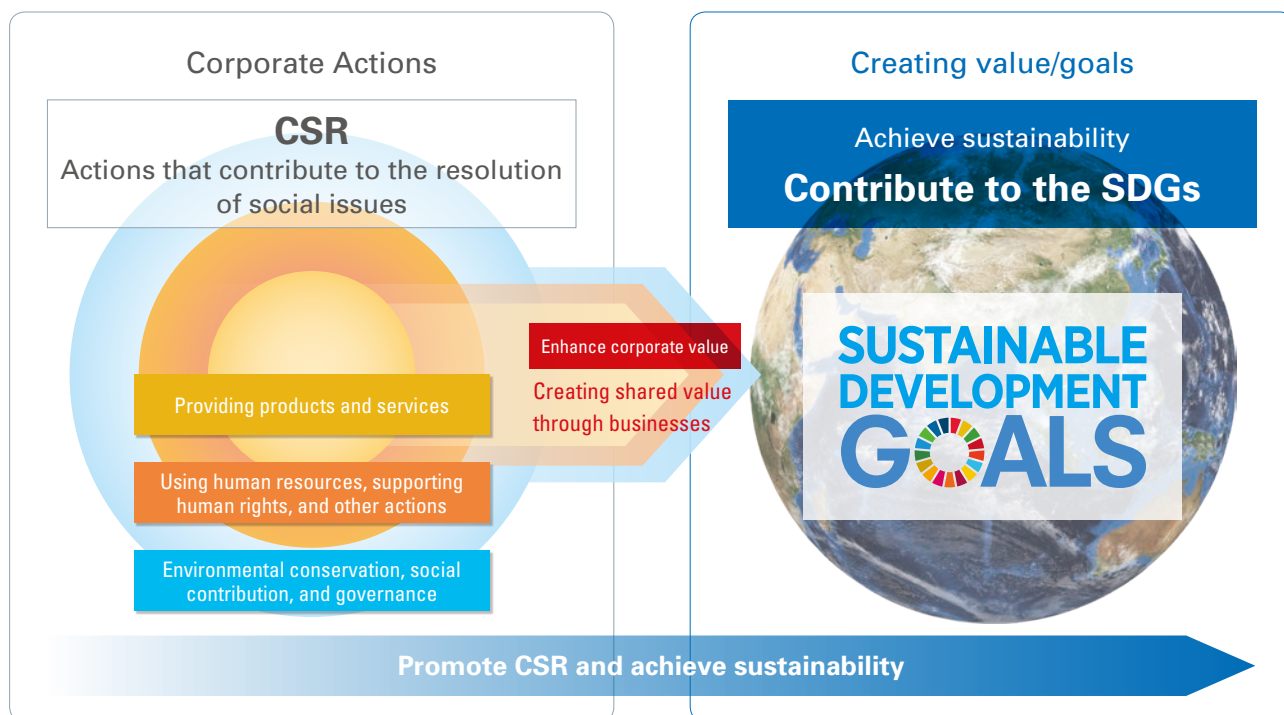
*2 "Promote healthy and abundant lives for all people," "Provide workplace environments that enable all people to participate actively," "Help mitigate and adapt to climate change," and "Invest to help build a sustainable society." (page 34-74)

Contributing to SDGs through creation of value: sustainable global development/SDGs

As I mentioned earlier, the Group has advanced its CSR from a set of activities that contribute to society by companies with a long history, to a management stage that tackles social issues head-on and creates value for society. We have made creation of shared value the vision for our medium-term management plan. This makes CSR a more integral part of our corporate management than ever before.

The ever-changing issues faced by people and society represent a business opportunity that the Group must challenge. We will leverage our unique characteristics and strengths as an insurance group to tackle the issues of people and society head-on in our business activities, in order to create value for society by contributing to the resolution of these issues, while simultaneously improving our corporate value.

Since our management plan aims to create shared value, the results of the Group's actions must be tied to contributions to the SDGs, which target the creation of a better world. My role is to use the results of actions aimed at achieving the sustainable growth of the Group to drive businesses that contribute to the development of a sustainable planet.



Shared commitment with world

Natural disasters such as major typhoons and torrential rains are becoming more frequent and destructive, raising concerns not only in Japan, and broadly throughout the world. In addition, we are aware of the many social issues shared worldwide, including a wide range of human-rights issues, increasing social and economic inequality, new types of inequality and changes in employment caused by technological innovation, and a variety of difficulties associated with the declining birthrates and aging populations facing many developed countries.

In 2015, the Group endorsed the guiding principles of the UN Global Compact, which is a framework for cooperation between the United Nations and corporations to achieve the sustainable growth advocated by the UN. As the representative of our Group, T&D Holdings signed a letter addressed to the Secretary-General of the United Nations in support of the ten principles related to the four fields of human rights, labor, environment, and anti-corruption, and participates in activities to take responsible actions as a group. In addition, in 2007, Taiyo Life became the first life insurance company in Japan to sign the Principles for Responsible Investment (PRI), which is a code of conduct established by the UN that encourages institutional investors to give consideration



to environmental, social, and governance (ESG) issues in their investments. T&D Asset Management signed the PRI in 2012, and Daido Life did so in 2016, and the entire Group is now committed to contributing to the creation of a sustainable planet in the field of ESG investment. Under the initiatives to mitigate and adapt to climate change through global cooperation agreed to under the Paris Agreement, we are working to reduce greenhouse gas emissions in a wide range of our businesses, and are working to mitigate and adapt to climate change as an institutional investor.

With regard to respect for human rights, the Group CSR Charter declares our respect for the human rights of all people, and we are working to create a healthy and safe working environment that respects employee individuality and diversity. Women constitute the

majority of the Group's employees, so as part of this commitment, leveraging the capabilities of women is a key management issue for continuous enhancement of our corporate value. Our initiatives to support the active participation of women takes a multi-faceted, continuous approach that includes reforming our personnel and compensation system, promoting work-life balance, and supporting skills development.

Management policies and sustainability of the T&D Insurance Group

One of the distinguishing features of our Group, where the life insurance business plays a central role, is the long-term nature of our business. We accompany individual customers on the majority of their life journeys, and corporate customers for even longer periods that span generations. When considering the Group's management plan, we reassessed what it means to be a company that grows stably and continuously over a long period. During this process, it became apparent to us that this means to be a company that is truly needed by individual and corporate customers. We understand this as a company that has earned the trust and recognition of a wide sector of society through the years. Society changes, slowly but surely. Social issues also change constantly. In order to continue accompanying our customers on their journeys, we must continually tackle social issues head-on, and offer value that is needed by society.

We at the T&D Insurance Group will continue our step-by-step journey to continuously share values with society, with the aim of being an insurance group that grows sustainably in partnership with society.

I Organizational Profile

1. Organizational Profile

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

102-2

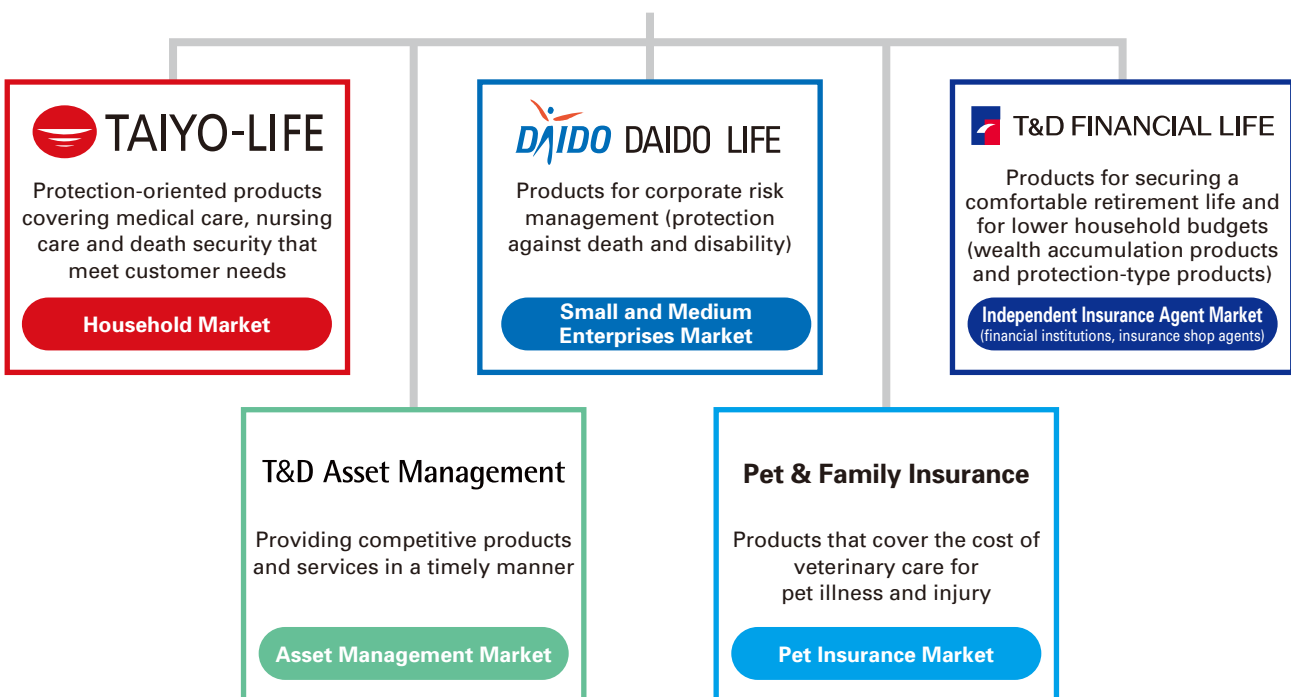
The T&D Insurance Group is a corporate group mainly comprising three life insurance companies (Taiyo Life, Daido Life, and T&D Financial Life) under a group holding company, T&D Holdings. The three companies of Taiyo Life, with its strength in the household market; Daido Life, with its strength in the 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

as of April 1, 2019

T&D Holdings, Inc.

T&D Holdings is a holding company and the cornerstone of the T&D Insurance Group, which consists of 19 subsidiaries and affiliated companies.



Main Group Companies Other Than Above

Insurance-related Businesses

- T&D Confirm Ltd.
- Toyo Insurance Agency Co., Ltd.
- Daido Management Service Co., Ltd.

Investment-related Businesses

- T&D Lease Co., Ltd.
- Taiyo Credit Guarantee Co., Ltd.
- Alternative Investment Capital, Ltd.

Administration-related Businesses

- T&D Customer Services Co., Ltd.
- T&D Information System Ltd.
- Nihon System Shuno, Inc.
- Zenkoku Business Center Co., Ltd.
- Thuriya Ace Technology Company Limited

Ordinary revenues
¥2,140.1
billion

Ordinary profit
¥146.9
billion

Profit*
¥72.8
billion

No. of employees
19,489

* Profit attributable to owners of parent

Figures for revenues and profits are from fiscal 2018 and the number of employees is as of March 31, 2019

Sustainability Management

Priority Themes 1
Promote healthy and abundant lives for all peoplePriority Themes 2
Provide workplace environments that enable all people to participate activelyPriority Themes 3
Help mitigate and adapt to climate changePriority Themes 4
Invest to help build a sustainable society

Social Activities

Governance and Internal Control

Management Control

Third-party Opinion

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● Organizational Structure

The T&D Insurance 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	https://www.daido-life.co.jp/
		○ T&D Financial Life Insurance Company	https://www.tdf-life.co.jp/
		○ Pet and Family Insurance Company	https://www.petfamilyins.co.jp/
	Insurance-related	○ T&D Confirm Ltd.	
		○ Toyo Insurance Agency Co., Ltd.	https://www.sonpo.co.jp/toyohkdaiko/
		○ Daido Management Service Co., Ltd.	https://www.dms-hp.co.jp/
Investment-related Businesses	Investment Management and Advisory, etc.	○ T&D Asset Management Co., Ltd.	http://www.tdasset.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.	https://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.	https://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/

*1 Includes main Group companies and foundations as of June 30, 2019.

*2 Thuriya ACE Technology Company Limited is an affiliate company for designing and developing information technology systems in Myanmar.

1-3 Corporate Profile (as of March 31, 2019)

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102-3

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《T&D Holdings, Inc.》

Established	April 2004
Head office location	7-1, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-6031, Japan
Capital stock	207.1 billion yen
No. of employees	107
independent accounting auditor	Ernst & Young ShinNihon LLC
Description of business	Insurance holding company for the T&D Insurance Group conducting the following: <ul style="list-style-type: none"> • Management control of life insurance subsidiaries and affiliates under the Insurance Business Act and other laws and regulations • Other businesses associated with the above

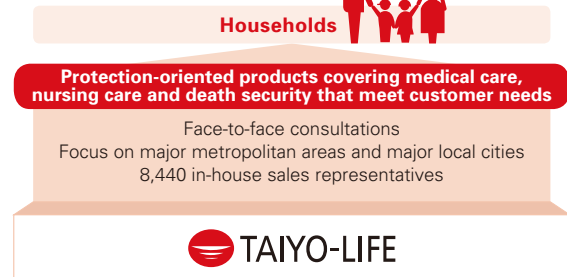
Sustainability Management

Priority Themes 1
Promote healthy and abundant lives for all people

《Taiyo Life Insurance Company》

Established	February 1948 (Founded May 1893)
Head office location	7-1, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-6031, Japan
Capital stock	62.5 billion yen
No. of employees	Sales: 8,440 Administrative: 2,365 Total: 10,805

《Taiyo Life's Business Model》

Priority Themes 2
Provide workplace environments that enable all people to participate actively

《Daido Life Insurance Company》

Established	July 1947 (Founded July 1902)
Head office locations	2-1, Edobori 1-chome, Nishi-ku, Osaka 550-0002, Japan 7-1, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-6031, Japan
Capital stock	110 billion yen
No. of employees	Sales: 3,786 Administrative: 3,119 Total: 6,905

《Daido Life's Business Model》

Priority Themes 3
Help mitigate and adapt to climate changePriority Themes 4
Invest to help build a sustainable society

《T&D Financial Life Insurance Company》

Established	July 1947 (Founded April 1895)
Head office location	1-1, Shibaura 1-chome, Minato-ku, Tokyo 105-0023, Japan
Capital stock	56 billion yen
No. of employees	269

《T&D Financial Life's Business Model》



Social Activities

Governance and Internal Control

Management Control

Third-party Opinion

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◇ 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, 36-7, Shiba 5-chome, Minato-ku, Tokyo 108-0014, Japan
Capital stock	1.1 billion yen
No. of employees	145

《Pet & Family Insurance Company》

Established	August 2003
Head office location	34-3, Hongo 3-chome, Bunkyo-ku, Tokyo 113-0033, Japan
Capital stock	2.8 billion yen
No. of employees	60

On April 1, 2019, we transitioned from a small-amount short-term insurance business to a non-life insurance company.

《T&D Asset Management's Business Model》



《Pet & Family Insurance's Business Model》



1-4 Number of Employees

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401-1

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

Business sector	March 31, 2017	March 31, 2018	March 31, 2019
Insurance & insurance-related businesses	18,573 (1,107)	18,546 (1,095)	18,275 (960)
Investment-related businesses	441 (25)	442 (23)	435 (19)
Administration-related businesses	802 (161)	769 (85)	779 (61)
Total	19,816 (1,293)	19,757 (1,203)	19,489 (1,040)

* 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, 2017	March 31, 2018	March 31, 2019	FY2016	FY2017	FY2018
No. of employees	18,543	18,394	17,979	3,887	3,913	3,773
Male	3,564	3,539	3,514	149	186	190
Female	14,979	14,855	14,465	3,738	3,727	3,583
Sales representatives	12,745	12,656	12,226	3,679	3,671	3,468
Male	313	320	341	57	70	80
Female	12,432	12,336	11,885	3,622	3,601	3,388
Administrative	5,798	5,738	5,753	208	242	305
Male (Managers)	3,251 (1,959)	3,219 (2,138)	3,173 (2,069)	92	116	110
Female (Managers)	2,547 (345)	2,519 (345)	2,580 (387)	116	126	195

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

1-5 Dialogue and Consultations with Labor Unions

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Each of the three life insurance companies in the T&D Insurance Group has an independent labor union and a collective agreement. On this basis, 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 employees and company, 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 company.

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

	FY2016	FY2017	FY2018
Labor unionization rate (%)	79.6	80.0	80.2

2. Supply Chain

2-1 Definition of Supply Chain

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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

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● **Management of Outsourcing of Business Operations**

The T&D Insurance 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 adequate management system for outsourcing, specifically by formulating the methodology to select outsourcing partners and supervise them.

T&D Holdings has formulated an Outsourcing Checklist 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, and environmental initiatives.

* Social aspects refer to the occurrence of human rights violation, labor problems such as forced labor, excessive work hours, and health and safety, 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 Insurance Group takes various initiatives to protect the global environment, based on the 'T&D Insurance Group CSR Charter' and the 'T&D Insurance Group Environmental Policy.' As one facet of these efforts, the 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 SDGs Committee and its upper organization, the Board of Directors, every six months.

II Sustainability Management

1. T&D Insurance Group Vision

T&D Insurance 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.

Ensuring the Group's sustained growth by practicing our corporate philosophy

Creation of shared value

- The Group must confront continually changing issues of people and society (social issues) as business opportunities.
- Through its businesses, the Group creates value for society and value for the enterprise from the perspective of resolving social issues.

Enterprise that can grow over the medium to long term

- Contribute to the development of society through our business, and through this business make a fair profit.
- ➔ **Enterprise that creates social and economic value**

Goal of the T&D Insurance Group

- Be an insurance group that shares value with society and grows sustainably.

2. CSR Management

T&D Insurance Group CSR Philosophy - For the Realization of a Sustainable Society

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

T&D Insurance 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 Insurance 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 CSR Priority Themes



Promote healthy and abundant lives for all people



Provide workplace environments that enable all people to participate actively



Help mitigate and adapt to climate change

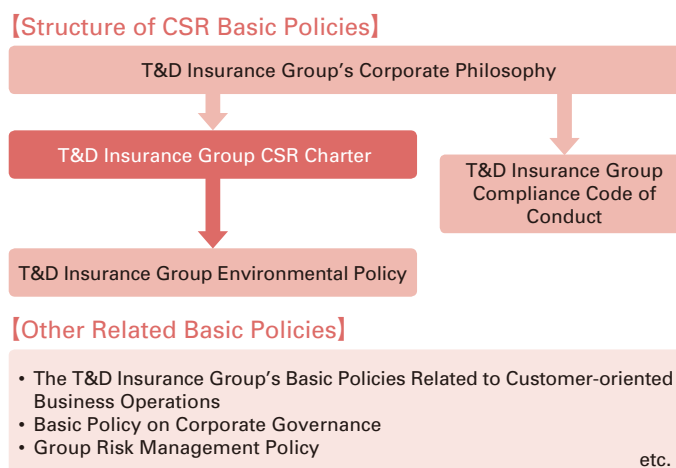


Invest to help build a sustainable society

Based on social issues that are broadly important for society and closely related to the Group's businesses, we have established CSR priority themes and are engaged in activities creating value in society through all of our business activities.

The T&D Insurance 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 Insurance 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.



● T&D Insurance 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 Insurance Group CSR Charter

The T&D Insurance 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 Insurance Group will offer high-quality, optimal products and services that meet customer needs, and will contribute to the sustainable growth of society and to the solution of social issues.

2. Strict Compliance

- The T&D Insurance Group will strictly observe laws, regulations and rules, and act with sincerity and integrity according to high ethical standards.
- The T&D Insurance Group will maintain and promote fair and free competition.
- The T&D Insurance 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 Insurance Group will respect the human rights of all people, and make efforts to enlighten all its employees on human rights.
- The T&D Insurance Group will respect the individuality and diversity of all its employees, ensure a healthy and safe work environment, and develop its human resources.
- The T&D Insurance Group will respect privacy, and will strictly control and protect personal information.

4. Communication

The T&D Insurance Group will provide proper information concerning its products and services and disclose corporate information in an appropriate and timely manner to the general public as well as to its customers and shareholders, and will actively strive to maintain a dialogue with all its stakeholders.

5. Contribution to Local Communities and Societies

The T&D Insurance Group will implement social activities as a good corporate citizen, and will contribute to the sound development of local communities and society.

6. Global Environmental Protection

The T&D Insurance Group will carry out its activities with full awareness of the importance of consideration for environmental issues, and will strive to protect the global environment.

7. Establishment of Effective Governance and Thorough Implementation

To ensure that its actions are in compliance with this charter, the T&D Insurance Group will develop an effective governance structure and strive to cooperate with a wide range of stakeholders, including its customers, shareholders, employees, sales agents, business partners, and local communities.

● The T&D Insurance 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 Insurance Group has established the T&D Insurance Group Compliance Code of Conduct to conduct fair and adequate 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 Insurance 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 Insurance 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. Adequacy and Transparency in Management

(1) Adequate 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) Adequate Information Management

We shall handle the information we obtain from customers, including personal information, properly in accordance with laws, regulations and other rules. Moreover, we shall adequately 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 Insurance Group Compliance Code of Conduct, the T&D Insurance 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 Insurance Group Environmental Policy

The T&D Insurance 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 Insurance 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 Insurance 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 Insurance 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
https://www.td-holdings.co.jp/en/company/governance/pdf/e_governance_policy.pdf

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

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

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● The UN Global Compact

The T&D Insurance 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 Insurance Group endorses the UNGC's philosophy, and T&D Holdings, representing the Group, has signed a memorandum declaring its support for the ten principles.



《UNGC's Ten Principles》

Human rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.
	Principle 2	Businesses should 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	Businesses should uphold the elimination of all forms of forced and compulsory labour.
	Principle 5	Businesses should uphold the effective abolition of child labour.
	Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges.
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.
	Principle 9	Businesses should 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 Insurance 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.

Signatory of:



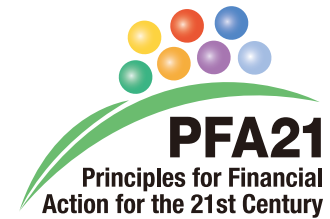
《The Six Principles of the PRI》

- 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 adequate 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.

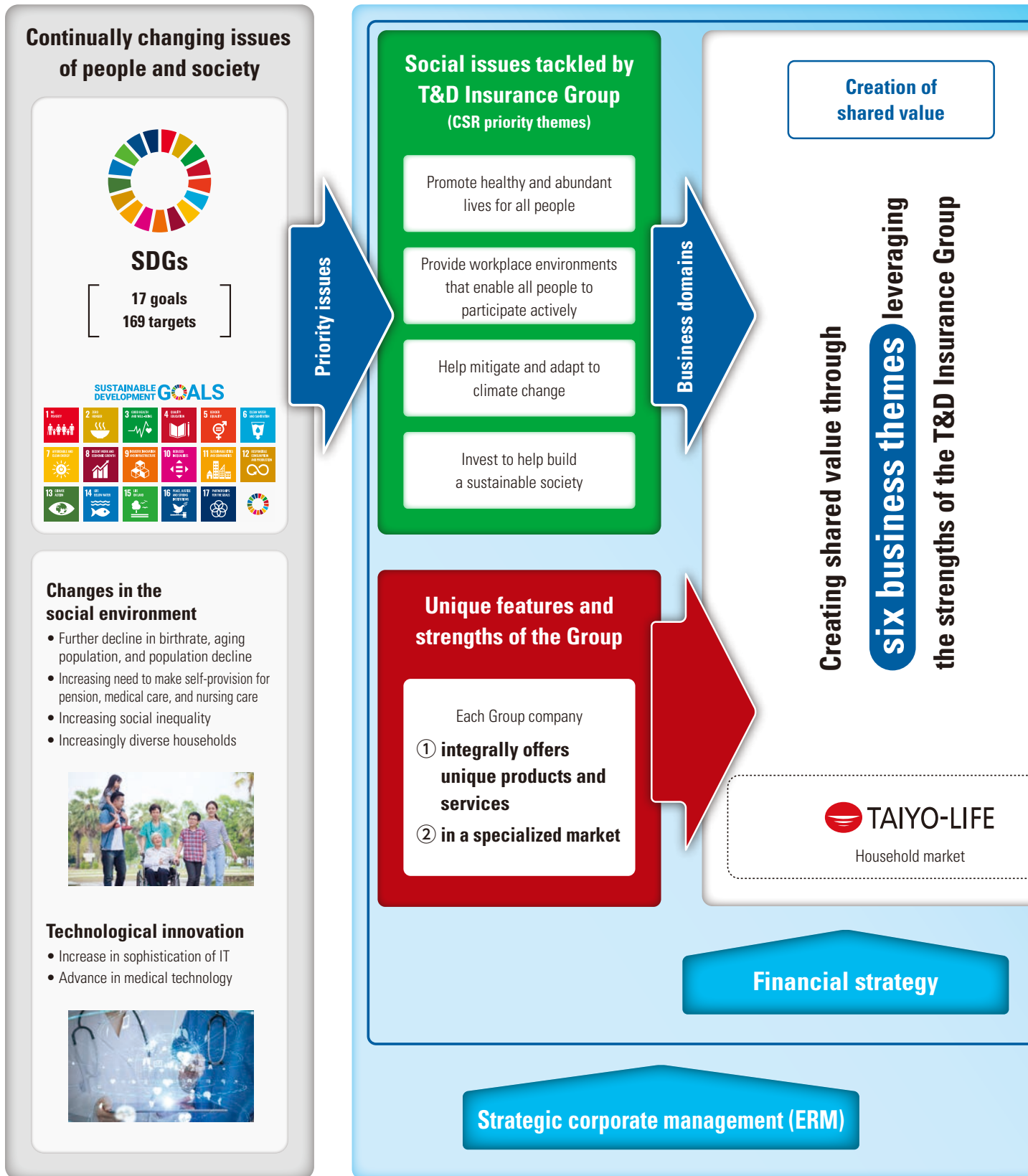
* Principles for Financial Action for the 21st Century were formulated as guidelines for financial institutions that wish to fulfill their social responsibilities and play a role in the formation of a sustainable society. The principles were formulated by the Ministry of the Environment's Drafting Committee 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 social issues of our own board and support them to take an active role through their normal duties.

3. T&D Insurance Group's Value Creation Process (conceptual diagram)



Diversifying revenue sources in areas with high affinity to core businesses of the T&D Insurance Group

Strengthening domestic life insurance business (core business)

1. Enriching the lives of senior citizens

2. Developing the SMEs that support Japan

3. Healthy and fulfilling lifestyles for more diverse households

4. Enhancing future vitality with digital innovation

5. Asset formation matched to customer life plans

6. Contributing to a more sustainable society through investment

Shared value

Achieving Shared Value

Customers

Shareholders and investors

Healthy and abundant lives

Employment and job satisfaction

Sustainable global environment

Employees

Business partners

Local communities/societies

Enhancement of human resources capabilities

Robust corporate governance



Small and medium enterprises market



T&D FINANCIAL LIFE

Independent insurance agent market

Creating Shared Value by the T&D Insurance Group

We invited an expert to exchange opinions on the initiatives of the T&D Insurance Group on the theme of “creating shared value” in the Medium-Term Management Plan.



Mari Yoshitaka

Chief Environmental and Social Strategist
 Environmental Strategy Advisory Division
 Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
 Part-time Lecturer at Keio University Graduate School



Hirohisa Uehara

Representative Director and President
 T&D Holdings, Inc.

1. Changes in the roles of companies expected by society

Yoshitaka: I have been involved with environmental finance-related businesses for many years, and I received requests around 2014 or 2015 from institutional investors who wanted to study topics related to the environment. My job has changed significantly since then. I remember being surprised because I did not initially expect financial institutions to turn their attention to environmental issues so quickly. I get the impression your company incorporated the perspective of what is now called “ESG” in your business at a relatively early stage.

Uehara: We have a pioneering spirit in areas where others have yet to venture, for example, the Group was the first company in the life insurance industry to become listed. When I was involved in asset management at Taiyo Life and managing insurance premiums entrusted by customers, I decided it was necessary to incorporate ESG issues within the fiduciary duty in the investment and lending decision-making process, and so I studied qualitative standards. Because the PRI (Principles for Responsible Investment) provided us with a field to consider these issues, in 2007 we became the first

Japanese life insurance company to sign the PRI to serve as qualitative standards for investment and lending that could be incorporated in asset management. The PRI have recently spread among institutional investors in Japan as well at considerable speed.

Yoshitaka: I think that evaluations of businesses based on their efforts to improve social issues through the core business are finally beginning to take root in Japan. While I think in many cases Japanese companies were founded with an aspiration to resolve social issues, this type of information disclosure has been neglected because it is so obvious. I believe this is beginning to change. What Japanese companies really need to do now is something that is only natural: to go back to the origin of why they were founded in the first place. You often say that the “the future is not an extension of the present,” and I think that such an era has really come now. When I look at materials including your company’s CR Report*1, I feel that information is being communicated with a focus on the perspective of resolving social issues through the core business. I am personally really interested in seeing how this leads to an improvement in corporate value in the future.

*1 Name changed to the “Sustainability Report” for reports issued from fiscal 2019.

Uehara: We were listed 15 years ago as an insurance holding company, a first for a life insurance company. The Group’s corporate philosophy is “With our ‘Try & Discover’ motto for creating value, we aim to be a group that contributes to all people and societies.” This philosophy does not seem outdated and is really well matched with our current times. I do not think it will change in the future either. Since I assumed the role of President in April of last year, we have carefully considered the new Medium-Term Management Plan while holding detailed talks over the past year. Something that I also realized when I was appointed President is that corporate philosophy is really important. We often hold dialogues with shareholders and investors on profits. Going back to our origins, we realize that having a relationship with customers over an extremely long period of time is the business model of a life insurance company. For that reason, the mission of a life insurance company is to continue healthy growth as a corporation. In light of the business characteristic of having to sustain business so we can make payments to customers without fail when they are in need, we renewed our focus on this corporate philosophy and incorporated it in our new Medium-Term Management Plan, thus making the creation of shared value as the theme. However, this may not seem like something new for you because creating shared value (CSV*2) is something that has been around a while from your perspective.

*2 Stands for “creating shared value,” a management strategy of using the strengths of a company to resolve social issues, and in doing so, contributing to its sustainable growth.

Yoshitaka: I do not think concepts like CSV have spread that much yet. CSR activities are just something conducted by environment-related departments, and I do not think there are many companies where it has really been instilled among each and every employee as a part of the DNA of the company. There are still many executives who are primarily focused on how ESG initiatives will affect the stock price, so I think it is a really good thing to again go back to the origins.

Uehara: We have a long history of over 100 years with our three main subsidiaries: Taiyo Life, Daido Life, and T&D Financial Life*3. A company’s development and the history of growth is vertical change and horizontal continuation. The horizontal continuation is the company history, and vertical changes are in the economic and capital environments and the needs of customers at that time. I believe that conducting management while responding to change leads to continuity. The driving force for this is the Group’s tangible and intangible corporate value and its individuality, which is a part of this value. Furthermore, looking at the companies that were able to survive the financial crisis, I feel they were ones that society recognized as having existential value and that companies without such value were weeded out. Considering this, I think that the starting point may be being a company that is required by society as a necessary presence.

*3 Including the era of the predecessor, Tokyo Life.

Yoshitaka: Although Japanese companies work with sincerity in the various things they do, they only tend to disclose the things they can do, and they do not communicate much of a message on their resilience in response to these kinds of vertical changes that you mentioned. I think these are the types of message that are needed in society now.

Uehara: When I visit investors on IR visits, they often ask me about how Japanese life insurance companies will survive and grow as the population constantly decreases, due to declining birthrates and an aging population. Indeed, while the population will fall and the number of elderly people will rise, this presents opportunities with the Group’s business model. For example, managers of SMEs are the main customers of Daido Life, and there may be various business opportunities for us if we face and help to resolve current social issues with them, such as the lack of business successors when they come of age.

2. Efforts aimed at creating shared value

Uehara: Over a decade ago, CSR mainly consisted of social-contribution and volunteer activities. While volunteer activities are extremely important, there were not many discussions about how to achieve an affinity with the core business from the perspective of a listed company. This has changed recently, and I think the time has come for companies to clearly indicate what they are aspiring to and their approach to those aspirations.

Yoshitaka: I agree. For CSR, in many cases companies communicate information to society at large about what a good company they are, and as you mentioned, I think it is good to think about CSR in terms of business opportunities. From this viewpoint, I think the SDGs are a really good communication tool. They have been truly incorporated in the new Medium-Term Management Plan.

Uehara: We are not able to cover all of the SDGs from the viewpoint of the characteristics of our business and our management strategy. At any rate, we have actively incorporated and discussed those that are closely related to needs that broadly involve the life insurance business, which is our core business. We have also been able to demonstrate the linkage with SDGs in the new Medium-Term Management Plan.

Yoshitaka: The other day, more than 80 people participated in an SDGs seminar for institutional investors that we held. I think it was when the Government Pension Investment Fund (GPIF) signed the PRI in 2015 that we first got involved with ESG in Japan. Although it seems that ESG investors are now evaluating companies on the resolution of SDGs issues, there are companies that have not really addressed the SDGs up until now. They often consult with me because they are not sure where they should start and what they should do. I believe that SDGs will become a tool for communication with

all stakeholders going forward, and I also believe that how information on SDGs is communicated will differ depending on who is being communicated to, for example, whether the person is an investor or a student. For instance, the other day when I was talking with a student I teach at the university, the student told me about how excited they were when a company told them that “this company will grow through the SDGs” during student job-hunting activities. For this reason, SDGs could be effective from the perspective of appealing to human resources newly entering the job market.

Uehara: I think that SDGs are an extremely good tool for facilitating a back-and-forth communication with stakeholders. However, it should be done in a manner so that it does not become a mere formality.

Yoshitaka: I have the same view. While the SDGs run to 2030, your company will continue doing business 30 and 50 years from now. The other day, I told some investors that what they have to evaluate goes beyond SDGs projects.

Uehara: The life insurance business is a field that involves people’s lives. There are issues that have to be addressed nonstop, such as health and supporting seniors. In light of this, we are working to contribute to SDGs that match the business model and characteristics of each Group company, while linking together the relatively wide area of SDGs to our actual work.

Yoshitaka: The life insurance industry itself is related to SDGs, and I think the relation makes them very effective tools. For example, “Himawari Dementia Prevention Insurance,” released by Taiyo Life, can help with prevention of the condition if people know about it from a relatively young age. I would like you to continue communicating new ideas like this in the future.

Uehara: One characteristic of the Group is that it has three extremely independent and specialized life insurance companies as subsidiaries, which have completely different markets, products, and channels. Our business model is to deploy management resources to the segment of the market that is being focused on, and provide more sophisticated products and services to customers.

Taiyo Life became the first company in the industry to release dementia insurance three years ago*4. It has been said that one in seven people age 65 and above are at risk for dementia. Over 500,000 people are currently enrolled in dementia insurance, and it has proven to be very popular. If you



enroll in this insurance, you can use your smartphone to automatically measure the number of steps you take and walking speed, and share this data with registered family members. In this manner, insurance products are making a shift to protecting health and preventing disease through means, such as the provision of tools for health management and prevention together with services.

*4 “Himawari Dementia Treatment Insurance” was launched in March 2016. It is the first insurance product covering dementia in the life insurance industry as a relaxed-underwriting type product (based on research by Taiyo Life).

Yoshitaka: That is a great idea. Because everyone is focused as a professional, you know a lot about those types of needs. I have held a lot of seminars on ESGs and SDGs for SMEs recently. What kind of initiatives for SMEs is your company involved with?

Uehara: It has been said that if employees including managers are healthy as a result of health and productivity management, that company will be more productive and more profitable as well. However, things are not so easy for SMEs with limited numbers of employees. Their health efforts may only consist of a health examination once a year. Daido Life is offering a comprehensive program*5 that includes health-examination record management, encouraging employees to get a health examination, and health-risk analysis in an effort to ensure that employees stay healthy.

In addition, in response to the issue of business succession, we are working to protect SMEs through means that also go beyond insurance including business-succession support in cooperation with external institutions. We approach marketing, product development, and service from the perspective of the customers, based on our knowledge and experience up until now and the needs of the customers, so that we can meet their needs more quickly than other companies.

*5 Daido Life’s “KENCO SUPPORT PROGRAM”

Yoshitaka: “Quickly” is an important point. Japanese companies are not really that good at being quick.

Uehara: Social issues are also customer needs. As a life insurance company with a business model specialized on such issues, we work to design specific products and services and offer them as quickly as possible. Going forward, we can expand our share in the Japanese life insurance industry and achieve sufficient growth in Japan. We also believe it is necessary to grow while co-existing with society.

Yoshitaka: If there are no challenges, then no services will be born to respond to them. While it would be ideal for all chal-



lenges to disappear, that is not very realistic. You mentioned earlier that overseas investors sometimes ask you about declining birthrates and the aging population in Japan. Related to this, there has been an increase in foreign workers. Has the company done anything in response to this?

Uehara: Daido Life has started policy procedures enabling foreign employees to enroll. It has been difficult until now for foreign workers and other Japan residents who are not capable of speaking Japanese to enroll in insurance in Japan. However, Daido Life made it possible to enroll using eight languages from June of this year and it is providing services that make people feel more reassured about working in Japan. I think it is important to keep on making small steps like these to support the vitality and management of SMEs that are fundamental for Japan.

Yoshitaka: I agree. I think the “S” part of ESG, particularly diversity, will be a major point for organizations so that Japanese companies can flexibly respond to dramatic changes including declining birthrates and the aging population going forward. What kind of initiatives are there for internal diversity while supporting the diversity of customers?

Uehara: While this may diverge a bit from the topic of diversity, something I have thought of since becoming President is that management with a social focus by companies leads to sustainable growth. I believe we are ultimately able to produce profits and major benefits for shareholders by providing products and services that really meet needs while valuing our employees, business partners, and customers. From this perspective, it is extremely important for employees to feel happy and healthy in their work. For this reason, Group companies are pursuing substantial measures rather than mere formalities in personnel systems, work style reforms, and the active participation of women.

For example, the retirement age was extended at Taiyo

Life last year in April, and it is now possible to work up to age 70. I think this is a particularly significant point in terms of improving productivity as the working population decreases.

Yoshitaka: There has been a lot of data from overseas that demonstrates a correlation between companies that are actively promoting the participation of women and stock price performance. Indices that incorporate this have also been started. I think it is great that this is not only a priority theme for your company's CSR, but also a human resources initiative. When speaking of ESG, G is fundamental and while E and S are not necessarily parallel, the importance of the elements of ESG differs by industry. I think that your company is really working to address the themes that are important for your company. I do not think it will be too far in the future when various indices overseas evaluate the relationship between performance and ESG. I think it is very important how ESG initiatives are communicated, and this is something that applies to all companies.

Uehara: We do not make things that are clearly visible, so we really have to be engaged in development and training to improve the skills of our employees. How the Group commu-

nicates with society is also important.

Yoshitaka: What points are being focused on in the new Medium-Term Management Plan?

Uehara: We intend to grow our business domains and business model by working on six business themes aimed at creating shared value. We will diversify our business portfolio because it might not be possible to respond to the challenges faced through our existing businesses alone. However, this diversification will only include businesses that have some affinity to life insurance-related business in Japan for which collaboration is possible. For businesses required as life insurance-related businesses in Japan in the future other than those covered by our three life insurance companies, active investments will be made mainly by the holding company. We will work to create shared value while mutually connecting these six business themes and CSR priority themes. I talked about the Medium-Term Management Plan in a conceptual manner at the beginning, and we have already implemented concrete measures to a degree. By articulating these measures internally and externally, I would like to make a strong appeal for the direction and approach of the Group.

3. "Creating shared value" in the future

Yoshitaka: Investors in the U.S. are trying to use ESG as a tool for creating a new market, and they have made significant progress in stock price research related to this. Meanwhile, there are many people in Europe who are focused on sustainability. Furthermore, because there are few disasters in Europe, many people have felt a sense of crisis toward climate change recently and there is beginning to be a change in sentiment. I think that ESGs will become increasingly important in Japan in the future. I think there should be more information disclosure because if there is nothing to compare such as the status of efforts, it is difficult for it to be reflected in the stock price.

Uehara: I think it will be important in the future whether companies that are making society better can demonstrate strong leadership. According to one study, when asked about the meaning for the "existence of companies," more people from the millennial generation responded "to make society better" than "to produce profits." I think that ideas about what companies should be doing are beginning to change.

From the perspective of making society better, I think that disclosing information on efforts to the market will become more and more important for understanding and verifying the

state of corporate management from the viewpoint of ESG and improving transparency. Although our Group's business may not be very flashy, I think that we are a serious and honest company in this aspect. I would like to make a strong appeal for these qualities.

Yoshitaka: I think that is a good idea. I hope you are a company for the next generation that achieves the creation of shared value. Young people are losing their sense of excitement. I hope your company takes the lead in demonstrating corporate growth through the SDGs.

Uehara: According to one paper, people who feel happy are about 30% more productive at work than those who are not, and they are also three times as creative. The sum of the "psychological capital" of workers can determine a company's rise and fall. People feel satisfaction and fulfillment by contributing and being necessary to society. If you make employees happy, it makes the company happy, and this makes society happy. This happiness has a very positive effect on the economic environment and leads to sustainable growth. I intend to continue working hard at "creating shared value" in the future.


4. External evaluation

Inclusion in ESG indexes

Evaluation by ESG assessment organizations




The Group makes efforts to disclose understandable and transparent information on its initiatives for addressing CSR and ESG issues. The Group is included in major ESG indexes after being highly evaluated by ESG assessment organizations and index builders in and outside Japan.

* ESG (environment, social, and governance) investment is an approach to select targets not only on the basis of financial data, but also on initiatives for environmental and social issues, governance, and other considerations.

International	
 <p>FTSE4Good</p>	<p>The FTSE4Good Index is an internationally trusted major ESG investment index launched in 2001 by FTSE International, a wholly owned subsidiary of the London Stock Exchange Group. Our Group was added to the index in 2009.</p>
 <p>MSCI 2019 Constituent MSCI ESG Leaders Indexes</p>	<p>The MSCI ESG Leaders Indexes is an international stock index built and calculated by a financial services company headquartered in New York, and constituted by companies with excellent ESG performance. Our Group was added to the indexes in 2014.</p>

MSCI ESG Research logo disclaimer:

THE INCLUSION OF T&D Holdings, 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

Japan	
 <p>FTSE Blossom Japan</p>	<p>It is an index newly developed by FTSE in 2017 that consists of selected Japanese companies with excellent environmental, social, and governance (ESG) performance. Our Group has been included in the index since it was first developed.</p>
 <p>MSCI MSCI Japan ESG Select Leaders Index</p>	<p>It is an index newly developed by MSCI in 2017 that consists of selected stocks with relatively high environmental, social, and governance (ESG) ratings. Our Group has been included in the index since it was first developed.</p>
 <p>MSCI MSCI Japan Empowering Women Index (WIN)</p>	<p>It is an index newly developed by MSCI in 2017 that consists of selected stocks with excellent gender diversity in their industries. Our Group has been included in the index since it was first developed.</p>

As of July 1, 2019

Major awards, commendations

The Group's efforts for addressing CSR and ESG issues have been highly evaluated by society, and the Group has received various awards and commendations.

FY2018		
<p>Ministry of Economy, Trade and Industry Certified Health and Productivity Management Organization White 500</p>	<p>Tokyo Certified FY2018 Tokyo Sports Promotion Company</p>	<p>The Association of Consumer Affairs Professionals 3rd ACAP Commendation for Consumer-Oriented Activities</p>
<p>Japan Marketing Association Encouragement Award in the Japan Marketing Awards</p>	<p>Japan Institute of Information Technology Excellence Award at the 2018 Best Customer Support of The Year</p>	<p>Association for Resilience Japan Obtained Certification of Organizations Contributing to National Resilience (Resilience Certification)</p>

5. Promotion Framework of CSR

103-2

103-3

5-1 Promotion Framework of CSR

The T&D Insurance Group has established the Group SDGs Committee consisting mainly of directors in charge of planning and CSR at each Group company. The SDGs and CSR promotion system has been reinforced to facilitate coordinated efforts by way of deliberation by the Group SDGs Committee of Group-wide CSR policies and initiatives, while encouraging each Group company to actively pursue the SDGs and CSR efforts in its respective operations.

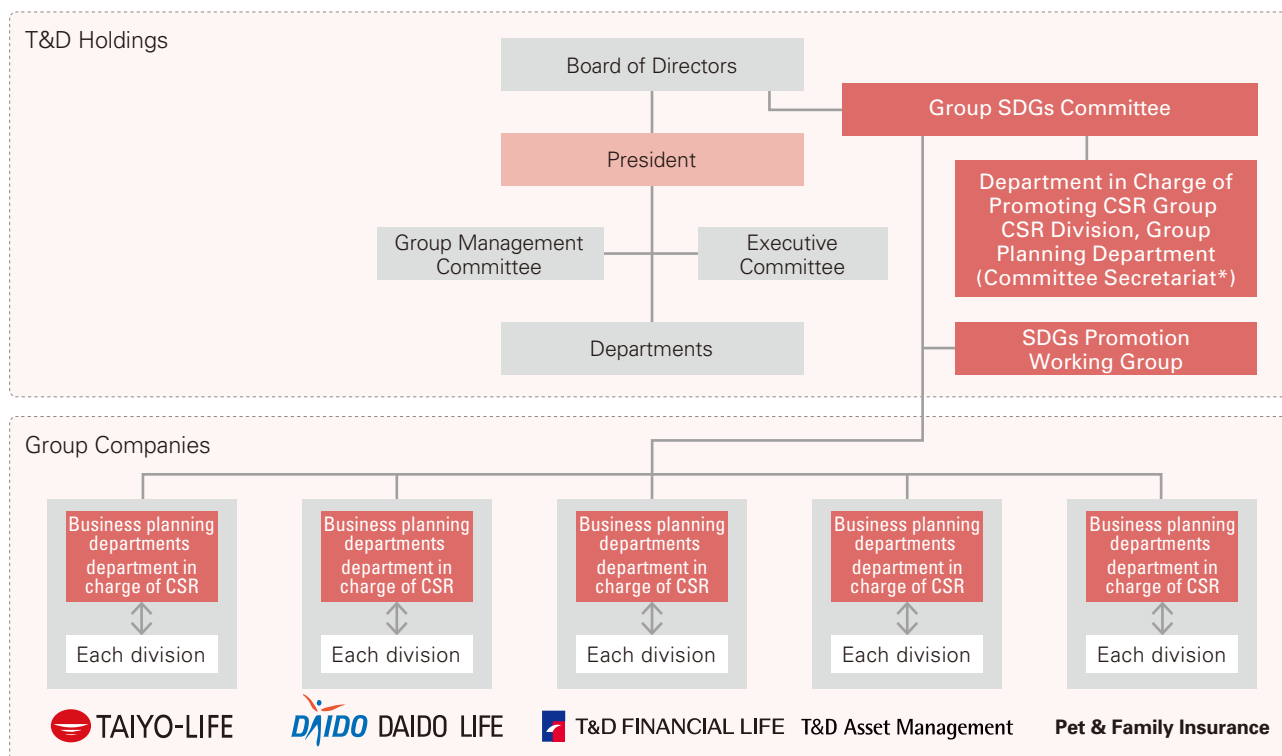
● Group SDGs Committee (reorganized Group CSR Committee in April 2019)

To further strengthen Group cooperation in SDGs and CSR activities, the Group SDGs 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 SDGs and CSR activities. It formulates basic policies for the Group's SDGs and CSR activities and selects priority theme along with drawing up annual plans and regularly confirming the implementation status of those plans. The Group SDGs 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 Department. In fiscal 2018, the Committee met six times. All the information shared and the issues deliberated and discussed are reported to the Board of Directors.

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

- **Executive officer in charge of CSR at T&D Holdings** Mitsuhiro Nagata, Director and Senior Managing Executive Officer
100% attendance at Board of Directors meetings in fiscal 2018
100% attendance at Group CSR Committee meetings in fiscal 2018
- **Department in Charge of CSR at T&D Holdings** Group CSR Division, Group Planning Department
- **Departments in Charge of CSR at Group Companies** ... Established departments in charge of CSR at Group companies (planning departments, public relations departments)

《CSR Promotion System in the T&D Insurance Group (as of April, 2019)》



* Committee Secretariat = Group CSR Committee Secretariat

5-2 Management Approach

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 SDGs 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 SDGs 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

This committee was established under the Board of Directors to strengthen the Group's compliance structure. Its chairperson is the president. The vice chairperson is the executive officer in charge of the Risk Management Department (responsible for compliance). In addition to promoting, monitoring and improving the Group's compliance structure, the committee investigates, plans, and discusses fair business performance, human rights violations, and other such issues. The committee verifies the compliance status of the T&D Insurance Group Compliance Code of Conduct and the effectiveness of the compliance structure through periodic monitoring of the Group's compliance practices and deliberations on them. The committee held four meetings in fiscal 2018 and reported issues covered and information shared 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 Council 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 Insurance 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 2018, the committee held 18 meetings and reported the results of deliberations to the Executive Committee and the Board of Directors.

6. Initiatives for Priority Themes

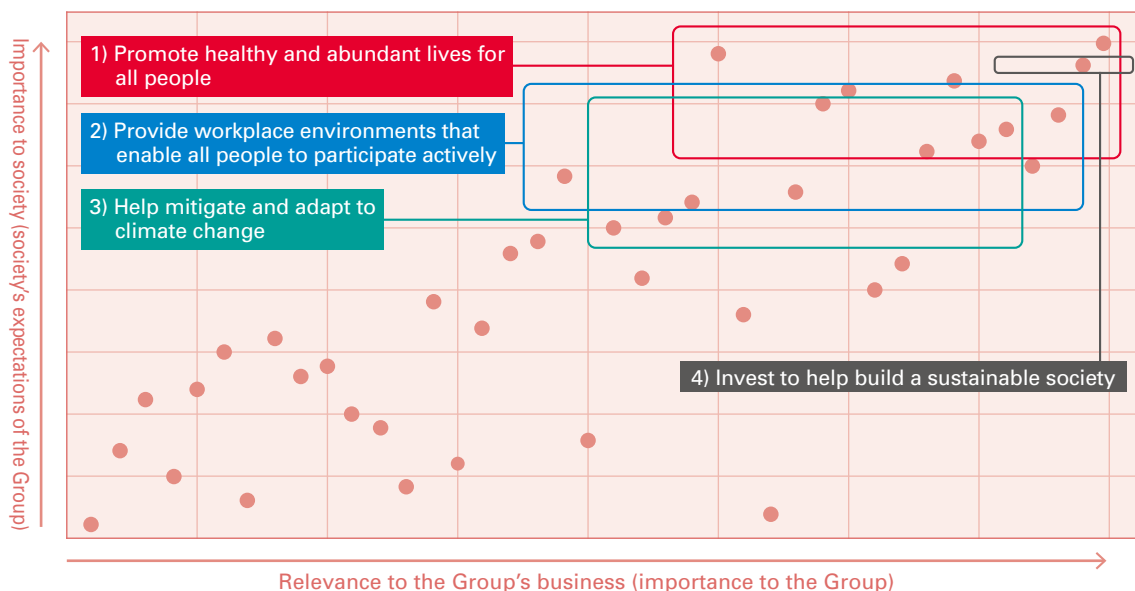
6-1 Initiatives for Priority Themes (FY2019)

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Among the various CSR activity fields that relate to its business activities, the T&D Insurance Group has identified issues that are highly important to society and highly relevant to Group's operations. Based on this, we established the following four CSR priority themes.



● Process for Selecting Priority Themes

《Categorizing Social Issues with High Relevance to the Group's business》

We considered various social issues to target, based on what society expects of us as a Group engaged mainly in the insurance business, as well as how we can help develop a sustainable society.

In our considerations, we looked at the SDGs targets, which are aimed at developing a sustainable world, and recognized the issues we need to contribute. We then added issues derived from the T&D Insurance Group CSR Charter that need to be addressed, and classified these into 40 social issues to address.

《Prioritizing Issues》

We evaluated the importance of each issue based on both*¹ importance to society, and*² relevance to the Group's business (influence on social issues). We then clarified the priority of initiatives for the Group to pursue.

*1 Importance to society: Evaluation based on ISO26000, assessment agency evaluation items, and items frequently taken up in administrative reports (white papers of government ministries and agencies)

*2 Relevance to the Group's business: Evaluation based on relationship with business themes cited under the Medium-Term Management Plan, and relationship with policies and actions defined in the T&D Insurance Group CSR Charter

《Selecting Priority Themes》

From high-priority social issues, we extracted themes common, and organized each issues into theme groups. Based on those themes, we selected CSR priority themes, which show how we can create value for society through our businesses.

《Verifying the Adequacy of Priority Themes》

- We engaged in dialogue and exchanged views on the selection process of priority themes with a qualified third party, then confirmed the adequacy of social issues to be targeted and the validity of our priority evaluation.
- In addition, we received approval from the Group CSR Committee (reorganized to Group SDGs Committee in April 2019) and reported to the Executive Committee and Board of Directors.

● Progress Management and Verification of Initiatives

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

● Categorizing Social Issues

《Social issues extracted from 169 targets of the SDGs》

Goal 1. End poverty in all its forms everywhere	1 Secure equal rights in property ownership (right to use financial services) 2 Reduce economic and social risks in an aging society
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	3 Improve nutrition in poor households 4 Promote sustainable agriculture
Goal 3. Ensure healthy lives and promote well-being for all at all ages	5 Support use of health services 6 Take measures to combat infectious and contagious diseases 7 Help people maintain good health
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	8 Acquire skills necessary for decent work and entrepreneurship 9 Provide equal access to education 10 Provide safe and effective learning environments
Goal 5. Achieve gender equality and empower all women and girls	11 Promote the advancement of women 12 Stop discrimination against women and violence
Goal 6. Ensure availability and sustainable management of water and sanitation for all	13 Provide access to safe and inexpensive water 14 Provide equal access to sanitation facilities
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all	15 Provide low-cost, reliable energy 16 Improve energy efficiency 17 Increase use of renewable energy 18 Promote investments in clean energy
Goal 8. Promote inclusive and sustainable economic growth, full and productive employment and decent work for all	19 Support establishment and growth of small and medium-sized companies 20 Promote decent work 21 Create healthy and safe workplace environments 22 Promoting use of insurance financial services by all people
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	23 Provide financial services to small and medium-sized companies
Goal 10. Reduce inequality within and among countries	24 Encourage all people to engage in social and economic activities
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable	25 Build communities that are friendly to the weak 26 Build communities that are resilient to disasters
Goal 12. Ensure sustainable consumption and production patterns	27 Enhance efficiency of resource use 28 Increase reuse and recycling activities
Goal 13. Take urgent action to combat climate change and its impacts	29 Strengthen resilience to climate change
Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development	30 Protect marine resources and prevent marine pollution

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
31 Conserve forests
32 Conserve terrestrial biodiversity
Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
33 Eradicate corruption and bribery
Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development
34 Promote investments in sustainable development

《Importance evaluation (mapping items)》

Classification number	Classification item
1	1. Secure equal rights in property ownership
2	2. Reduce economic and social risks in an aging society
3	3. Improve nutrition in poor households
4	4. Promote sustainable agriculture
5	5. Support use of health services
6	6. Take measures to combat infectious and contagious diseases
7	7. Help people maintain good health
8	8. Acquiring necessary skills for decent work and starting a business
9	9. Provide equal access to education
10	10. Provide safe and effective learning environments
11	11. Promote the advancement of women
12	12. Stop discrimination against women and violence
13	13. Provide access to safe and inexpensive water
14	14. Provide equal access to sanitation facilities
15	15. Provide low-cost, reliable energy
16	16. Improve energy efficiency
17	17. Increase use of renewable energy
18	18. Promote investments in clean energy
19	19. Support establishment and growth of small and medium-sized companies
20	20. Promote decent work

Classification number	Classification item
21	21. Create healthy and safe workplace environments
22	22. Promote use of insurance and financial services for all
23	23. Provide financial services to small and medium-sized companies
24	24. Encourage all people to engage in social and economic activities
25	25. Build communities that are friendly to the weak
26	26. Build communities that are resilient to disasters
27	27. Enhance efficiency of resource use
28	28. Increase reuse and recycling activities
29	29. Strengthen resilience to climate change
30	30. Protect marine resources and prevent marine pollution
31	31. Conserve forests
32	32. Conserve terrestrial biodiversity
33	33. Eradicate corruption and bribery
34	34. Promote investments in sustainable development
35	d) Ensure fair and free competition
36	g) Respect worker personalities and diversity
37	h) Support human resources and skills development
38	i) Manage and protect personal information
39	j) Provide proper information on products and services
40	o) Collaborate with stakeholders



















- Numerical figures denote social issues derived from the SDGs
- Alphabet letters denote social issues derived from the T&D Insurance Group CSR Charter

6-2 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.

The SDGs are aimed at realizing a sustainable world through initiatives that address issues in a wide range of fields. They are in line with the Group’s corporate philosophy of “aiming to be a group that contributes to all people and societies.” The Group will incorporate contributions to SDGs into the process for selecting Group CSR priority themes and make efforts to contribute to achieving SDGs through Group CSR initiatives, taking advantage of the features and strengths of the business.

[CSR Priority Themes and the SDGs]

CSR priority themes	Main related SDG targets	Specific actions
1. Promote healthy and abundant lives for all people	   	<ul style="list-style-type: none"> ■ Provide insurance products and services to meet social changes stemming from the declining birthrate and aging population <ul style="list-style-type: none"> ● Develop and offer insurance products and services to help people prepare for nursing care ● Develop and offer pension products to address the 100-year-lifespan era, as well as insurance products and services to address dementia treatment ■ Support the health management practices of small and medium-sized companies ■ Develop and offer dementia prevention apps and so on
2. Provide workplace environments that enable all people to participate actively	   	<ul style="list-style-type: none"> ■ Effectively utilize and train human resources through OJT, group training, self-development support and so on ■ Support the advancement of women such as managerial appointments, childcare support systems ■ Strive to modernize workstyles to enrich work and life by providing work-at-home options, reducing working hours, encouraging vacation uptake, and so on ■ Help create environments in which employees of business partners can work in a healthy and safe manner
3. Help mitigate and adapt to climate change	   	<ul style="list-style-type: none"> ■ Work to reduce consumption of electricity and office paper ■ Promote green purchasing initiatives to help protect the environment ■ Conserve and cultivate forests ■ Support and collaborate with NPOs engaged in protecting the global environment
4. Invest to help build a sustainable society	     	<ul style="list-style-type: none"> ■ Invest in renewable energy efficiency businesses ■ Invest in / loan to businesses committed to solving water shortage issues ■ Invest and loan to support youth development and employment in developing countries ■ Invest in businesses that promote better health for people

SUSTAINABLE DEVELOPMENT GOALS



The relationships between items to address in each area of the T&D Insurance Group CSR Charter, which we address together as a group, and the 17 SDGs are shown below.

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

Connection between SDGs and the T&D Insurance Group CSR Charter																	
T&D Insurance Group CSR Charter																	
1 Providing Better Products and Services (Priority Areas)	The T&D Insurance Group will offer high-quality, optimal products and services that meet customer needs, and will contribute to the sustainable growth of society and to the solution of social issues.			●						●	●	●					
2 Strict Compliance	The T&D Insurance Group will strictly observe laws, regulations and rules, and act with sincerity and integrity according to high ethical standards.																●
	The T&D Insurance Group will maintain and promote fair and free competition.								●								
	The T&D Insurance Group will stand firmly against anti-social forces and groups that may threaten the order or safety of civil society.																●
3 Respect for Human Rights (Priority Areas)	The T&D Insurance Group will respect human rights, and proactively make efforts to enlighten all its employees on human rights.	●	●	●	●	●						●					
	The T&D Insurance Group will respect the individuality and diversity of all its employees, ensure a healthy and safe work environment, and develop its human resources.					●					●						
	The T&D Insurance Group will respect privacy, and will strictly control and protect personal information.																
4 Communication	The T&D Insurance Group will provide proper information concerning its products and services and disclose corporate information in an appropriate and timely manner to the general public as well as to its customers and shareholders, and will actively strive to maintain a dialogue with all its stakeholders.												●				
5. Contribution to Local Communities and Societies	The T&D Insurance Group will implement social action programs as a good corporate citizen, and will make contributions to the sound development of local communities.	●		●	●					●	●	●					
6 Global Environmental Protection (Priority Areas)	The T&D Insurance Group will carry out its activities with full awareness of the importance of consideration for environmental issues, and will strive to protect the global environment.							●				●	●	●		●	
7. Establishment of Effective Governance and Thorough Implementation	To ensure that its actions are in compliance with this charter, the T&D Insurance Group will develop an effective governance structure and strive to cooperate with a wide range of stakeholders, including its customers, shareholders, employees, sales agents, business partners, and local communities.																

7. Progress of CSR Activities

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7-1 FY2018 Group CSR Activities Progress Report

The T&D Insurance Group has established the Group SDGs 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 SDGs Committee serves as the cornerstone for promoting the Group's CSR activities. It formulates our 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. Also in fiscal 2018, we promoted the Group's CSR activities in the three priority areas, namely, providing better products and services, respect for human rights, and global environmental protection.

FY2018 Group CSR Activities Progress Report (Partial Account of the Activities)

Plan Initiatives	Do FY2018 results/performance	Check/Act Activities planned for FY2019
● Providing Better Products and Services		
<ul style="list-style-type: none"> The Group fulfills its responsibility to society through its life insurance business, by contributing to solutions to social issues and developing and offering high-quality, optimal products and services that meet customer needs. 	<ul style="list-style-type: none"> Launch of <i>Himawari Dementia Prevention Insurance</i> in preparation for risks in the era of the 100-year life Launch of <i>Kaigo Relief α</i> to provide wide coverage when long-term care is required, such as for dementia Launched and revised <i>Choju Premium</i>, <i>Minna Ni Yasashii Shushin Hoken</i>, and <i>Kakei Ni Yasashii Shushin Iryo</i> Initiatives to solve social issues caused by the aging population through Taiyo's GENKI Project and DAIDO KENCO ACTION 	<ul style="list-style-type: none"> Continuing to contribute to solutions to social issues and developing and offering high-quality, optimal insurance products and services that meet customer needs Begin supporting foreign employees who have difficulties understanding Japanese during the application process, in order to respond to the wishes of SME owners to care for all employees regardless of nationality
● 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"> Conducted personnel exchanges among Group companies to share their excellent know-how and skills Conducted in-house open recruitment of employees seeking specific positions, MBAs, or being dispatched to companies outside of the Group 	<ul style="list-style-type: none"> Continue to leverage Group synergies and develop the next generation of human resources by expanding personnel exchanges, and support employees' career development
[Diversity Promotion Initiatives] <ul style="list-style-type: none"> Creating a work environment where diverse people can play active roles Establishing a safe and worker-friendly work environment Creating an organization where everyone is respected and accepted and everyone can comfortably exert his or her ability 	<ul style="list-style-type: none"> Established a worker-friendly work environment by giving employees with disabilities workplace tours before recruitment, providing specialized computers after they were hired, and making special arrangements for their commuting needs Held human rights education sessions for all employees more than twice a year on various human rights issues, such as discrimination due to social class or disability, harassment, and LGBT orientation Began treating same-sex partners as spouses in its vacation/welfare systems 	<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"> Promoted "Taiyo's GENKI Project" at Taiyo Life and the "DAIDO Koko-Kara" program at Daido Life as initiatives for promoting health for executives and employees Implemented an in-house non-smoking initiative at Group companies 	<ul style="list-style-type: none"> Continue to promote health for executives and employees
● Global Environmental Protection		
Reduction in power consumption Period: FY2018–FY2027 (Baseline year: FY2016) 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	<ul style="list-style-type: none"> 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 Reduced by 5.8% from baseline in FY2018 	<ul style="list-style-type: none"> Continue to implement the measures shown on the left to 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	<ul style="list-style-type: none"> 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 Significantly exceeded the target by achieving a five-year average reduction of 20.5% from FY2014 to FY2018 compared to baseline 	<ul style="list-style-type: none"> Set a new target in five years from FY2019 to promote further reduction in 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	<ul style="list-style-type: none"> Established Group-wide Green Purchasing Standards and promoted preferential purchasing of green products Continued to achieve target with 94.5% green purchasing ratio in FY2018 	<ul style="list-style-type: none"> Continue to implement initiatives that give priority to purchasing of green 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 Ensure full awareness of CSR-related information in the Group through Group newsletters and training 	<ul style="list-style-type: none"> Expand disclosure of information in the Sustainability 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 (including seminars and e-learning) on CSR information
● Contribution to Local Communities and Societies		
<ul style="list-style-type: none"> Clean-up campaigns 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 369 people showed up to make blood donations in fiscal 2018) 	<ul style="list-style-type: none"> Continue to participate in clean campaigns as a Group Continue to hold biannual Group-wide blood drives

8. Stakeholder Engagement

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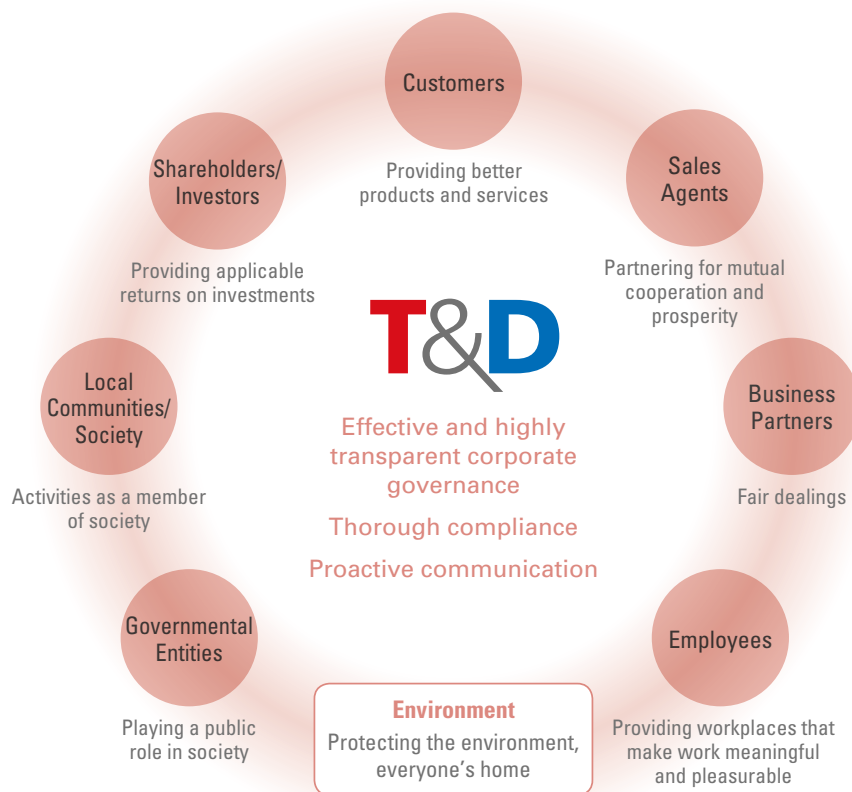
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8-1 Communication

● The T&D Insurance Group and Its Stakeholders



● Management Reflecting Stakeholders' Opinions

The T&D Insurance Group proactively engages in dialogue with stakeholders as set out in the T&D Insurance 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 Insurance 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, Taiyo Life, Daido Life, T&D Financial Life, and Pet & Family Insurance 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, individual meetings for institutional investors, and publication of shareholder newsletters</p> <p>In addition to shareholders' meetings, we hold information meetings, teleconferences, and individual meetings for institutional investors. T&D Holdings informs its shareholders, numbering 224,311 as of March 31, 2019, 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, customer 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 management policies, wages, working hours, leave, human resource systems and benefits.</p>
Protecting the environment and contributing to local communities	<p>Participation in the UN Global Compact, Principles for Financial Action for the 21st Century, and the Japan Association for the United Nations Environment Programme (UNEP), support for the Japan Down Syndrome Society, working with the Japan Philanthropic Association, implementing Forests of Taiyo Life activities, supporting activities by the Satoyama Hozen Saisei Network, etc.</p> <p>The Group participates in the UN Global Compact, Principles for Financial Action for the 21st Century, and other initiatives. It also exchanges views in a wide range of areas through study groups and dialogues with the participating companies. Furthermore, the Group has opportunities to understand stakeholders' expectations toward enterprises and to explore possibilities of the Group's contribution through support of and participation in the activities of NPOs active in each field.</p>

III Priority Themes 1 Promote healthy and abundant lives for all people



1. Basic Concept

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1-1 Basic Concept

With the main business of the T&D Insurance Group being the life insurance business, contributing to promote healthy and abundant lives for all people is one of our most basic responsibility to society. We have positioned “Providing Better Products and Services” as the first principle of the T&D Insurance Group CSR Charter. The Group clearly states its commitment to fulfilling its responsibilities to society through the insurance business by offering well-suited, high-quality products and services that meet customer needs. The provision of products and services that contribute to solving various risks faced by our customers, which occur due to societal changes such as the acceleration of Japan’s declining birthrate and aging population, is both the Group’s mission and an opportunity for growth.

2. Offering Products and Services That Address Social Needs

103-2 103-3

2-1 Initiatives by Taiyo Life

《Product Development which Preempts the Changes of the Times》

Japan’s rapidly aging society, the so-called “era of the 100-year life” is about to get fully underway. Taiyo Life is striving to provide high-quality products and services so that customers in the senior market can enjoy greater peace of mind. In October 2018, Taiyo Life launched *Himawari Dementia Prevention Insurance*, which provides support for the prevention of dementia as the third product in the *Centenarian Age Series*, in order to prepare for the risks in the era of the 100-year life. *Himawari Dementia Treatment Insurance*, which provides coverage in case of dementia, has been well-received since its launch. In addition to this coverage, *Himawari Dementia Prevention Insurance* supports our customers from the stage of dementia prevention. *Himawari Dementia Prevention Insurance* is based on the concept of aiming to eliminate dementia from the world.



《To Deliver Peace of Mind to Families》

Since April 2016, Taiyo Life has offered the *Kaketsuke-Tai Service*. Administrative personnel with specialized knowledge make visits to customers and their families, and provide support for procedures such as benefits claims. This service realizes a paperless system for requesting benefits by utilizing a new mobile terminal, *Taiyo Life Concierge* that was introduced in August 2018. The *Taiyo Life Concierge* is equipped with a camera function that allows the instant transmission of data to the head office, after taking pictures of the forms required for benefits claims. It is possible for customers to check the content of their claims entered by the administrative personnel and complete the procedure by merely signing on the terminal. As of the end of March 2019, more than 71,000 customers had utilized this service since its launch.



In addition, by utilizing the *Taiyo Life Concierge* video telephone function, it is possible to connect to specialized departments at the head office. The system has made it possible to provide payment services that are equivalent to those of administrative personnel with specialized knowledge, even when sales representatives perform the procedures for benefits claims. Taking this opportunity, the company is expanding the scope of its paperless system for requesting benefits, from the current senior customers to all customers.



Furthermore, the company proactively recommends the family members of a senior customer to be present when he or she concludes a contract to prevent misunderstanding. In addition, the Family Registration Program has been adopted in case it is impossible to contact a customer due to various reasons, such as dementia and hospitalization. The system encourages prior registration of contact information of customers’ family members.

《Initiatives in Taiyo’s GENKI Project》

Looking ahead to era of the 100-year life, Taiyo Life has engaged in Taiyo’s GENKI Project, which is an effort that began in June 2016 to make employees, customers, and society healthy. The aim is to address the social issue of longer healthy life spans, that is, living a long healthy life. As for specific approaches, the company has worked to introduce an employment system in which employees can work until 70 years of age, provides dementia prevention services, and sponsors dementia seminars throughout Japan. These activities have been highly recognized by external institutions. For instance, in fiscal 2018, the company was again recognized as a member of the Certified Health and Productivity Management Organization White 500, by the Nippon Kenko Kaigi (Ministry of Economy, Trade and Industry).



2-2 Initiatives by Daido Life

《Initiatives to Disseminate Health-oriented Management*—DAIDO KENCO ACTION》

Daido Life assists SMEs in implementing health-oriented management. The aims are to contribute to creating a society where SMEs and their employees can actively perform and to solving issues faced by Japan's rapidly aging society.

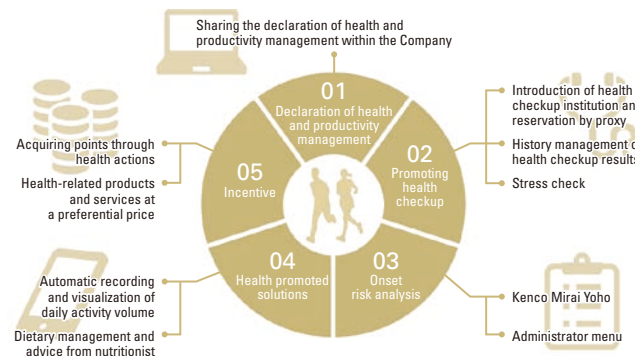
* Health-oriented management means that companies consider health management of employees from a business-management perspective and strategically practice management and the establishment of employees' health.

Health-oriented management is a registered trademark of the Workshop for the Management of Health on Company and Employee, a specified non-profit organization.



—Collaboration with Companies and Organizations Promoting the Dissemination of Health-oriented Management—

Daido Life will endeavor to establish a system through which health-oriented management can become prevalent and take root in as many SMEs as possible all across Japan. For that, it will widen the circle of collaboration with companies and organizations that assist SMEs in implementing health-oriented management.



—Providing the Daido Life KENCO SUPPORT PROGRAM, a Tool for Implementing Health-oriented Management—

Daido Life has developed and provides the Daido Life KENCO SUPPORT PROGRAM in cooperation with a multitude of companies, in particular Value HR Co., Ltd., that possess specialized technology and know-how.

The Daido Life KENCO SUPPORT PROGRAM is a comprehensive program targeted at SMEs. This program consistently supports implementation of the PDCA cycle necessary for health-oriented management. This includes assistance in encouraging employees to go through medical examinations for companies, risk analysis of development of lifestyle disease, etc. for individual SME owners and employees, and provision of health promotion solutions and incentives that promote continuous health improvement efforts.

《Launch of Kaigo Relief α》

As a result of the aging society, there are a growing trend in the number of people requiring long-term care in the public long-term care insurance system, as well as the number of elderly people with dementia. The needs for nursing-care benefits of SME owners and individual business owners are also on the rise.

To satisfy these needs, Daido Life launched *Kaigo Relief α* [non-participating whole life nursing care insurance (no surrender value type during premium payment period)] in April 2019, to provide wide coverage when long-term care is required, such as for dementia. This product ensures substantial coverage for times when long-term care is required, while realizing inexpensive insurance premiums by eliminating surrender value for the premium payment period.

By offering *Kaigo Relief α* and the ancillary *Kaigo Concierge* service integrally, Daido Life is providing comprehensive support to relieve the financial burdens, as well as physical and psychological burdens related to nursing care.

Comprehensive support through *Kaigo Relief α* + *Kaigo Concierge*

Product	<i>Kaigo Relief α</i> (For financial burdens)	Service	<i>Kaigo Concierge</i> (For physical and psychological burdens)
	<ul style="list-style-type: none"> ● Lifelong nursing-care benefits with inexpensive insurance premiums ● Coverage from the public long-term care insurance system "Care Level 1" ● High level of benefits of up to 100 million yen ● Multiple persons can be designated as beneficiaries, in accordance with needs 		<ul style="list-style-type: none"> ● Care manager referrals ● Nursing-care facility referrals and visit arrangements ● Provision of dementia-related services and information through <i>Dementia Plus +</i> ● Proxy applications for certification for long-term care certifications

* In addition to *Kaigo Relief α*, the company also provides *Shunyu Relief* [non-participating nursing care income protection insurance (no surrender value type)] to protect against loss of income when long-term care is required.

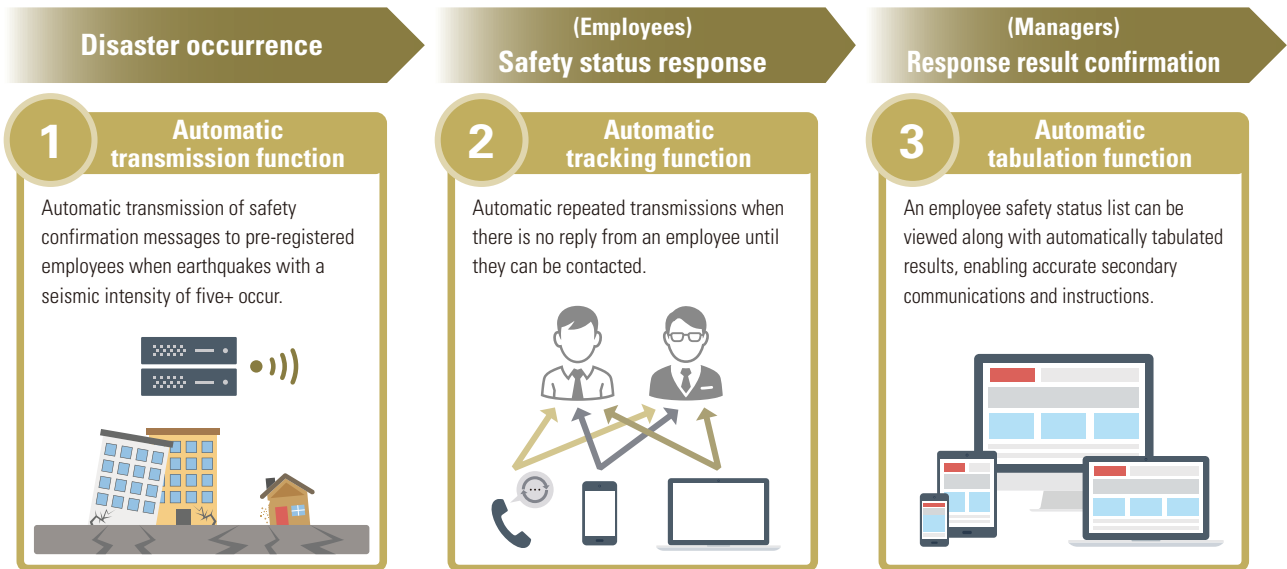


《Launch of Safety Confirmation System》

In 2018, several major disasters such as the Hokkaido Eastern Iburi Earthquake occurred in succession. This has increased the need to adopt disaster countermeasures, particularly for SMEs in which the role of each employee is relatively large.

In order to respond to the wishes of SME owners to confirm the safety status of employees accurately and promptly in the event of large-scale disasters, in April 2019, Daido Life introduced a safety confirmation system, becoming the first provider of such services in the life insurance industry.

This service is equipped with all of the functions necessary for safety confirmations at SMEs in the event of a disaster, and is provided free of charge to policyholders who meet the requirements prescribed by Daido Life.



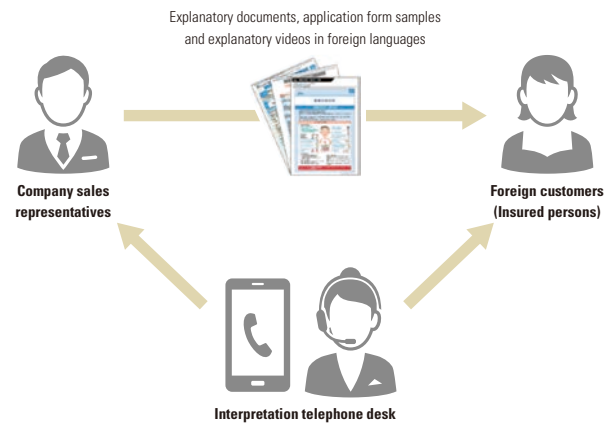
《Expansion of Services for Foreign Employees》

Insurance needs are expected to increase due to further increases in the number of foreign workers. However, life insurance policies could not previously be purchased in cases where the application contents or intentions regarding participation could not be confirmed in Japanese.

In order to respond to the wishes of SME owners to care for all employees regardless of nationality, from June 2019, Daido Life has implemented services for foreign employees who have difficulties understanding Japanese during the application process. By developing frameworks such as the preparation of explanatory materials in foreign languages and establishing multilingual contact points with interpreters, Daido Life has enabled applications from foreign employees for life insurance as welfare benefits.

Target languages

Eight languages: Chinese, Vietnamese, Filipino, Portuguese, Nepalese, Korean, English, and Spanish
(Languages of the top eight countries, in terms of the number of foreign workers)



2-3 Initiatives by T&D Financial Life

《Products Responding to the Diversifying Needs of Customers》

To respond to diversifying customer needs, T&D Financial Life enriches its product lineup and provides products in a timely manner through banks and other financial institutions as well as insurance shops. For senior customers, it provides asset formation products to support a comfortable retirement life by preparing for post-retirement expenditures and the need for protection for bereaved families. For the working and childrearing generation, it offers protection-oriented products at an affordable price.

In April 2018, the company revised and released *Kakei Ni Yasashii Shunyuhosho*, a level-premium income protection insurance that covers death and severe disabilities, as well as additional benefits regarding specified diseases (cancer, acute myocardial infarction, and stroke). Through this revision, T&D Financial Life aims to further enrich benefits related to specified diseases.

In July 2018, T&D Financial Life released *Choju Premium*, a single-premium individual annuity insurance. Looking toward the arrival of the era of the 100-year life, this product is intended to offer customers peace of mind while enjoying a fulfilling, ever-lengthening post-retirement period. The product has a mechanism to increase pension resources by keeping the death benefit and surrender value during the duration of the policy below the single premium.

In October 2018, T&D Financial Life revised and released the single-premium whole life insurance, *Minna Ni Yasashii Shushin Hoken*. Requiring only an occupation declaration, this product helps to ensure that customers of a wide range of ages can secure death benefits with peace of mind. This revision has enabled an increase of death benefits while controlling the impact of exchange rate fluctuations, by adding a currency diversification course available to customers up to a maximum age of 95, and incorporating foreign currencies with high interest rates in yen.

In January 2019, T&D Financial Life revised and released *Kakei Ni Yasashii Shushin Iryo*, a level-premium medical insurance for securely preparing the required coverage against one-day hospitalizations, long-term hospitalizations, lifestyle-related diseases, and advanced medical treatment. With this revision, the company aims to set inexpensive insurance premiums for highly health conscious customers, and enhance our coverage in areas where customer needs are strong through the establishment of new special provisions and clauses, in addition to enhancing security for the three major diseases.

《Initiatives for Improving Customer Service Quality》

T&D Financial Life is discussing and pushing ahead with a variety of efforts to further improve services for senior customers and customers with disabilities.

In fiscal 2018, we introduced the "Universal Manners Test," organized by the Japan Universal Manners Association, in order to enhance our responsiveness to senior customers and customers with disabilities. All of the corporate officers and employees of the customer-facing Customer Service Division undertook the test and acquired level 3 qualifications.

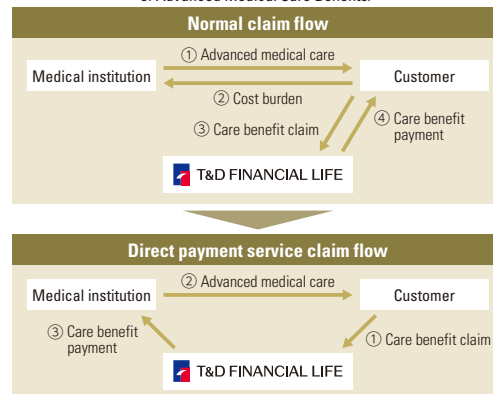
In addition, the company continues to implement the policy inspection system for customers who have reached a certain age of 90 or above, in order to identify changes of contact information and unnoticed cases of eligibility for benefit claims.

《Initiatives for Improvement in Response to Customer Feedback》

T&D Financial Life is working to make business flow and system improvements that contribute to customer-oriented business operations. Such measures include performing investigations regarding the market environment including various financial products, legal aspects, and industry trends, as well as conducting interviews with sales agents. In fiscal 2018, T&D Financial Life launched the Direct Payment Service to Medical Institutions. Payments for technical fees are made as advanced medical care benefits directly from the company to medical institutions, when customers with an additional advanced medical care benefit rider receive proton-beam therapy or heavy-particle radiotherapy. In addition, T&D Financial Life has expanded the scope of the pre-registered proxy, in relation to the designated proxy application rider. This enables a pre-registered proxy who has been designated in advance to file a claim, in cases where the insured is the beneficiary of an insurance claim and is under special circumstances in which they are unable to file the insurance claim themselves.



<Overview of the Direct Payment Service to Medical Institutions of Advanced Medical Care Benefits>



2-4 Initiatives by T&D Asset Management

《Consideration of ESG Factors (Environmental, Social and Governance) in Active Management Products》

Fundamental analysis forms the basis of the active management of Japanese equities by T&D Asset Management. In addition to financial information, the company believes that an analysis of non-financial information, such as ESG factors is important in terms of contributing to the long-term growth of the assets entrusted to the company by customers. From 2015, the company has managed a Japanese equity ESG research fund that makes selective investments in companies that excel from an ESG viewpoint. Based on this management experience and know-how, the company is gradually making progress toward the integration of ESG factor management processes into other active management products.



2-5 Initiatives with Pet & Family Insurance

《Insurance Protection for Precious Family Members》

As more pet owners recognize their pets as family members, interest in pet healthcare and its associated costs is increasing. This is attributable to social issues, such as the advancement in the declining birthrate and aging population and the increase in one-person households. Pet & Family Insurance took these circumstances into consideration and has made efforts to address the needs for pet healthcare costs. Thus, the company provides *Genki Number One* and *Genki Number One Slim*, products that compensate for a portion of the costs of treatments for pets at veterinary clinics due to illness or injury. These products help to ensure that pet owners can obtain veterinary treatment for their pets with peace of mind.

《Providing Information on Pets' Lives》

Pet & Family Insurance has posted on its website information for enriching pets' lives. The website also features special contents titled "Pet News Storage" that introduce questions closely related to pets' lives in an easily understandable fashion. It is regularly conveying information on various subjects related to pets in an attempt to deepen understanding of pets, which are precious family members.



2-6 Best Senior Service

103-2

103-3

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

Taiyo Life launched the *Senior Anshin Support Activities* in July 2014 as a visiting service activity designed for customers who are seniors. Its staff visit them at least once a year. Confirmation of insurance contract coverage, and examination of whether claims have been fully submitted, are carried out in a careful and easily understandable manner. This service enables each of the senior customers to live with peace of mind.

② Initiatives for Securing Peace of Mind at the Time of Contract Conclusion and during the Insurance Period

Taiyo Life proactively recommends the family members of a senior customer to be present when he or she enters into a contract. In addition, the person in charge at the headquarters reconfirms the intention of the contract and declaration (for some products) by using the videophone function of the terminal that each sales representative carries.

Furthermore, Taiyo Life has adopted the Family Registration Program in the event contact with policyholders become impossible when large-scale disasters occur. The system is to register the contact information of the family members of customers in advance, and registration is recommended. The family members whose contact information has been registered are entitled to inquire about coverage and the procedure for putting in claims on behalf of the policyholder.

③ Kaketsuke-Tai Service

The *Kaketsuke-Tai* Service is provided by Taiyo Life's administrative personnel with specialized knowledge. They visit customers and their families to lighten the burdens of dealing with benefits claims and to provide meticulous support unique to administrative personnel. This service is very popular among many customers including senior customers. More than 71,000 customers had utilized this service (as of the end of March 2019) since its launch in April 2016. In addition, the company introduced a paperless procedure to claim benefits, making it possible for customers to check the content of their claims and complete the procedure by merely signing on the *Taiyo Life Concierge*.

《Major Initiatives by Daido Life》

① Initiatives for Enhancing Sense of Ease during and after Enrollment

<Recommendation on Presence of Family Members>

Daido Life recommends that family members of customers 70 years of age or older be present during the enrollment process. This is to ensure a full understanding of the content of insurance policies that customers are going to enroll in with a sense of ease. The company explains the content of the insurance coverage and important items that need extra attention in detail both to the customers and their families. It also carries forward the procedures by ensuring that the content is in line with the customers' intentions.

<Designated Proxy Application Rider>

The Designated Proxy Application Rider is introduced to customers for insurance policies in which the insured is the beneficiary of insurance claims, etc. In cases where it becomes difficult for the insured to file an insurance claim due to sickness, accidents, or other reasons, a representative who is designated in advance (a preregistered proxy) can file a claim.

<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 on behalf of the policyholder. Furthermore, we also send out a copy of the Daido Life Guide to families as well if the policyholders request it.

② Initiatives for Receiving Insurance Claims, etc. Reliably and Promptly

Daido Life regularly checks if there are no unclaimed insurance claims, etc. for individual customers who are over a certain age so they can receive insurance claims reliably and promptly.

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.

《Major Initiatives by T&D Financial Life》

① Measures at the Time of Enrollment

When concluding a contract with customers who are 70 years of age or older, the company takes measures to confirm they have the intention of buying the insurance policy. These measures include recommending the customers' family members be present at the time of signing and setting a period for customers to fully examine the policy. In addition, the company has employed universal color designs in the information materials for customers with partial color-blindness, and universal design fonts that reduce reading mistakes. This provides support to assist customers to accurately understand the contents, mechanisms, and important matters regarding the recommended products. Furthermore, the company has prepared auxiliary materials that complement pamphlets, in order to clearly describe the risks and actual yields of foreign currency-linked single-premium whole life insurance with foreign exchange risks.

② Measures during Enrollment

T&D Financial Life recommends the registration of the Secondary Contact to deal with cases where information concerning various procedures does not reach a contractor or where it becomes difficult to communicate with policyholders due to disasters and other circumstances. The contract can thus reach policyholders promptly by contacting registered family members. In addition, the company implements the policy inspection system via telephone for policyholders of a certain age and older, in order to identify changes in contact information and unnoticed cases of eligibility for benefit claims, among others. Furthermore, the company does not use automatic voice guidance at the call center, which is the point of contact with customers. Instead, customers are directly connected to the operators. This way, they can contact us with peace of mind.

③ Measures during Procedures

T&D Financial Life is working to improve convenience for customers to enable them to easily go through the procedures. It revises claim documents and uses colors for them as well as omitting the submission of an insurance certificate and a seal registration certificate.

3. Providing Wholehearted Reassurance

102-43

3-1 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.

3-2 Establishment of Solicitation Policies

The Group's three life insurance companies have established individual solicitation policies for offering life insurance and other products. Under these policies, each Group company strives to develop and offer applicable 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 adequate 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 properly.	<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 adequate solicitation activities.

3-3 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》

《Received the 2018 UCDA "Special Award"》

The company's policy application procedure screen of the *Taiyo Life Concierge* was highly recognized by seniors in particular, for its overall elderly-friendly design. The company received the 2018 UCDA "Special Award" for the large font size and easily viewable, high contrast color scheme of the procedure screen.

《Obtained the Highest Rank of "3 Star" for HDI-Japan's "Help Desk/Web Support Rating"》

The company's Customer Service Center was highly recognized by HDI-Japan in its 2018 "Help Desk Rating" for its polite, approachable, and easily consultable support, receiving the highest rank of "3 Star" for the second consecutive year. In addition, the company also received a "3 Star" ranking in its "Web Support Rating" for the first time. The website was highly recognized for displaying the features of each product in an easy-to-understand manner, and for being a customer-oriented website, in terms of providing opportunities to consider disease prevention, in addition to introducing products.

《Daido Life》

《Received the 2018 Best Customer Support of The Year Excellence Award》

Daido Life was awarded the “Excellence Award” at the 2018 Best Customer Support of The Year, held by the Japan Institute of Information Technology. Daido Life was highly recognized for its contribution to efficient sales support, and for realizing improved customer satisfaction through enhanced convenience, accuracy, and speed, by centralizing customer after-sales services at its Customer Service Center.

● Initiatives by the Three Life Insurance Companies

《At the Time of Making a Contract》

We work to enhance the understandability of various documents regarding policy procedures.

[Major Documents (including Electronic Forms)]

- Clearly worded “Product Pamphlet”
- “Contract Summary” and “Proposals” describing insurance plans tailored to individual needs of customers
- “Warning Information (notifications of important matters when making a contract)” 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
- “Understanding/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 and other matters

《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 (from the three life insurance companies)
- Distribution of service guidebooks (Taiyo Life) (T&D Financial Life)
- Distribution of Security Guide (Taiyo Life)
- Notification of account transfer payment (from the three life insurance companies)
- 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]

- Handling of Direct Payment Service to Medical Institutions of advanced medical care benefits (Daido Life) (T&D Financial Life)
 - * Through this service, the company pays insurance benefits directly to medical institutions for expensive and advanced medical treatment such as proton-beam therapy and heavy-particle radiotherapy to ease the temporary burden on its customers. These benefits help customers receive treatment with ease of mind.
- 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 (from the three life insurance companies)
- If a claim satisfies certain requirements, submission of medical certificate can be omitted or a copy of a medical certificate can be accepted (from the three life insurance companies)
- Improvement of explanation and advice at Customer Service Center (call center) and branch offices (from the three life insurance companies)
- 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 (from the three life insurance companies)
- Periodic follow-up of customers who take a long time to submit claim documents despite having declared an intention to make insurance claims (from the three life insurance companies)
- Services include confirmation of 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 (from the three life insurance companies)
- 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 (from the three life insurance companies)

3-4 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, employees visit homes of senior customers at least once a year and check the coverage and missing claims. Some senior customers are difficult for sales representatives to visit regularly due to geographical factors such as a lack of local branches and sales locations. In this case, Taiyo Life conducts confirmation activities that combine outbound calls with face-to-face distribution of brochures created for the purpose of checking unclaimed cases by a courier. Daido Life is conducting activities to confirm policy details where sales representatives and insurance agents visit customers to confirm the current policy details and necessary amount of benefits. In addition, the company is making efforts to provide detailed services such as suggesting customers to also take measures against a range of risks (risk management).

3-5 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 offers a range of services for daily lives and enhancing off-time activities to the policyholders of the three life insurance companies and Pet & Family Insurance. T&D Club Off members can use over 200,000 facilities and services such as hotels inside and outside Japan, leisure facilities, sports clubs, medical check-ups, and car rental at special discount rates.

《Example》

- Domestic hotels, Japanese inns, and overseas hotels/ about 25,000 locations
- Amusement and theme parks/ About 1,000 locations
- Housework services, pet sitting, and phone consultations on health and legal issue

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

● Other Services

We offer a wide range of services. Our private nursing-home referral service (from Taiyo Life) introduces over 320 facilities nationwide in collaboration with other industries. The "best doctors service" (from Taiyo Life) introduces good and reliable doctors and hospitals for when policyholders have serious illnesses. The adult guardianship system introduction service (from Taiyo Life) (from T&D Financial Life) introduces experts in the adult guardianship system that supports people whose judgment has deteriorated.

● Customer Service Center Open for Inquiries on Saturdays and Sundays

In order to provide services to customers who are busy on weekdays but would like to use such services, 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]

- Services that comprehensively support the practice of health-oriented management at SMEs
- Services that provide the implementation of systems to accurately and promptly confirm the safety of employees in times of disaster
- Specialist support for use of M&A by SMEs
- Services that calculate corporate value as a basis for judging the future direction of corporate management
- Support for an employee stress check system, from initial preparation to post-deployment follow-up
- Providing reports on management strategy, industry trends, and other useful business information
- Providing a standard form of company regulations
- Complimentary assessment of employment regulation
- Complimentary assessment for receiving public subsidies
- 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.

● Service on the Internet

The Group firms, including the three life insurance companies provide various kinds of information on their websites. As part of our efforts to improve customers' convenience, we also offer online services for payment procedures, inquiries and change of registered information. At Pet & Family Insurance, customers can also 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 and deferred fund payment certificates
- Inquiries about insurance policy details and life insurance premium payment certificates (inquiries, downloads)

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
- Requests for various forms for procedures (change of address, reissue of certificates for life insurance premium payment and other matters)
- Transfer of accumulated funds, set up transfer ratio in case of contracts with periodic increase of amount

* For more details, please contact the respective Customer Service Centers of the Group's three life insurance companies.

3-6 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.

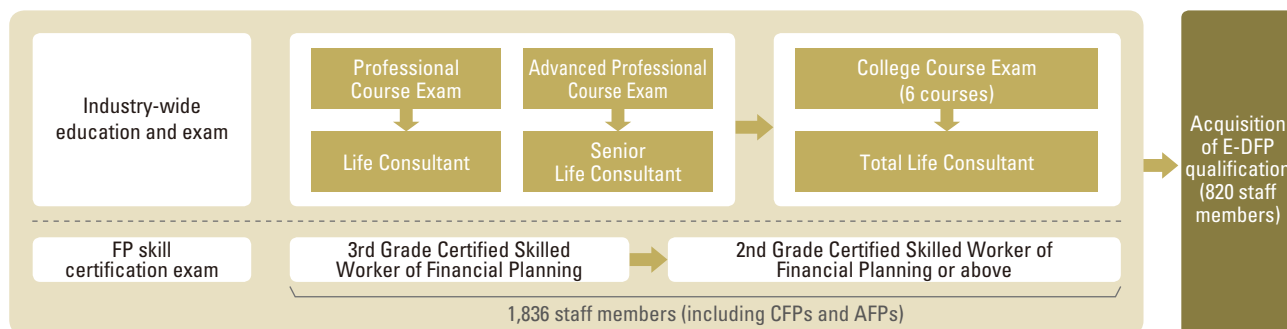
《Education Programs for New Sales Representatives (New-employee Education Programs and Financial Planner Education Programs)》



[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 2019)》



3-7 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 has built a sales structure aimed at offering applicable life insurance products tailored to the needs of various member companies and the clients of organization members who are tax accountants. 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 sales staff 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, T&D Financial Life provides practical training to sales staff, 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.

4. Improving Customer Satisfaction

102-44

4-1 Initiatives to Respond to Customer Feedback

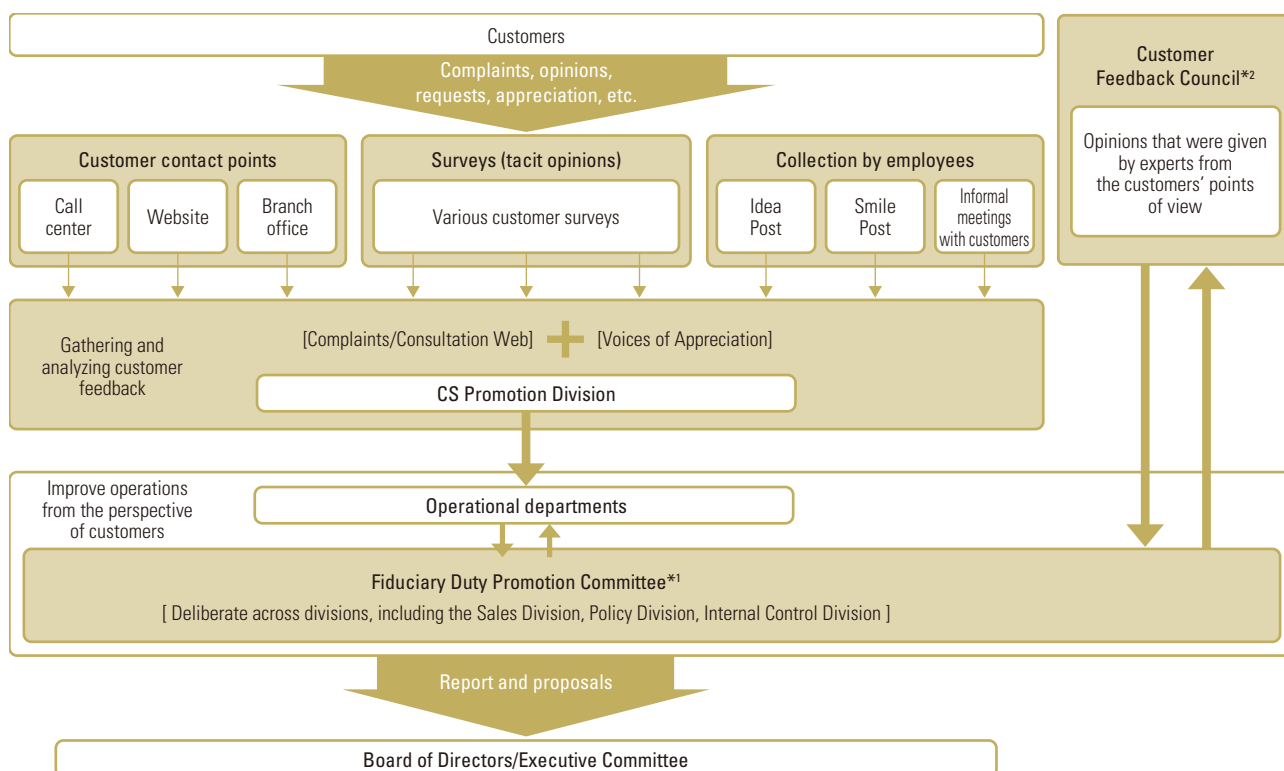
● Customer Feedback Collected from Daily Sales Activities

The three life insurance companies collect a variety of customer feedback through daily sales activities to respond to the changing needs of society through the provision of better products and services. We have set up a number of points of contact with customers, such as sales representatives, sales agents, call centers (customer service centers), and the Internet to collect as much customer feedback as possible. In addition, the company is conducting customer satisfaction surveys to inquire about the level of satisfaction provided by our products, services and after-sale services.

● System to Reflect Customer Feedback in Operations

The Group's three life insurance companies have set up dedicated departments and committees consist of 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 Daido Life)



*1 Fiduciary Duty Promotion Committee

We established the Fiduciary Duty Promotion Committee to further promote our corporate motto of "customer-oriented 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 of 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 adequacy 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 2018, meetings were held at 139 venues in September. 1,277 customers attended, and Taiyo Life made presentations on its management policy, results for fiscal 2017, "Taiyo's GENKI Project," *Kaketsuke-Tai Service*, and new products. 638 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 2019, following on from March 2018, 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	FY2015		FY2016		FY2017		FY2018	
	No. received	%	No. received	%	No. received	%	No. received	%
New contracts	1,918	31.1	1,784	28.2	1,448	30.6	1,719	30.4
Payment of premiums	395	6.4	436	6.9	312	6.6	380	6.7
Conservation work	920	14.9	988	15.6	906	19.1	1,032	18.2
Insurance claims and benefits	1,258	20.4	1,641	25.9	950	20.1	1,127	20.0
Others	1,658	26.9	1,469	23.2	1,104	23.3	1,399	24.7
Total	6,149	100.0	6,318	100.0	4,720	100.0	5,657	100.0

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

[Daido Life]

● Customer Satisfaction 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

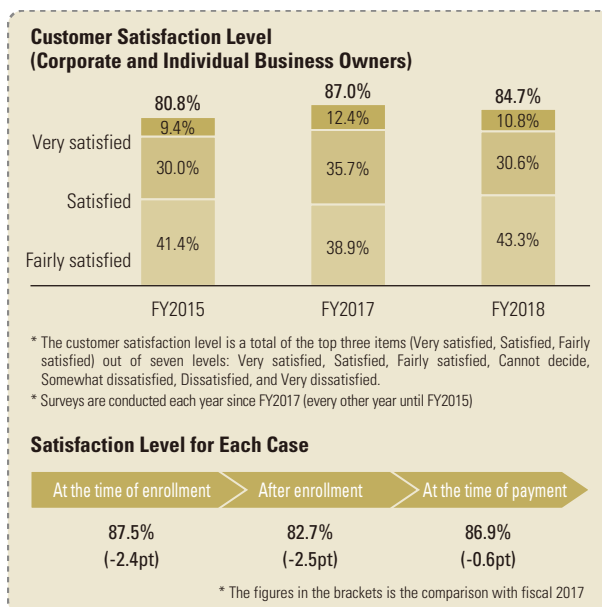
We define "complaint" as an expression of dissatisfaction by a customer regarding the company's operations. Upon receiving complaints, we immediately respond in a sincere manner, setting out to resolve such issues. At the same time we take these complaints as valuable information to be used for improving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

● Customer Complaints by Type

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

Type of feedback	FY2015		FY2016		FY2017		FY2018	
	No. received	%	No. received	%	No. received	%	No. received	%
Purchase of life insurance policy	1,539	13.2	1,414	12.9	1,383	13.0	1,202	11.8
Payment of premiums	838	7.2	856	7.8	846	8.0	736	7.2
Procedures after making a contract	4,754	40.7	4,100	37.3	4,021	37.9	3,816	37.5
Payment of insurance claims and benefits	2,030	17.4	2,644	24.0	2,255	21.3	2,170	21.4
Other	2,517	21.6	1,985	18.0	2,093	19.8	2,240	22.0
Total	11,678	100.0	10,999	100.0	10,598	100.0	10,164	100.0

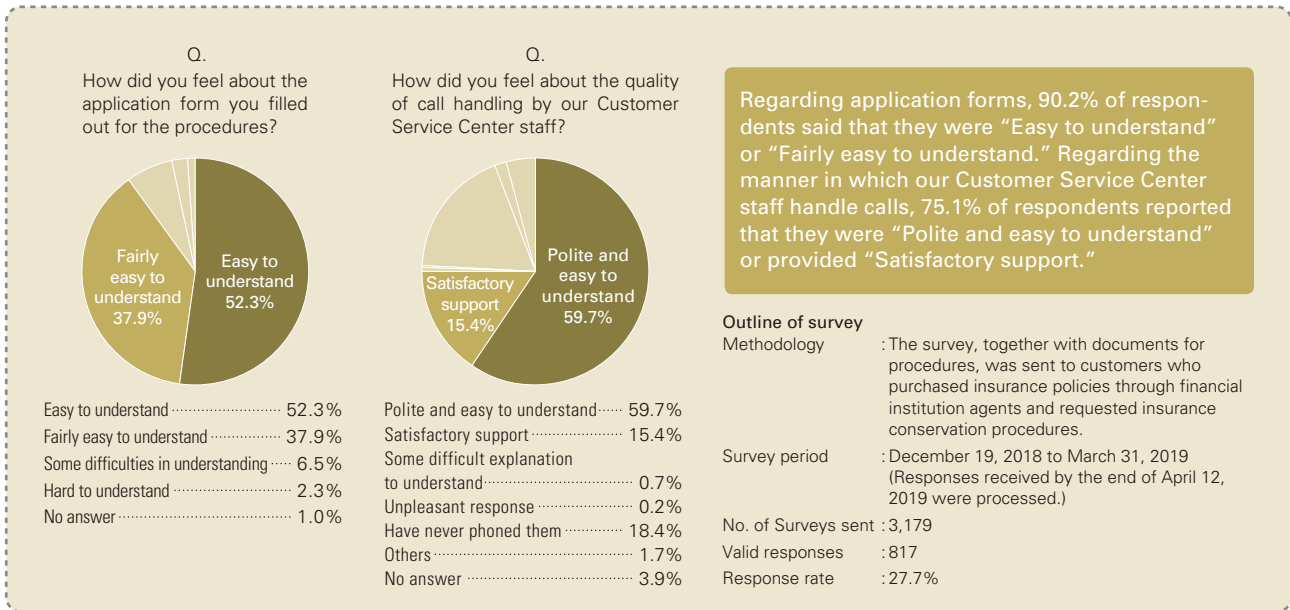
* As percentages are rounded to the second decimal place, totals will not necessarily add to 100.



[T&D Financial Life]

● Customer Survey

T&D Financial Life conducts a customer satisfaction survey to proactively reflect customer feedback in customer service and operational 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	FY2015		FY2016		FY2017		FY2018	
	No. received	%	No. received	%	No. received	%	No. received	%
New contracts	220	19.0	152	11.5	159	13.0	205	17.6
Payment of premiums	50	4.3	61	4.6	75	6.2	80	6.9
Procedures after making a contract	385	33.3	441	33.4	481	39.5	506	43.5
Insurance claims and benefits	305	26.4	426	32.2	275	22.6	176	15.1
Others	197	17.0	242	18.3	229	18.8	195	16.8
Total	1,157	100.0	1,322	100.0	1,219	100.0	1,162	100.0

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

IV | Priority Themes 2 Provide workplace environments that enable all people to participate actively



1. Basic Concept

1-1 Basic Concept

We believe that in order to provide workplace environments that enable all people to participate actively, it is necessary to respect the individuality and diversity of all people, while realizing a healthy and safe work environment. In “3. Respect for Human Rights,” in the T&D Insurance Group CSR Charter, the Group clearly sets out its commitment to:

- respect the human rights of all people; and,
 - respect the individuality and diversity of all our employees, ensure a healthy and safe work environment, and develop its human resources.
- Inadequate actions regarding respect for human rights in relation to business may result in the risk of losing the trust of society. We believe that in order to realize a sustainable society, it is necessary to support and show respect for the protection of human rights, and to promote the creation of a healthy and safe working environment where employees are able to respond to the needs of society. We also believe that such measures will serve as opportunities to further vitalize the Company, and are promoting various initiatives accordingly.

2. Utilization and Development of Human Resources

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2-1 Human Resources Development Policy

Since its foundation, the T&D Insurance Group has been promoting the nurturing of a corporate culture where diverse human resources can feel job satisfaction and reach their potential. Under our Group policy, in which each affiliate aims to improve its corporate value by leveraging the uniqueness and specialization of its respective business strategy, each of the Group’s affiliates formulates its own education and training plan and strives to develop and enhance the skills of its employees.

2-2 Initiatives to Provide Opportunities for Growth

The three life insurance companies conduct education and training, primarily through OJT (on-the-job training), group training, and support for personal development. These companies encourage autonomous career development by each employee, by actively helping them to acquire qualifications and offering a diverse curriculum, including correspondence education and e-learning.

In addition, systematic rotation is implemented to provide employees with a variety of business experience, allowing them to be more capable of carrying out work from a broad, company-wide perspective. Young employees are assigned to different parts of the organization and different job areas for a certain period after joining the company. By moving between the head office and branches, as well as sales and administration, these employees work to acquire basic knowledge and hone their skills. Similarly, with regard to management staff, employees who have experience as head office division managers are put in to positions such as branch general managers, while branch managerial staff are assigned to the head office, with the aim of improving their managerial capabilities.

Taiyo Life, Daido Life, T&D Financial Life

The three life insurance companies support employee career formation, by providing opportunities to actively pursue skill development.

● Received the Excellence Award at the 1st “Platinum Career Award”

In May 2019, the initiatives of the three life insurance companies were highly recognized at the 1st “Platinum Career Award,” held by Toyo Keizai Inc. (sponsored by the Cabinet Secretariat and the Ministry of Health, Labour and Welfare). T&D Holdings, Inc., which is the holdings company of the three life insurance companies, received the Excellence Award.

● 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 know-how possessed by each Group company.

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

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

- Number of participants in fiscal 2016 (including long-term transfer programs) 41 employees (21 men, 20 women)
- Number of participants in fiscal 2017 (including long-term) 42 employees (15 men, 27 women)
- Number of participants in fiscal 2018 (including long-term) 37 employees (13 men, 24 women)

● Working Group Comprising Young and Mid-Career Employees from Group Companies

In fiscal 2011, we started the Working Group for the Active Participation of Women, an initiative to plan and propose group-wide measures to promote active participation of women. In fiscal 2016, this initiative was renamed the Working Group on Work Style Reform, and comprises both men and women. In fiscal 2018, the Working Group conducted surveys and research on the theme of A Positive Cycle of Health Promotion and Productivity Improvements, and proposed various health promotion measures. One of these proposals involved the use of annual paid leave as health leave, along with the joint utilization of health promotion measures among Group companies. These proposals were promoted in fiscal 2019 at Group companies, leading to the further support of health promotion for employees.

● Overseas Job Assignments and Overseas MBA

Taiyo Life

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. In addition, it dispatches a number of employees to the asset management companies overseas to acquire high-level asset management knowledge.

Daido Life

In order to nurture global talent through diverse experiences, Daido Life offers all employees the opportunity to build their careers as the Career Challenge System through internships at overseas companies and MBA studies overseas.

● Challenge Navi

Daido Life

Challenge Navi is Daido Life's in-house human resources development website. The past experience, strengths and special skills of employees are available through the website's My Profile function on a company-wide basis. In addition to offering a detailed picture of individual careers, this website provides a system (D-Career) that enables employees to consult senior staff in other divisions regarding their jobs.

Daido Life received the Grand Prize (Minister of Health, Labour and Welfare Award) at the 2017 Good Career Company Awards. The company received the award in recognition of its efforts to support employees' career formation; which include the visualization of individual careers through Challenge Navi, the scheme which enables employees to consult with senior staff in other divisions, and the detailed collection of various career information through individual interviews which is used in personnel assignment and training.



2-3 Promoting the Active Participation of the Elderly

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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

In response to changes in lifestyles, on April 1, 2017, the company introduced a mandatory retirement age of 65 for administrative personnel, as well as a continuing employment system that allows persons to keep working up to the age of 70. At the same time, the company abolished the mandatory retirement at the age of 57 for managerial personnel. It also introduced a system that allows for the promotion of employees up to the age of 65 to the position of manager, subject to company approval. Through such efforts, the company is developing an environment where people can approach work with a competitive and high ambitious spirit regardless of age.

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

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3-1 Employment of Persons with Disabilities

As of the end of March 2019, a total of 381 employees with disabilities, including 40 new recruits for fiscal 2018, worked at the three life insurance companies, which account for 2.56% of the total number of employees.

We have put in place several measures designed to create a comfortable workplace for employees with disabilities. As a pre-hire initiative, we encourage the attendance of a placement support worker at job interviews, so that job candidates can go through the screening process without worry. We also hold workplace tours for candidates to prevent assignment mismatches. After hiring, we strive to provide company-wide support, through measures such as preparing a comfortable working environment by introducing specialized computers and other equipment, and taking commuting routes into consideration. In addition, job coaches who specialize in support for employees with disabilities are dispatched to the company, and a placement support worker holds interviews together with the employee and his or her supervisor, and offers advice.

We will continue working to create a workplace environment that encourages and supports persons with disabilities in working comfortably, and to expand employment opportunities for persons with various disabilities.

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

	FY2016	FY2017	FY2018
Employment rate of people with disabilities (%)	2.22	2.42	2.56

Daido Life

In order to create a workplace where diverse human resources can play active roles, the company continues to prepare a safe and comfortable working environment for persons with disabilities. As part of these efforts, in February 2018, the company established the ACT* administrative team which is composed of employees with disabilities at the head office.

* ACT is both an acronym for Advance Challenged Team, and a reference to persons with disabilities acting, or taking part, in society.

In March 2019, the company distributed tablets with the real-time voice-to-text converting "UDTalk" application installed to the head office and branches where employees with hearing disabilities work.

3-2 Human Rights Education

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The T&D Insurance 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

With the aim of deepening an understanding of human rights issues and cultivating a spirit of respect for human rights, the company has created a Human Rights Education Program, which holds courses for all employees on the topic of human rights.

In fiscal 2018, the company held four in-house study sessions for administrative personnel on various human rights issues, such as international human rights standards and harassment. Worksite study sessions for branch employees were conducted by outside instructors.

Training was also held for persons in management positions on the themes such as cultivation of a harassment-free workplace.



Daido Life

The company holds workplace training on human rights awareness for all employees, with the aim of enhancing awareness of human rights. In fiscal 2018, training was held on the topics of Human Rights Violation via the Internet and Preventing Harassment to Create a Comfortable Working Environment. Each worksite assembled to consider human rights in both the workplace and daily life, and engaged in a vigorous exchange of opinions.

In addition, in order to take measures against harassment, the company also held e-learning training, group training via teleconference, and DVD training for all managers, branch sales managers, and newly appointed managers. In particular, the company instructs managers to never leave a situation as is when receiving a report of harassment from their staff. In cases where staff members seek consultations regarding harassment, managers are asked to listen attentively and report to the Personnel & General Affairs Department, without exception.

T&D Financial Life

The company holds human rights training to allow all employees to deepen their knowledge and understanding of human rights, and to proactively confront human rights issues. This training also seeks to assist each and every employee in maintaining mental health, and to cultivate a healthy, harassment-free workplace environment by providing employees with a better understanding of mental health and harassment (sexual harassment and power harassment).

In fiscal 2018, the company held human rights training for all employees on topics such as responding to LGBT issues in the workplace and harassment. Training on cultivating a harassment-free workplace environment was also conducted for all personnel promoted to management positions, as part of the training for newly appointed managers.

3-3 Initiatives to Support Active Participation of Women

The T&D Insurance 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 Insurance 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 reduce total working hours and encourage male employees to take childcare leave, 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

T&D Insurance 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)

Ratio of female managers →

TAIYO-LIFE

Systematically cultivate and promote motivated and talented female employees

More than
20%
(target achieved)

DAIDO LIFE

Promote diverse work styles and support new challenges

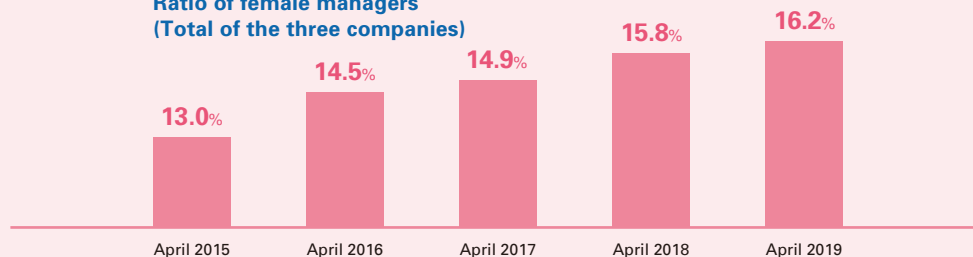
More than
15%
(April 2020)

T&D FINANCIAL LIFE

Become a company where female workers can work free from anxiety and reach their full potential

More than
15%
(April 2022)

Ratio of female managers (Total of the three companies)



Taiyo Life

- **Appointment of A Female Director**

The company's first female executive officer appointed in April 2017 has been appointed as a director in June 2018.

- **Education for Managers**

Management training is conducted when employees are promoted to management positions, as well as regularly thereafter, so that managers will be able to smoothly carry out their duties.

- **Nurturing Candidates for Management Positions**

The company systematically nurtures potential management personnel by providing group training in management skills for outstanding mid-career employees across the country, regardless of job category or gender. Employees can also acquire a variety of work experience, through opportunities such as exchanges between Group companies.

- **Preparing an Environment to Enable Flexible Work Styles**

In June 2017, the company expanded its flextime system to include employees on short working hours. It is working to create an environment where employees whose time is limited by childcare or nursing care can choose more flexible work styles and develop their careers. Accordingly, in April 2018, the company extended the eligible scope of the system for short working hours from "until the April immediately after a child enters elementary school" to "until the child graduates from elementary school." In addition, the company has formulated a support program for employees who resume work after childcare leave, and is developing a framework that enables a smooth return from childcare leave.

Daido Life

- **Expansion of Active Opportunities**

Daido Life strives to support career formation of female staff and to raise awareness among management, including the expansion of opportunities to promote active roles through challenging new roles or more important roles. Daido Life newly appointed a female executive officer in April 2018.

- **Career Challenge System**

The company provides opportunities for growth by enabling employees to gain a wide range of business experience, beyond the work they have previously engaged. These include in-house internships that allow locally based employees who have few transfer opportunities to leave their workplace for short periods to try a different job, free-agent style applications for in-house jobs, and work assignments at outside companies in Japan.

- **Nurturing Female Managers**

In addition to various training programs to nurture female managers, the company is working to enhance the management abilities of female managers through the "Mentor System," in which corporate officers and general managers support newly appointed female managers, and by arranging outside assignments to universities and other places.

T&D Financial Life

- **Training to Support Women's Active Participation**

Group training is held regularly on topics such as Communicating with the People around You, Demonstrating Leadership, and Guiding and Nurturing Subordinates and Juniors, with the aim of allowing female employees to envision the type of leader they should become, and to acquire the skills necessary to do so.

[Ranked 8th in the Nikkei DUAL Survey of Companies that Facilitate Childcare by Working Couples in 2017]

Daido Life was ranked 8th out of 7,800 companies in the Survey of Companies that Facilitate Childcare by Working Couples in 2017 conducted by the Nikkei DUAL website, which provides useful information for working mothers and fathers. This high ranking recognizes the company's efforts to promote work-life balance, including various support systems such as a childcare leave system that exceeds legal requirements, introduction of a home-based work system, and encouragement to use paid leave.

3-4 LGBT-friendly

[Welcomed by the Group]

The T&D Insurance 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.

Daido Life

In April 2018, Daido Life began treating same-sex partners as spouses under the company's leave and benefit program.

<Major Applicable Systems>

- Leave, short working hours
- Recreation facilities
- Family transfer system
- Company housing/transfer allowance
- Daido Life Mutual Aid Fund (congratulations and condolence allowance system)

[Customer-oriented]

The T&D Insurance 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.

Example of Daido Life

Daido Life is expanding the areas in which same-sex partners living together are accorded the same treatment as spouses, including procedures for new policies, payments, and policy changes.

Response	Date
Possible to designate as beneficiary for death benefits	November 2015
Possible to designate as registered family in the Family Registration Program	December 2016
Possible to sign on behalf of a partner for procedures such as new policies, payments when the partner is unable to do so for him/herself	April 2018
Possible to designate as a preregistered proxy	

4. Worker-friendly Work Environment

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4-1 Work-Life Balance Initiatives

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The T&D Insurance Group companies are strengthening various initiatives, including enhancement of childcare leave and other systems, as well as reduction of total working hours. Accordingly, employees can make full use of their skills and increase their performance at work, while fulfilling their responsibilities at home, such as housework, childcare, and nursing care. Furthermore, we believe that in order to promote the active participation of women, it is essential to create a workplace where women can continue working long term, while experiencing life events such as marriage and childbirth. As part of these efforts, the Group as a whole is striving to realize work-life balance by encouraging men to participate in childrearing, and the percentage of male employees taking childcare leave has reached 100% at the three life insurance companies.

Taiyo Life

The company is continuing its efforts to reduce total working hours and encourage the use of paid leave. At the same time, it is making a flexible work style available. This allows employees to take half days for child care giving or nursing-care leave, and expands the eligible scope of the system for short working hours to “until the child graduates from elementary school,” as well as eligibility for the flextime system to include employees on short working hours. In addition, the company has developed systems that exceed laws and ordinances, including a care leave system of up to 3 years, a childcare leave system applicable until a child is 3 years old, and childcare leave of at least one week for male employees, as a general rule.

Daido Life

Efforts are being made that are aimed at reducing working hours, such as the implementation of automatic computer shut down. In addition, the company is promoting work styles that allow employees to balance their job and life at home, such as promoting the use of paid leave and home-based work system. In 2017, the company received the Minister for Internal Affairs and Communications Award as one of the Top 100 Telework Pioneers for initiatives such as its home-based work system. In addition, in February 2019, the company was awarded the Excellence Award at the Telework Promotion Awards held by the Japan Telework Association.

T&D Financial Life

The company continues to implement measures to reduce overtime work hours, such as introducing a short working hour system, encouraging use of the flextime system, establishing a “No Overtime Day” and a “Go Home Early Day,” and automatically shutting down computers used for work. Through these efforts, the company seeks to create a workplace where employees can achieve work-life balance, with the aim of fostering a corporate culture where employees feel job satisfaction.

● Acquisition of Maternity and Childcare Leave

	FY2015	FY2016	FY2017	FY2018
No. of employees taking maternity leave	290	328	333	383
Number of employees eligible to take childcare leave	432	462	455	483
Men	142	134	122	100
Women	290	328	333	383
No. of employees taking childcare leave	406	450	444	465
Men	140	133	121	100
Women	266	317	323	365

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

Fiscal 2016 221 (98.7%) (Men 129 (100%), Women 92 (96.8%))

Fiscal 2017 196 (98.0%) (Men 126 (100%), Women 70 (94.6%))

Fiscal 2018 202 (95.3%) (Men 118 (100%), Women 84 (89.4%))

● Acquisition of Nursing-Care Leave

	FY2015	FY2016	FY2017	FY2018
No. of employees taking nursing care leave	8	12	20	6
Men	0	0	1	0
Women	8	12	19	6

● Number of Administrative Personnel Taking Paid Leave

	FY2015	FY2016	FY2017	FY2018
Average number of paid leave days taken	11.8	12.4	13.2	14.0

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

● Number of Employees Hired/Number of Employee Turnover

Number of administrative personnel hired /turnover		Number hired						Number Turnover					
		FY2016		FY2017		FY2018*		FY2016		FY2017		FY2018*	
		Number of persons	Percentage compared to number of employees at fiscal year end	Number of persons	Percentage compared to number of employees at fiscal year end	Number of persons	Percentage compared to number of employees at fiscal year end	Number of persons	Turnover rate	Number of persons	Turnover rate	Number of persons	Turnover rate
Total (men and women)	Total	242	4.17%	242	4.22%	305	5.30%	371	6.40%	271	4.72%	295	5.13%
	Under 30	185	3.19%	186	3.24%	271	4.71%	69	9.73%	67	9.82%	62	7.90%
	30-50	22	0.38%	36	0.63%	30	0.52%	88	2.39%	72	2.01%	101	2.98%
	Over 50	35	0.60%	20	0.35%	4	0.07%	214	15.21%	132	8.97%	132	8.37%
Men	Total	119	2.05%	116	2.02%	110	1.91%	154	4.74%	125	3.88%	160	5.04%
	Under 30	83	1.43%	84	1.46%	92	1.60%	25	7.44%	20	6.08%	26	7.65%
	30-50	8	0.14%	17	0.30%	15	0.26%	40	1.89%	32	1.56%	53	2.76%
	Over 50	28	0.48%	15	0.26%	3	0.05%	89	11.10%	73	8.65%	81	8.87%
Women	Total	123	2.12%	126	2.20%	195	3.39%	217	8.52%	146	5.80%	135	5.23%
	Under 30	102	1.76%	102	1.78%	179	3.11%	44	11.80%	47	13.31%	36	8.09%
	30-50	14	0.24%	19	0.33%	15	0.26%	48	3.06%	40	2.60%	48	3.27%
	Over 50	7	0.12%	5	0.09%	1	0.02%	125	20.66%	59	9.41%	51	7.67%

* The number of administrative personnel hired and leaving employment at the three life insurance companies. All percentages are based on the number of employees at the end of fiscal 2018.

* The number of persons leaving employment includes those who have reached mandatory retirement age, those who have left to assume posts as officers, and those who have died.

* Over 50 includes Fixed-term contract (shokutaku) employees.

● 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 four 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. 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 Information System and T&D Asset Management also obtained the "Platinum Kurumin" in August 2018 and June 2019, respectively.

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



TAIYO-LIFE



DAIDO LIFE



T&D FINANCIAL LIFE



T&D Asset Management

● Workforce Composition

[Information Regarding Employees and Other Workers]

Category		Social insurance	Welfare system	Paid leave	Salary
Employment type/ contract					
Full-time, indefinite-term	Administrative personnel	○	○	○	Fixed
	In-house sales representatives	○	△	○	Fixed + proportionate
	Contract employees	○	△	○	Fixed
Full-time, fixed-term	Fixed-term contract	○	△	○	Fixed
Part-time, fixed-term	Part-time	○	△	○	Fixed

* Exceptions are marked with a △.

[Employee Composition by Age Group]

Number of employees		Number of employees		
		March 31, 2017	March 31, 2018	March 31, 2019
Total (men and women)	Total	18,543	18,394	17,979
	Under 30	2,322	2,442	2,473
	30-50	9,087	8,871	8,455
	Over 50	7,134	7,081	7,051
Men	Total	3,564	3,539	3,514
	Under 30	353	347	371
	30-50	2,209	2,146	2,026
	Over 50	1,002	1,046	1,117
Women	Total	14,979	14,855	14,465
	Under 30	1,969	2,095	2,102
	30-50	6,878	6,725	6,429
	Over 50	6,132	6,035	5,934

* Number of employees at the three life insurance companies (including in-house sales representatives)

[Officer Composition by Age Group] (as of July , 2019)

		Under 30	30-50	Over 50	Total
Men		0	3	66	69
	Outside officers	0	2	12	14
Women		0	0	4	4
	Outside officers	0	0	2	2

* Outside officers refers to outside Audit & Supervisory Board members and outside directors

* Number of officers including executive officers at T&D Holdings and the three life insurance companies

4-2 Initiatives Reflecting Employee Feedback

102-43

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.

[Employee Awareness Surveys]

Daido Life

The company regularly conducts an employee awareness surveys to clarify conditions and problems regarding jobs, workplaces, supervisors, the company, and other matters, with the aim of utilizing the results in future human resources strategies for creating a positive cycle of improving employee satisfaction and enhancing corporate competitiveness.

This survey, which originally included only administrative personnel, was expanded in fiscal 2017 to include contract employees and re-employed personnel, with a view toward becoming a company where diverse human resources can play even more active roles.

4-3 CSR Questionnaires for Employees

102-43

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 Insurance Group's Sustainability 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. In addition, a questionnaire of Group executives and employees was conducted after they had read the report, with the aim of enhancing the Group's CSR initiatives.

[Questionnaire respondents]**T&D Insurance Group corporate officers and employees**

* Questionnaires are completed anonymously.

● **About the Entire Report****《Commendable sections》**

- | | |
|---|-------|
| ① Providing Better Products and Services..... | 23.3% |
| ② How We Define CSR | 15.5% |
| ③ Message from the President | 11.5% |
| ④ Global Environmental Protection..... | 10.6% |
| ⑤ Social Activities | 10.6% |
| ⑥ Respect for Human Rights..... | 7.5% |
| ⑦ Organizational Profile | 7.2% |
| ⑧ Others | 10.9% |

《Comments and requests received》

The report was at a level similar to that of the previous year, in terms of the evaluation of its comprehensibility and amount of information, as well as the understanding of the Group's CSR initiatives. Group executives and employees would like to see more complete reporting on matters such as initiatives toward employees (HR system and work environment improvement initiatives), overall Group management (business overview and future vision of Group companies) and soundness of Group management (compliance, risk management). We will consider enhancing content in these areas.

《How we responded to their opinions and requests》

To further enhance CSR awareness among corporate officers and employees, the Sustainability Report 2019 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

103-2

103-3

5-1 Health and Productivity Management Initiatives (1)

T&D Insurance Group companies aim to realize workplaces where all employees can work enthusiastically with a sound mind and body under the principles of health and productivity management.

Taiyo Life

The company promotes Taiyo's GENKI Project*, an initiative aimed at energizing and promoting the health of employees, customers and society. This project provides various forms of support to encourage employees to be healthy, with the aim of preventing lifestyle diseases. In addition to conducting in-house anti-smoking campaigns, the company also cooperates with Kaminoyama City in Yamagata Prefecture to offer Kurort Health Walking and Smart Life Stay, accommodation packages that incorporate the government's specified health guidance, through the Kaminoyama Onsen Kurort (health resorts) Program. The company's health and productivity management initiatives have also included an increase in the subsidy for cancer screening since 2017, and MCI screening is performed along with regular health checkups to diagnose the risk of future dementia.

* Taiyo's GENKI Project is being promoted with the President as its leader and all executive officers as members.

Daido Life

The company introduced the KENCO SUPPORT PROGRAM for executives and employees in an effort to promote employee health and improve health literacy. The program provides wearable devices that measure personal status during everyday activities, such as heart rate and number of steps taken, and organizes talks on the company-wide non-smoking policy and other health topics. The company is strengthening its existing efforts to reduce working hours, prevent disease, and promote mental health. In addition, by expanding these initiatives on a company-wide basis, under the title, "DAIDO KOKO-KARA," the company fosters a corporate culture as a company that practices health and productivity management.

T&D Financial Life

T&D Financial Life has implemented initiatives to promote employee health, with a management initiative of creating a workplace where employees can feel job satisfaction. These include initiatives to reduce working hours, such as establishing a “No Overtime Day” and a “Go Home Early Day,” as well as automatically shutting down computers used for work, fully implementing regular health checkups, conducting stress checks aimed at preventing mental health problems, abolishing in-house smoking areas and prohibiting smoking during working hours, and subsidizing the costs of engaging in sports through in-house club and other activities. In addition, the company is also engaged in specified medical check-ups and provision of health guidance based on Data Health Plans, in collaboration with the Health Insurance Association.

The three life insurance companies are recognized as 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 (third consecutive year of recognition for Taiyo Life and Daido Life). This Program was established by METI with the aim of disseminating health and productivity management, to encourage organizations to engage in initiatives to promote the health of their employees.

[Certified Health and Productivity Management Organization – White 500]

Both Taiyo Life and Daido Life were recognized, for a third consecutive year, 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 and Productivity Management Initiatives (2)

● Initiatives by the Human Resources Department

The T&D Insurance 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 Insurance 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.

● In-House Non-Smoking Initiatives

In the interests of strengthening measures to prevent second-hand smoke and promoting mental and physical health, in July 2018, the T&D Insurance Group implemented an in-house non-smoking policy (eliminating smoking areas on company premises and prohibiting smoking during work hours) at all Group companies.

● Health Insurance Association

The three life insurance companies have their own independent health insurance association, which work to prevent lifestyle diseases and otherwise promote the health of association members. In addition to covering medical costs, such as due to illness or injury in members and their dependents, the societies conduct campaigns to raise awareness regarding the use of health insurance, subsidize the cost of health check-ups including annual physical examinations, and promote cancer screening. Since fiscal 2008, the societies have also carried out specified medical check-ups and healthcare guidance aimed at preventing lifestyle diseases. In fiscal 2015, the health insurance societies began activities such as providing health guidance to insured members as part of their Data Health Plans. A Data Health Plan is an efficient and effective approach to health maintenance based on the PDCA cycle and analysis of data such as medical information (receipts for health insurance claims) and information about health examination results.

V Priority Themes 3 Help mitigate and adapt to climate change



1. Basic Concept

103-2 103-3

1-1 Basic Concept

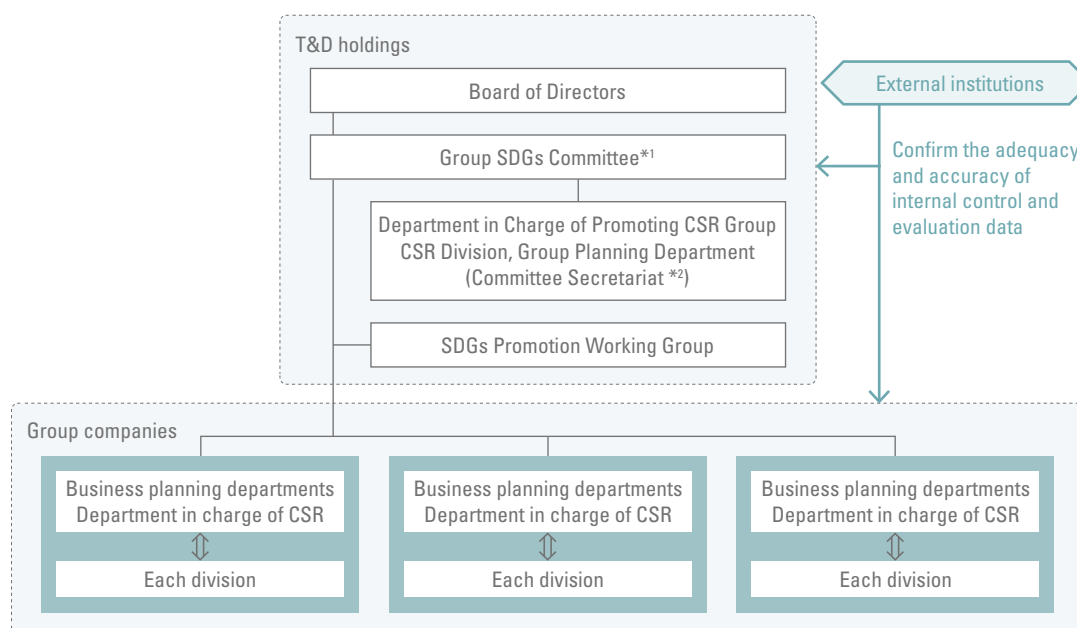
The T&D Insurance Group formulated the T&D Insurance Group Environmental Policy* to clarify the Group's stance on the environment and to publicize the policy among executives and employees and has promoted various activities to mitigate and adapt to climate change based on the policy. The T&D Insurance Group has announced that its 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. While climate change on a global scale is a risk for the continuity of the Group's business activities, at the same time, the Group considers it to represent an opportunity to undertake new activities.

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

2. Promotion Framework

103-2 103-3

2-1 Promotion Framework (Environmental Management)



*1 The Group SDGs Committee is chaired by the Representative Director and President, and vice-chaired by the Director and Senior Managing Executive Officer (Executive Officer in charge of CSR)

*2 Secretariat = Group SDGs Committee Secretariat

3. Environmental Impact-reduction Initiatives

301-1 302-1 302-3 303-1 303-3 305-1 305-2 305-3 306-2

3-1 Environmental Initiatives

● Reduction of CO₂ Emissions

As more than 90% of the CO₂ emissions (Scope 1 + 2) derive from electricity use at the T&D Insurance Group, we have set targets for electricity use and CO₂ emissions, and are taking actions to cut our energy consumption.

● Power-saving Efforts

Each year the T&D Insurance Group participates in a "Cool Biz" campaign from May to October (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 Insurance 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 2018, this initiative was conducted in July and December. We will continue our initiative of a simultaneous switch-off of all the lights twice a year, in order to contribute to the prevention of global warming.

● Efforts for Achieving Group-wide Targets

The T&D Insurance 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 62

In addition to the power-saving activities, we implement a multitude of measures to reduce electricity consumption. These efforts range from introducing a power demand monitoring system for controlling peaktime 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 62

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 63

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.

● Promotion of Paperless Operations

At the T&D Holdings headquarters in Nihombashi, Tokyo, the conference room has been fitted with OA equipment to allow paperless meetings of the Board of Directors and the Executive Committee. The Company is working to promote a shift to a paperless format for other meetings as well, by distributing mobile computers, installing wireless LANs, and providing displays on meeting room tables.

● 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								
FY2016	220	242	542	94	490	0.4	1,252	336
FY2017	271	314	550	89	337	0.6	1,158	404
FY2018	313	325	542	86	345	0.1	1,200	411
System equipment and office automation equipment								
FY2016	4,623	345	16,354	359	13	10	20,990	714
FY2017	3,125	116	9,433	283	31	0.9	12,589	401
FY2018	14,015	1,797	24,083	176	6	0.3	38,104	1,973
Real estate equipment								
FY2016	29	1,696	0	0	4,500	4,419	4,529	6,115
FY2017	36	1,265	0	0	5,146	2,876	5,182	4,142
FY2018	50	1,078	0	0	5,041	3,730	5,091	4,808

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

3-2 Environmental Performance Data

The T&D Insurance 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 63 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. (page 65 “3-5 Independent Assurance Report”)

	FY2016	FY2017	FY2018
Scope 1 (Direct emissions)	1,997 t	1,893 t	1,816 t ★ (1,816 t)
Scope 2 (Indirect emissions)	49,393 t	48,453 t	47,553 t ★ (47,381 t)
Scope 3 (Others)	6,461 t	6,477 t	24,997 t ★ (6,539 t)
Category 1 (Purchased goods and services)	—	—	239 t ★
Category 2 (Capital goods)	—	—	11,363 t ★
Category 3 (Fuel- and energy-related activities)	3,836 t	3,853 t	4,021 t ★ (4,006 t)
Category 5 (Waste generated in operations)	49 t	56 t	46 t ★
Category 6 (Business travel)	2,576 t	2,568 t	2,486 t ★
Category 7 (Employee commuting)	—	—	6,843 t ★
Total	57,851 t	56,823 t	74,365 t ★ (55,735 t)

- From FY2018, the scope of calculation has been expanded to the T&D Group. As a reference, figures for FY2018 include the value calculated according to the scope of the previous year in parentheses.
- Starting in FY2018, categories 1, 2, and 7 were added to Scope 3.
- Data coverage: fraction of Group employees included in the target employee set 100% (98.05% in FY2017)

Electricity Consumption

★ indicates limited verification has been carried out by a third party. (page 65 “3-5 Independent Assurance Report”)

	FY2016	FY2017	FY2018
Electricity consumption	97,705 MWh	96,486 MWh	98,929 MWh ★ (98,532 MWh)
Total floor space (including portion for tenant use)	875,271 m ²	878,751 m ²	935,830 m ² (932,685 m ²)

- From FY2018, the scope of calculation has been expanded to the T&D Group. As a reference, figures for FY2018 include the value calculated according to the scope of the previous year in parentheses.
- Data coverage: fraction of Group employees included in the target employee set 100% (98.05% in FY2017)

Water Consumption

★ indicates limited verification has been carried out by a third party. (page 65 “3-5 Independent Assurance Report”)

	FY2016	FY2017	FY2018 ★
Water consumption (Utility + reclaimed water)	35,000 m ³	31,800 m ³	48,300 m ³
Reclaimed water usage rate	2.4%	2.5%	1.6%

Data coverage: fraction of Group employees included in the target employee set (45.82%)

Waste Generated & Recycling Rate

★ indicates limited verification has been carried out by a third party. (page 65 “3-5 Independent Assurance Report”)

① Paper waste	FY2016	FY2017	FY2018 ★
Total amount	369 t	421 t	346 t
Recycling rate	79.0%	80.7%	75.4%
② Non-paper waste	FY2016	FY2017	FY2018 ★
Total amount	137 t	102 t	101 t
Recycling rate	70.9%	64.5%	57.1%

- Daido Life Insurance Company, which is our directly owned subsidiary, added applicable offices and amended its figures for ② Non-paper waste. Accordingly, ② Non-paper waste has increased by 5t in fiscal 2018.
- Data coverage: fraction of Group employees included in the target employee set (45.82%)

3-3 Group-wide Targets and Results

The T&D Insurance 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 63 in “3-4 Scope and Calculation Methods of Environmental Performance Data and Group-wide Targets and Results.”)

● Electricity Consumption (new standard)

Baseline: Electricity consumption in FY2016 (value per unit of floor space) = 111kWh/m²

Target: Reduction by at least 10% from baseline by FY2027

Scope: Buildings owned or leased and used by Group companies. Owned buildings include tenant usage; only the leased area is applied for leased buildings.

★ indicates limited verification has been carried out by a third party. (page 65 “3-5 Independent Assurance Report”)

	Baseline (FY2016)	[Reference] FY2017	FY2018
Electricity consumption	97,161,000 kWh	93,983,000 kWh	97,998,000 kWh ★
Total floor space	875,000 m ²	879,000 m ²	933,000 m ²
Per unit of floor space	111.0 kWh/m ²	107.0 kWh/m ²	105.1 kWh/m ²
Compared to baseline	—	96.4%	94.7%

* As nearly all of the Group's CO₂ emissions (Scope 1 + 2) are derived from the usage of purchased electricity, we have set targets for reducing electricity use and controlling energy consumption, with the aim of reducing our CO₂ emissions.

* Achieving our target reduction in electricity consumption will reduce CO₂ emissions by more than 10% by fiscal 2027, relative to Group-specific consumption level in fiscal 2016. Moreover, if the CO₂ reduction target (emissions coefficient) of the Federation of Electric Power Companies of Japan is achieved, the total combined reduction will amount to 33% or more (based on the Company's calculations).

* The reduction target is based on the premise that the CO₂ reduction target of the Federation of Electric Power Companies of Japan is achieved. It is equivalent to the reduction target (services/commercial buildings sectors) based on the scientific ground, combined with the relevant portion.

Data coverage: fraction of Group employees included in the target employee set (98.91%)

[Reference] FY2013-FY2017 Target Results

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.

	Baseline	FY2013	FY2014	FY2015*	FY2016*	FY2017*	Progress made (Average value of FY2013-FY2017)
Electricity consumption	72,163,000 kWh	57,873,000 kWh	56,340,000 kWh	56,573,000 kWh	58,508,000 kWh	58,733,000 kWh	57,605,000 kWh
Total floor space	606,000 m ²	583,000 m ²	578,000 m ²	605,000 m ²	589,000 m ²	610,000 m ²	593,000 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	96 kWh/m ²	97 kWh/m ²
Compared to baseline	—	83.3%	81.9%	78.5%	83.4%	80.9%	81.6% (18.4% 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.

Data coverage: fraction of Group employees included in the target employee set (98.05%)

● 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. (page 65 “3-5 Independent Assurance Report”)

FY2014	FY2015	FY2016	FY2017	FY2018 ★	Progress made (Average value of FY2014-FY2018)
160.2 t	151.8 t	123.1 t	127.2 t	130.4 t	78.0% (22% reduction from the baseline value)

Total amount of office paper purchased

Data coverage: fraction of Group employees included in the target employee set (88.07%)

New office paper consumption reduction targets (FY2019 – FY2023)

Baseline: Average from FY2014 to FY2018

Target: Reduction by 12% compared to the baseline value on the five-year average from FY2019 to FY2023

● Green Purchasing Ratio

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

FY2016	FY2017	FY2018
96.0%	95.7%	94.5% (Target exceeded by 14.5%)

Applies to purchases through online purchasing systems.

Data coverage: fraction of Group employees included in the target employee set (88.07%)

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

Disclosure item		Scope		
Environmental performance data	Scope 1 (Direct emissions)	T&D Group (since FY2018); major Group companies (FY2017 and earlier)		
	Scope 2 (Indirect emissions)	T&D Group (since FY2018); major Group companies (FY2017 and earlier)		
	CO ₂ emissions	Scope 3 (Others)	Category 1 (Purchased goods and services)	Major Group business sites, excluding sales offices and branches of Taiyo Life and Daido Life (added FY2018)
			Category 2 (Capital goods)	T&D Group (added FY2018)
			Category 3 (Fuel- and energy-related activities)	T&D Group (since FY2018); major Group companies (FY2017 and earlier)
		Category 5 (Waste generated in operations)	Major Group buildings	
		Category 6 (Business travel)	T&D Group	
		Category 7 (Employee commuting)	T&D Group (added FY2018)	
		Electricity consumption (Total floor space)	T&D Group (since FY2018); major Group companies (FY2017 and earlier)	
	Water Consumption	Major Group buildings		
Waste Generated & Recycling Rate	Major Group buildings			
Group-wide targets and results	Electricity consumption	T&D Holdings and core Group companies		
	Office paper use	Major Group business sites, excluding sales offices and branches of Taiyo Life and Daido Life		
	Green Purchasing Ratio	Major Group buildings		

Calculation scope	Group companies, business sites, and buildings included in the calculation scope
T&D Group	<ul style="list-style-type: none"> T&D Holdings, Taiyo Life, Daido Life, T&D Financial Life, T&D Asset Management, T&D Information System Buildings owned by Taiyo Life and Daido Life (including tenant leases) Pet & Family Insurance, T&D Confirm, Toyo Insurance Agency, Daido Management Service, T&D Lease, Taiyo Credit Guarantee, T&D Customer Services, T&D Information System, Nihon System Shuno, Zenkoku Business Center
Major Group companies	<ul style="list-style-type: none"> T&D Holdings, Taiyo Life, Daido Life, T&D Financial Life, T&D Asset Management, T&D Information System Buildings owned by Taiyo Life and Daido Life (including tenant leases)
Core Group companies	<ul style="list-style-type: none"> Taiyo Life, Daido Life, T&D Financial Life, T&D Asset Management
Major Group business sites	<ul style="list-style-type: none"> Each business site of T&D Holdings, Taiyo Life, Daido Life, T&D Financial Life and T&D Asset Management (excluding tenant leases of buildings owned by Taiyo Life and Daido Life)
Major Group buildings	<ul style="list-style-type: none"> Tokyo Nihombashi Tower, Daido Life Osaka Head Office Building, Taiyo Life Nihonbashi Building, Taiyo Life Urawa Building, Hamamatsucho Building, Mita Bellju Building

Note: The data for FY2013-FY2015 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			
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.)		
CO ₂ emissions	Group-wide	Basic Guidelines Ver. 2.3 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.	
	Category 1 (Purchased goods and services)	Calculated by multiplying the office paper use by the predetermined coefficient.	
	Category 2 (Capital goods)	Calculated by multiplying the expenditure for purchased capital goods, excluding land, by the predetermined coefficient.	
	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 in operations)	Calculated by multiplying the waste generated by the predetermined coefficient.	
	Category 6 (Business travel)	Calculated by multiplying the number of Group personnel at the end of the fiscal year by the predetermined coefficient.	
	Category 7 (Employee commuting)	Calculated by multiplying the number of Group personnel by employment type and urban development level 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	Calculated by 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.		

The T&D Insurance Group obtained third-party assurance from Ernst & Young ShinNihon LLC for fiscal 2018 data presented in section "3-2 Environmental Performance Data" on page 61 and section "3-3 Group-wide Targets and Results" on page 62 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 19, 2019

Independent Assurance Report

TO:
Mr. Hirohisa Uehara
Representative Director and President
T&D Holdings, Inc.

Kenji Sawami
Engagement Partner
Ernst & Young ShinNihon LLC Tokyo, Japan

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, 2019 as included in the Environmental Performance Data and Group-wide Targets and Results of the Company's Sustainability Report 2019 (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, that 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 July 2018, 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, the *International Standard on Assurance Engagements: Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410")*, issued by the International Auditing and Assurance Standards Board in December 2013. The procedures, which we have 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 Company and one major subsidiary visited;
- Performing analytical procedures concerning the Indicators at the Company and one major subsidiary visited; and
- Testing, on a sample basis, underlying source information and conducting relevant re-calculations at the Company 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

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4-1 Forest Conservation Activities Taiyo Life

● 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 “*Taiyo Seimei no Mori*” (the Forests of Taiyo Life) in Nasushiobara (Tochigi Prefecture) and Takashima (Shiga Prefecture). “*Taiyo Seimei no Mori*” (the Forests 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 2018. 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. 110). Our second corporate forest “*Taiyo Seimei Kutsuki no Mori*” (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 2018. We also conducted Kurort Health Walking using the Kutsuki Forest course in October 2018, and hosted the “*Dongri Project*” (Acorn Project) in December 2017, 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 276).



Name of Forest	“ <i>Taiyo Seimei no Mori</i> ” (the Forests of Taiyo Life) (Tochigi Prefecture)	“ <i>Taiyo Seimei Kutsuki no Mori</i> ” (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 472,115 pairs of chopsticks in aggregate from September 2006 to March 2019. 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 *OurPlanet* and *UNEP FORUM* —*Environmental Magazine Tying UNEP to Enterprises*, published by the United Nations Environment Programme (UNEP). These publications are distributed to all companies in the T&D Insurance Group as well as to local elementary and junior and senior high schools, public libraries, and other parties to raise awareness of environmental issues.



6. Disclosure of Climate-related Financial Information Based on the TCFD Recommendations

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The Task Force on Climate-related Financial Disclosure (TCFD), established by the Financial Stability Board (FSB), formulated its recommendations for clarified, comparable, and consistent information disclosure regarding the risks and opportunities posed by climate change. These recommendations were announced in June 2017.

Climate change is an issue to be addressed on a global scale. The effects of climate change have significant impacts on the lives of people, through changes in economic behaviors and society worldwide. The T&D Insurance Group has expressed its support for the TCFD recommendations, and is actively committed to disclosing climate-related financial information in an easy-to-understand manner.

Disclosure of climate-related financial information

Governance

【Oversight by the Board of Directors】

- The Board of Directors has established the Group SDGs Committee as its subsidiary body, with the task of reviewing and deliberating its policies related to SDGs and CSR, along with measures concerning the global environment and social issues.
- The Group SDGs Committee is chaired by the Representative Director and President, who concurrently serves as chairperson of the Board of Directors, and consists of the directors and general managers in charge of the planning departments and CSR departments at Group companies. The Committee formulates policies and measures regarding the global environment and social issues such as SDGs, while periodically monitoring the progress of such initiatives, and reporting to the Board of Directors thereon.

【Roles of management】

- The Company has established the Executive Committee, comprising the Chairman, the President, and executive officers in charge of specified areas of operations, for the purpose of deliberating important matters related to management of the Group. The Executive Committee receives detailed reports on all policies and measures regarding the global environment and social issues that are deliberated at the Group SDGs Committee. Important matters are also deliberated at the Executive Committee, and the results thereof are reported to the Board of Directors.

Strategies

【Physical risks】^(Note 1)

- Climate change associated with global warming is considered to be responsible for the increased frequency and severity of natural disasters.
- This may give rise to a deterioration of underwriting profitability, along with other financial impacts, including an increase in the cost of measures for business continuity at Group companies.
- In addition, an increase in the average temperature due to global warming may have an impact on the morbidity rate and average life expectancy related to insurance accident rates.
- However, an increase in the average temperature and associated changes in the morbidity rate and average life expectancy are likely to progress gradually, over a long period of time. Therefore, it is assumed to be possible to maintain adequately calculated premium rates by accurately assessing and analyzing the changing data.

(Note 1) Business risks associated with natural disasters caused by extreme weather such as typhoons and floods, and those associated with phenomena such as an increase in the average temperature and a rise in the sea level

【Transition risks】^(Note 2)

- As initiatives for mitigating and adapting to climate change have progressed globally, laws, regulations, and technological advances may have a significant impact on industries as a whole. In such circumstances, the following events may affect the businesses of investees and borrowers of the Group, and there is a risk that the value of assets related to the Company's investments and borrowings may fluctuate.

- Increased business costs due to changes in policies, laws, and regulations, such as stricter regulations on greenhouse gas emissions and expansion of the scope of information to be disclosed
- Replacement of existing products with low carbon technologies, and failures in investments in new technologies

- Risks of increased investment costs, due to the requirement to improve the environmental performance of real estate (such as office buildings).
- If the Group's management framework is inadequate to meet social demands in the form of laws, regulations, and economic policies in line with the mitigation of climate change, the Group may fail to achieve the level of conduct and information disclosure expected of a leading listed company group. This may give rise to the risk that the Group's social credibility and brand image may be compromised, adversely affecting its share price, financial results, and business activities.

(Note 2) Business risks arising from the behavior of governments, corporations, and consumers in the process to carry out the transition to a low carbon society (through a significant reduction of greenhouse gas emissions)

【Opportunities】

- Changes in the morbidity rate and average life expectancy associated with the progress of global warming are expected to give rise to needs for protection (involving death, annuities, and medical care) against emerging risks. There are opportunities to expand net sales of the insurance business, by expanding and providing a wider scope of protection in order to meet such emerging needs.

- As the reduction of greenhouse gas emissions progresses, the Group, as an institutional investor, has opportunities to enhance the value of investment assets and expand investment returns stably over the long term, by investing and lending to expanding clean energy development and energy conservation businesses, and by owning and managing real estate (such as office buildings) with superior environmental performance.
- The Group also has opportunities to expand its business domains and earnings as a business operator, rather than as an institutional investor, by developing or entering into new business domains related to the mitigation of and adaptation to climate change.

Risk management

[Risk identification and assessment process]

- The Group exhaustively classifies the risks it faces through use of a risk profile, with a view toward dealing with increasingly diverse and complex risks. Risks are listed exhaustively by risk category. The Group then identifies and assesses these risks, and prioritizes initiatives by considering factors such as each risk's significance, potential impact, and current status of control, which are then reflected in management plans, as necessary. The Group registers climate change-related risks on the risk profile as critical risks to be managed, and scrutinizes, identifies, and assesses these risks. Climate change-related risks are identified and assessed as insurance underwriting risk, asset management risk, operational risk, reputational risk, and risks that may have broad-based impacts on overall management.

[Risk management process]

- In order to identify and grasp newly emerging risks, as well as changes in risks that have already been identified, a review of the risk profile is carried out twice per year, and reported to the Group Risk Management Committee and the Board of Directors.
 - Management of climate change-related risks
 - 1) Physical risks
 - The Group considers to mitigate deterioration of underwriting profitability through reinsurance and other means, along with large-scale disaster risks (insurance underwriting risks).
 - The Group monitors existing products and implements countermeasures, including product revisions, as necessary.
 - 2) Transition risks
 - The Group engages in investments and borrowings, taking into account climate change-related risks based on the Principles for Responsible Investment (PRI).
 - The Group monitors trends in economic policies, laws, and regulations, and share the information across the Group, through the Group SDGs Committee and the Group Management Promotion Committee. Measures are taken to ensure that the Group responds to such trends in a sufficiently effective manner at the level expected of a listed company.

[Integration to the overall risk management]

- For the purpose of overall risk management activities, the Group integrally manages its capital, profit, and risk by using ERM (Enterprise Risk Management). ERM 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 capital, profit, and risk. As opposed to passive risk management, which considers risk something to be avoided, in ERM, risk is not something only to be eliminated or reduced, but rather, the risks that should be taken on to pursue growth in profitability are selected actively while limiting risk to a fixed scope of capital to maintain sound management of business operations.
- The T&D Insurance Group has specified an economic solvency ratio (ESR), which is a risk-management index based on economic value. These are concrete quantitative indicators of risk appetite and tolerance. ESR is calculated as net assets (surplus) based on economic value, divided by economic capital (EC), which is the risk level based on economic value, calculated using an internal model including insurance underwriting risk, asset management risk, and operational risk. We manage risk on the basis of economic value through such means as controlling EC to stay within a certain range of the surplus. ESR is managed on a monthly basis. The statutory solvency margin ratio is managed on a quarterly basis. As with other risk reviews, these are reported to the Group Risk Management Committee and Board of Directors.

Metrics and targets

- The Group establishes its environmental protection-related targets and is working on initiatives to achieve them in its daily business activities. The three targets are "to reduce electricity consumption," "to reduce office paper consumption," and "to improve the green purchasing ratio." Progress toward the achievement of these targets is measured semi-annually, and disclosed in various reports and websites.
- As for the target to reduce office paper consumption, the target for the five-year period from FY2014 was achieved. Efforts are underway to achieve the target for the next five-year period from FY2019.
- As for the target to reduce electricity consumption, targets for the five-year periods from FY2008 and FY2013 were both achieved. Efforts are underway to achieve the target for the next ten-year period from FY2018.
- As for CO₂ emissions, Scope 1 (direct emissions from the Company), Scope 2 (indirect emissions via the purchase of energy including electric power), and Scope 3 (indirect emissions via other corporate activities including procurement of materials, transport, and disposal) are measured and disclosed on a continuous basis.

VI | Priority Themes 4 Invest to help build a sustainable society

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1. Basic Concept

1-1 Basic Concept

With the main business of the Group being life insurance business, contributing to realizing a sustainable society through investment is one of the most fundamental roles of the Group. The sustainable and stable growth of society is essential in securing long-term stable profit through investment. The Group focuses on the impact that the investment activities of the institutional investors who manage long-term funds have on efforts to realize a sustainable world. The Group will contribute to the realization of a sustainable society through investment activities undertaken in consideration of the environment, society and corporate governance.

2. Responsible Institutional Investor

2-1 Signing of the Principles for Responsible Investment (PRI)

Daido Life, Taiyo Life, and T&D Asset Management have signed the Principles for Responsible Investment (PRI)*, which is 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. Based on these objectives, Daido Life is contributing to the formation of a sustainable society through promoting investing and lending that considers environmental, social and governance (ESG) issues. Specifically, the company is promoting lending and investment that aims to supply funds to companies and businesses that contribute to solving climate change and the development of social infrastructure. The company is also carrying out initiatives regarding asset management that incorporates ESG factors such as company analyses of investment processes.

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 PRI Transparency Report.

WEB <https://www.unpri.org/searchresults?qkeyword=¶metrics=WVSECTION%7cSignatories>

* 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 2,200 financial institutions worldwide, and by 75 in Japan (as of August 2019).

[Principles for Responsible Investment (PRI) Initiatives]

Example from Taiyo Life

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes

Taking ESG issues into consideration for investing and financing decisions, including stocks, bonds, and other securities, as well as real estate and lending

When investing and financing, including bonds and other securities, real estate, and lending, we incorporate corporate assessments related to ESG into our conventional investment and financing decisions. In this manner, we strive to improve the long-term outcomes of our investments, while at the same time fulfilling our mission based on the Principles for Responsible Investment (PRI).

Organizational Profile
Sustainability Management
Priority Themes 1
Promote healthy and abundant lives for all people
Priority Themes 2
Provide workplace environments that enable all people to participate actively
Priority Themes 3
Help mitigate and adapt to climate change
Priority Themes 4
Invest to help build a sustainable society
Social Activities
Governance and Internal Control
Management Control
Third-party Opinion
Index

• **We reflect the PRI approach in our stance on asset management**

Taking ESG issues into account is one of Taiyo Life's stances on asset management, as is clearly stated in our rules for asset management.

<Our Stance on Asset Management>

1. Under the principle of self-responsibility in management, we will strive to enhance and strengthen such organizations as our internal control organization by utilizing the function of mutual checks, our risk management organization based on the financial environment, etc., and our asset management organization.
2. Based on the nature of the life insurance industry, we aim to promote the interests of policyholders and others, taking social and public aspects into greater account. Such aspects include strictly refraining from speculative trading, as well as unsound investments and loans.
3. When making investment and financing decisions, we also account for the impact of our actions on domestic and international financial and capital markets. In addition, when investing or financing overseas, we take the local financial and economic impacts into account, as well.
4. We also strive to instruct our subsidiaries and other entities with special relationships specified by the Cabinet Office Ordinance ("subsidiaries and others") to take social and public aspects into account in their asset management actions.
5. We strive to contribute to the continuous development of society and the financial markets, taking into account issues regarding the environment, social responsibility, and corporate governance.
6. As a responsible institutional investor, we strive to properly fulfill our duty of stewardship, through means such as constructive dialogue with investment targets.

Taiyo Life ESG Investment Criteria

Taiyo Life has specified the "ESG Investment Criteria," in order to promote asset management that considers ESG issues. The main investment and lending methods based on these criteria are as follows.

[ESG Theme Investments]

In consideration of environmental, social, and governance issues, Taiyo Life is working on investment and lending with themes that are capable of contributing to the realization of a sustainable society.

[ESG Integration]

When investing and financing stocks, bonds and other securities as well as real estate and loans, Taiyo Life incorporates corporate assessments related to non-financial information such as ESG into the financial information of the recipients of the investment and lending. In this manner, the company strives to improve the long-term outcomes of the investments, while at the same time fulfilling our mission based on PRI.

[Negative Screening]

Taiyo Life manages the insurance premiums collected from our customers, while taking into consideration social and public perspectives, as well as profitability and liquidity. We prohibit investment and lending, in principle, in cases such as when the recipients are judged to be involved in antisocial behavior, or when an involvement in inhumane weapons has been confirmed. In addition, when an ESG related scandal occurs, or when a business partner or the recipient of investment and lending has a serious ESG issue, we will consider whether or not to invest based on these standards, after confirming the situation through direct communication or other methods, as necessary.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Incorporating the Principles into our standards for exercising voting rights

We clearly state our approach to PRI in our standards for exercising voting rights by signing the PRI.

In this manner, we exercise voting rights based on social and public aspects, as well as our fiduciary responsibility to our customers, shareholders, and other stakeholders. In addition, we take the ESG perspective into greater account when exercising voting rights. In this process, we establish internal decision-making processes and a system for reporting to management, and disclose the status of exercising voting rights on the Company website.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Adequate disclosure of ESG issues

We strive to practice regular constructive purposeful dialogue (engagement) with our investment targets. In this regard, we also work to promote an understanding of our response to ESG issues, from the perspective of contributing to the realization of a sustainable society. At the same time, we seek adequate disclosure, while confirming the response to ESG issues by these companies.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Explanation of PRI activities to corporate pension plan and other contract partners

Taiyo Life includes information regarding PRI activities in its disclosure materials regarding corporate pension plans. In addition, as necessary, we explain details regarding our statement of accounts, asset management policy, PRI activity status, and the like to corporate pension plan and other contract partners.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Information exchange and collaboration with PRI signatory institutions

We regularly participate in meetings with PRI signatory institutions and related entities, in order to improve acceptance and implementation of the PRI, and promote our PRI activities more effectively and concretely. We also share best practices and global trends regarding the responsibility to take ESG issues into account in the investment and financing decision-making process. Furthermore, we discuss specific measures to promote the acceptance and implementation of the PRI, while taking into consideration circumstances unique to Japan.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

Reporting on the status of our PRI activities on our website and elsewhere

We internally and externally disclose details regarding our PRI initiatives, including the history of our signing, on our website, in our disclosure materials, and elsewhere. In terms of the PRI framework, we also report on the status of our PRI activities for the fiscal year to the PRI Secretariat. This report includes the status regarding building an organization for PRI activities, as well as incorporating ESG standards in the investment stage.

Promoting an understanding of the PRI internally

Practicing asset management based on the PRI approach requires that everyone involved in asset management understand this approach. Accordingly, we use e-learning and other means to actively learn about the PRI approach, global trends, and the like.

2-2 Examples of ESG Investment

Taiyo Life, Daido Life, and T&D Asset Management practice the following types of ESG investment.

• Investments in Environmental Problem Solving Green Bonds

We invest in Green Bonds, which financially support various projects by local governments and incorporated administrative agencies. These projects include working on “Creating Smart Energy Cities” and “Adapting to the Effects of Climate Change,” and promoting the convenience of urban rail, which is expected to be effective in improving the environment, including reducing CO₂ emissions.

• Investment in and finance renewable energy projects and energy efficiency projects

We have invested in funds for projects that are working to create domestic solar power generation to provide clean energy, and have financed energy efficiency businesses. Through these efforts, we are contributing to the promotion of global warming countermeasures and the enhancement of energy self-sufficiency ratios.

• Finance of the “Seawater Desalination Project,” which can contribute to the resolution of water shortages in Australia

We financed a seawater desalination project aimed at supplying drinking water in a public-private initiative by a state government in Australia. This financing is an initiative to contribute to the creation of social infrastructure in a region suffering from water shortages.

• Investment in “EYE Bonds,” which contribute to education, youth support, and employment support in Latin American and Caribbean countries

“EYE (Education, Youth, and Employment) Bonds” are issued with the objective of raising capital to supplement projects by the Inter-American Development Bank’s EYE Bond program. Through investment in EYE Bonds, we are helping to realize a sustainable society through support for education, youth support, and employment in the region.

• Investment in “Social Bonds” which contribute to supporting infrastructure development and job creation, etc. in developing regions

We invested in “Social Bonds” issued by JICA, a government agency that provides Official Development Assistance (ODA) such as funding for economic and social development in developing regions. The financing is used in projects such as infrastructure creation, job creation support, and the like, mainly in developing regions.

• Investment in the “Fund Supporting Good Health,” “Japan Healthy Society Support Fund,” and “Healthy Society Contribution Fund,” which support projects that contribute to the promotion of human health

We invested in the Fund Supporting Good Health and the Japan Healthy Society Support Fund, with the aim of responding to the social issue of extending healthy life span. The former is for listed corporations in Japan that conduct businesses such as pharmaceuticals, healthcare, sports clubs, and health foods that contribute to the promotion of human health, while the latter supports projects that contribute to the promotion of human health.

• Investment in companies that contribute to the creation of a sustainable society

Taiyo Life and Daido Life invest in the “T&D Japan Equities ESG Research Fund.” The fund selectively invests in companies with an outstanding ESG performance, through stock selection based on ESG research. T&D Asset Management established and manages the fund (management began in July 2015).

2-3 The Principles for Responsible Institutional Investors (Japan's 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 (Japan's Stewardship Code) in May 2014.

Details regarding the policies of each company with respect to the Principles, policy on exercising voting rights, status of exercising voting rights, and self-evaluations are published on the companies' respective websites (Japanese).

Taiyo Life Insurance Company	https://www.taiyo-seimei.co.jp/company/activity/ssc.html
Daido Life Insurance Company	https://www.daido-life.co.jp/company/csr/investor/ssc/
T&D Asset Management Co., Ltd.	https://www.tdasset.co.jp/company/principles/stewardship/

* Since T&D Financial Life does not directly invest in listed stocks, the company does not express support for the Stewardship Code.

● Policy on Exercising Voting Rights

Taiyo Life, Daido Life

Taiyo Life and Daido Life strive to make voting decisions based not only on formal determination criteria such as financial information, but also on non-financial information such as ESG. They also promote the sustainable growth of investment targets by practicing regular constructive purposeful dialogue (engagement). Based on this fundamental approach, they exercise their voting rights rigorously, in accordance with criteria established to ensure that voting rights are exercised properly. These criteria are revised continuously in accordance with the economic environment and social conditions. In accordance with the revisions to Japan's Stewardship Code on May 29, 2017, we created a committee on exercising voting rights, which includes outside members. Through these initiatives, we are strengthening our governance and conflict of interest management structures relating to stewardship activities as a whole, including the exercise 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 and levels of incentive compensation

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.

《Main Approaches to Individual Proposals》

【Selection of Directors and Audit & Supervisory Board Members】 The re-appointment of a representative director shall be opposed if it is determined that the stock value is being continuously harmed from the perspective of performance or capital efficiency, and future improvement cannot be expected.

As a rule, outside directors or Audit & Supervisory Board members shall be opposed in cases in which their independence in the exercise of the expected management oversight functions or audit functions cannot be ensured. Moreover, when a certain number of outside directors are not appointed, and the reason for such is deemed to be invalid, the re-appointment of the representative director shall be opposed.

When trust in the company has been seriously damaged due to executive misconduct or illegal business activities, and corporate performance or stock prices have been impacted or may be impacted, the relevant directors shall be opposed.

【Compensation of Directors and the Audit & Supervisory Board Members/Retirement Benefits】 Although we are generally in favor of introducing a performance-linked compensation system, it shall be opposed when it is deemed that payment to outside directors has a strong incentive factor. As a rule, payment of retirement benefits to outside directors or Audit & Supervisory Board members shall be opposed.

【Stock Options/Stock Compensation System】 We have set the judgement criteria as whether or not it contributes to an improvement in corporate value as a long-term incentive.

【Capital Policies】 Judgements shall be made regarding dividends and treasury stock acquisitions, in consideration of business performance trends and financial conditions.

【Anti-takeover Measures】 As a rule, we oppose anti-takeover measures.

● Status of Exercising Voting Rights (Including Status of Dialogues)

Taiyo Life, Daido Life

Taiyo Life and Daido Life exercised their voting rights on proposals at Shareholders' Meetings held between July 2018 and June 2019. Such exercise was conducted after holding dialogues with investment targets as necessary, in accordance with the criteria for determining the exercise of voting rights.

《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 with substantial doubts regarding the independence of candidates for independent outside director
- Companies that proposed the introduction/continuance of anti-takeover measures
- Companies whose audit & supervisory board members to be re-appointed had served long terms
- Companies paying retirement benefits for directors and audit & supervisory board members without disclosing individual amounts
- Companies paying incentive compensation to outside directors and Audit & Supervisory Board members who should be monitoring the status of management
- 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 2018 and June 2019 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	177	0	0	0	177	350	5	1	—	356
Surplus appropriation	42	0	0	0	42	77	—	—	—	77
Director appointment*1	55	0	0	0	55	86	3	1	—	90
Corporate auditor appointment*1	48	0	0	0	48	90	1	—	—	91
Partial change to Articles of Incorporation	6	0	0	0	6	26	—	—	—	26
Payment of retirement bonus	1	0	0	0	1	13	—	—	—	13
Change to officer compensation	7	0	0	0	7	19	—	—	—	19
Issue of stock acquisition rights	5	0	0	0	5	21	—	—	—	21
Appointment of accounting auditors	0	0	0	0	0	1	—	—	—	1
Reconstruction related*2	2	0	0	0	2	1	—	—	—	1
Other company proposals*3	11	0	0	0	11	16	1	—	—	17
Of which, antitakeover measures	4	0	0	0	4	3	1	—	—	4
Shareholder proposals	0	7	0	0	7	—	23	—	—	23
Total	177	7	0	0	184	350	28	1	—	379

*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, and company splits.

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

● Self-evaluation

Between July 2018 and June 2019, Taiyo Life and Daido Life performed self-evaluations of the status of implementation of each of the Principles in this code. The evaluations of both companies determined that activities were carried out steadily, in accordance with the policies on the Principles.

T&D Asset Management

《Status of Dialogues》

T&D Asset Management uses opportunities such as individual and small meetings with companies to hold constructive dialogues that promote sustainable growth from such perspectives as business strategy, capital efficiency, shareholder return, and ESG. In the period between July 2018 and June 2019, meetings were held with 320 companies. Examples of the resulting dialogues are presented below.

- ① It interviewed the president of a stable growth company who considers its shareholder returns to be unsatisfactory, and sought to strengthen such returns. The president stated that, in order to increase profit overseas, the company is aiming to become a player with a global presence, and is considering M&A as a first priority for the use of funds. T&D Asset Management responded that while the president's policy was well understood, it would like for the company to consider the option of shareholder returns using the funds in the form of a special dividend, if M&A is not performed within a specified period. T&D Asset Management plans to follow up on the status of growth investments such as M&A, and will continue dialogue on this matter.
- ② It confirmed the utilization of renewable energy and future policy of an operating company. The company has installed solar panels at its bases both domestically and overseas, and is promoting the utilization of renewable energy. However, only a small percentage of its total power consumption is from renewable energy. With the need for CO₂ reductions expected to further increase, it will continue dialogue going forward, and plans to encourage further introductions of renewable energy, mainly solar power.
- ③ It sought an enhancing of efforts to secure the diversity of the directors of an operating company. While many of the customers of the company's products and its factory employees are female, there are no women among its directors. The company is engaged in efforts to strengthen female recruitment for regular positions with the prospect of promotion for future executive candidates. However, appointments to director are expected to take a considerable amount of time. T&D Asset Management proposed considering the introduction of female outside directors along with more aggressive recruitment and development, and encouraged the company to have a strong awareness of the importance of ensuring diversity in the Board of Directors.

《Status of Exercising Voting Rights》

T&D Asset Management deliberates and decides upon matters relating to stewardship activities, including the exercise of voting rights at the Stewardship Activity Committee. The committee is chaired by the Chief Investment Officer, and its membership consists of members in charge of the Investment Management Department and the Legal & Compliance Department, as well as external members. As for the exercise of voting rights, a representative draws up proposals based on the guidelines for exercising voting rights, and the chairman makes a determination after discussions by the Stewardship Activity Committee. Reform or abolition of the guidelines for exercising voting rights is discussed at the Stewardship Committee and reviewed as necessary. Under these procedures, T&D Asset Management voted against 663 proposals submitted by the companies (8.0% of the total) between July 2018 and June 2019. In addition, examples of the status of exercising voting rights are provided below.

- ① In proposals for the selection of directors, it opposed the re-appointment of a representative director if it determined that the stock value was continuously harmed from the perspective of performance or capital efficiency, and future improvement could not be expected.
- ② In proposals for selection of outside directors or outside audit & supervisory board members, it opposed candidates for whom it determined that independence could not be ensured. As a specific example, it opposed candidates from major shareholders and major business partners.
- ③ It generally opposed proposals relating to the continuation or introduction of anti-takeover measures.

VII Social Activities

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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 Insurance Group implements a variety of initiatives for social activities 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 ultimate aim is to achieve sustained growth in step with society in view of our commitment to fulfilling our public mission and meeting our social responsibilities. To that end, our efforts focus primarily on “improving health, medical care and welfare” and “developing a sound society.”

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

2-1 Blood Donation Drives

The T&D Insurance Group cooperates with blood donation drives hosted by the Japanese Red Cross Tokyo Metropolitan Blood Center. The head office divisions (Tokyo) of each company held biannual blood donation drives in the summer and the winter, and executives and employees are encouraged to donate blood. In fiscal 2018, a total of 359 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 8,200 members as of March 31, 2019. In order to support social contribution activities on a monthly basis, the members contribute any fractions less than one hundred yen from their take-home salary. At present, the Friends mainly provides supports for local community-based social contribution activities driven by branches nationwide and head office departments, environmental conservation activities in cooperation with NPOs and the like, and educational support. Details of the activities are posted in Taiyo Life’s in-house journal, through which the company is calling for broader participation by executives and employees in the activities.

《Major Activities in FY2018》

- Support for the Japan Down Syndrome Society
- Environmental conservation activities in *Taiyo Seimei no Mori* (the Forests of Taiyo Life)
- Collected and donated plastic bottle caps, used postage stamps, and other items

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 fund-raising 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 FY2018》

- Fundraising and donations: 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 affected by natural disasters such as the 2011 Great East Japan Earthquake.
- Volunteering: We provided operational and other support for the One-day Outing Volunteer Activity for the Physically Disabled and for a music concert by persons with disabilities.
- Collection of used postage stamps and other items: The items collected from headquarters divisions, branches nationwide, and affiliates benefit international medical cooperation through donations to organizations that support social contribution activities. We are also making donations to UNICEF through the collection of plastic bottle caps.



2-4 Supporting the Japan Down Syndrome Society Taiyo Life

Taiyo Life and members of Taiyo Life Goodwill Circles (“Friends”) 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 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》

● Subsidies for Regional Health and Welfare Research and Volunteering

- Subsidy for regional health and welfare research: We subsidize research relating to community health, medical care, and welfare by public health and welfare professionals closely tied to local regions.
- Subsidy volunteer activities for seniors: We subsidize “volunteer activities for exchange that promote the welfare of seniors and persons with disabilities, and the sound psychological development of children” conducted by a group of volunteers aged 60 and older.
- Subsidy for volunteer activities by business people: We subsidize “volunteer activities for exchange that promote the welfare of seniors and persons with disabilities, and the sound psychological development of children.” These activities are conducted by business people, who normally work in corporate or other settings, on their days off.



《Cumulative Grants from Establishment to FY2018》 3,974 grants; 1,643.57 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, 73 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.

2-6 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 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 FY2018》 2,107 grants; 1,254.04 million yen

● Main Activities in FY2018

In fiscal 2018, 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 2018, a total of 77 grants (worth 22.31 million yen) were offered to 71 volunteer/NPO projects (19.54 million yen) and 6 study/research projects (2.77 million yen).

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

3-1 Nationwide Clean Campaign Taiyo Life

Taiyo Life is active in cleanup efforts nationwide, an activity that contributes to the local community. We have cleaned up the areas around our headquarters each year since 1982. Since 2004, we have conducted cleanups around our branches nationwide as part of the “Nationwide Clean Campaign,” from as far north as Hokkaido to as far south as Okinawa. In fiscal 2018, a total of 5,749 people (including employees’ family members) participated nationwide. Employees are united in their commitment to contribute to society, conducting the cleanups as a way to thank our local communities for their long-standing support.



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 (Taiyo Life Cup) 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. At the same time, Taiyo Life agrees with 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.” Accordingly, we are extending our support for the sound development of young people through promoting junior high school rugby in cooperation with the JRFU.



3-3 Supporting Sports for People with Disabilities Daido Life

The first National Sports Games for the Mentally Handicapped (Yuaipic)* was held in 1992, when Daido Life celebrated its 90th anniversary. Since then, Daido Life has been a special sponsor of the National Sports Festival for People with Disabilities every year. 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. The executives and employees of Daido Life, Taiyo Life, and other affiliated organizations work as volunteers to support this event. We have been official partners of the Japanese Para-Sports Association since January 2015 and of the Japan Para Archery Federation since January 2018. As a partner, we have worked to develop sports for persons with disabilities and to spread awareness.



* 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.

3-4 Official Partner Agreement Concluded with Japan Deaf Football Association (JDFA) T&D Financial Life Insurance

T&D Financial Life Insurance signed an official partner agreement with the Japan Deaf Football Association in June 2018. As an official partner, T&D Financial Life will contribute to the development and spread of deaf soccer and futsal, by supporting the activities of the Japan national deaf soccer and futsal teams, and promoting sports for persons with disabilities.



3-5 Special Sponsorship of the Shiki Theatre Company’s Kokoro no Gekijo Daido Life

From fiscal 2018, the company has served as a special sponsor of Kokoro no Gekijo in order to deliver excitement to children, who will lead the future of Japan. Kokoro no Gekijo is a social contribution project organized by the Shiki Theatre Company and the BUTAIGEIJUTSU CENTER (sponsored by the Agency for Cultural Affairs). This project aims to realize a spiritually enriched society through theatrical performance, by conveying to children the most important things in life, such as the importance of life, a sense of caring for others, and the joy of believing in each other.



Photo by Akihito Abe

3-6 The GDH Together Movement Daido Life

Starting in fiscal 2017, Daido Life has implemented the GDH Together Movement on a company-wide basis as part of its regional and social contribution activities. For this movement, each division at the head office and branches throughout Japan expresses its creativity through various activities, such as community-based cleaning activities, support for persons with disabilities, and donations to developing countries.

* GDH (Gross Daido Happiness) indicates the satisfaction levels of all stakeholders related to Daido Life.



3-7 Endowed Open Courses at Universities Daido Life

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 14,000 people participating over the past 17 years. In fiscal 2018, courses were held at seven universities: Fukushima University, Japan Women's University, Meiji University, Hosei University, Kwansei Gakuin University, Kansai University, and Fukuoka University. In addition, in order to make such opportunities accessible to an even greater number of people, the company also held courses at the *Hito wo Taisetsu ni Suru* (Taking good care of people) Institute of Business Administration and the Japan Cardiovascular Research Foundation.



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3-8 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

The foundation aims to help 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; 72 contemporary Asian works including novels, poems, and essays from 12 countries have been 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 44 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.

3-9 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. Internship opportunities are provided at both the head office (Tokyo/Osaka) and branches (Sendai/Nagoya/Okayama/Fukuoka) of the company. The students can practice working experience in the workplace related to their university major and career interest, and utilize the experience to design a specific career plan and consider their aptitude. Through the program, they will be motivated to work and deepen their understanding of the required knowledge and skills and a typical workplace environment.



3-10 Support for Areas Affected by Disasters

When a major disaster occurs, the T&D Insurance 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. There, 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 has been continuing to provide a broad range of support, including making donations. We also donated contributions for the relief of victims of the torrential rains in July 2018.

3-11 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 them by providing corporate management tips.

Daido Life strives to provide useful and timely information, including on topics in which business owners are highly interested, together with tips about corporate management. The survey takes advantage of its uniqueness of “monthly” implementation focusing on the small businesses that comprise most SMEs.



1. Corporate Governance

1-1 Basic Concept of Corporate Governance

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

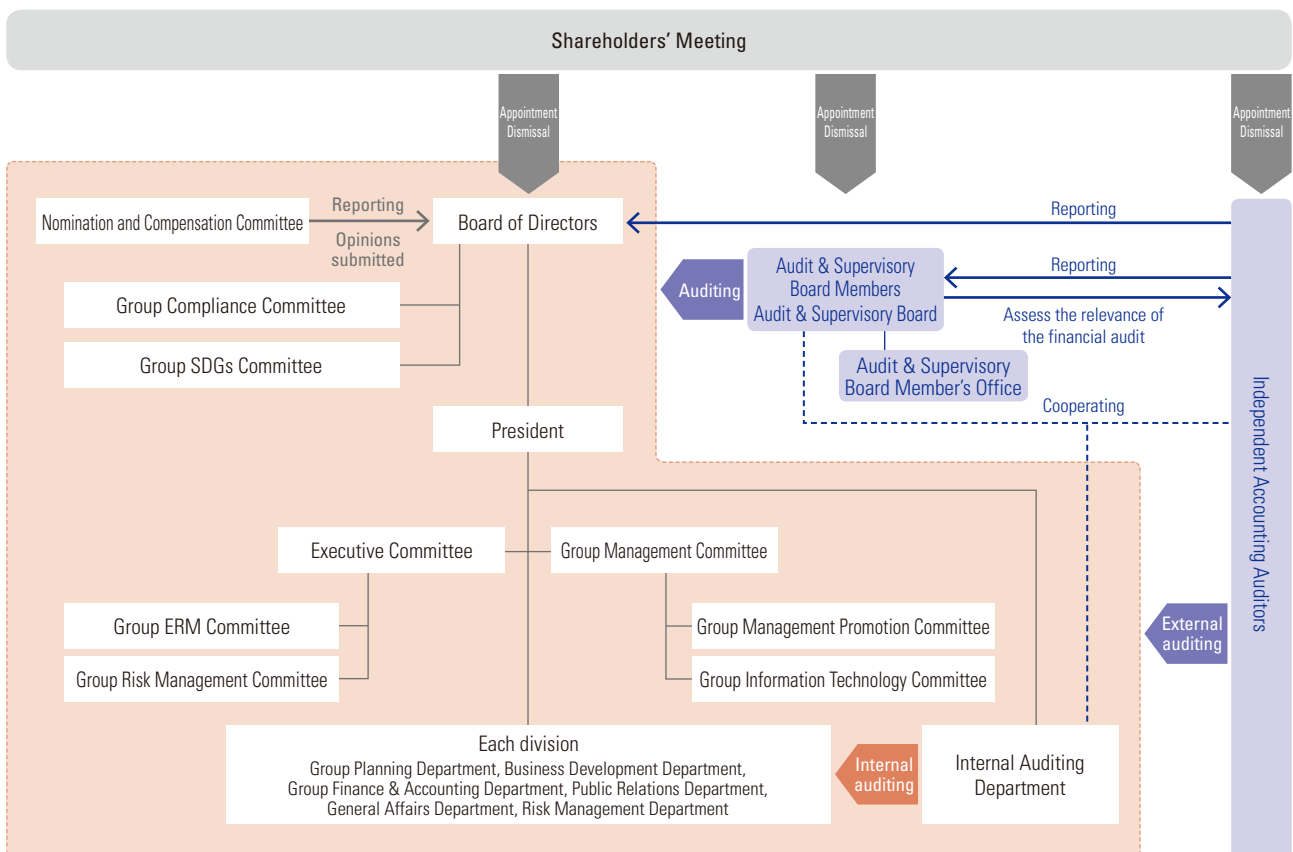
For details about corporate governance, please refer to the Report Regarding Corporate Governance that T&D Holdings submitted to the Tokyo Stock Exchange. (Japanese)

WEB <https://www.td-holdings.co.jp/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 has established a Nomination and Compensation Committee as an advisory body to the Board of Directors. The Committee discusses the fairness and validness of the appointment and compensation of directors and Audit & Supervisory Board members, among other related issues, ensures the transparency of management, and enhances accountability.

● Corporate Governance Framework (April 2019)



1-3 Corporate Governance Framework

● Shareholders' Meeting

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

● Board of Directors

Roles and Responsibilities

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

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. They shall have diverse backgrounds as befitting the expansive range of business domains in the life insurance business, which is the core business of the T&D Insurance Group.

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

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

The board met 20 times in fiscal 2018.

Chairperson of the Board of Directors	President
Directors	12
Men	11
Women	1
Outside directors	3 (including one woman)
Activities of outside directors (Fiscal 2018)	For its outside directors, the Company appoints attorneys who are familiar with corporate legal affairs, corporate managers with experience, such as partners in foreign-owned consulting firms, and individuals with experience in corporate management, such as through service as a representative of a financial holding company. These directors express their opinions as necessary at the Board of Directors meetings, while drawing on their expertise and wealth of knowledge and experience. Additionally, as the chair or members of the Nomination and Compensation Committee, which is an advisory body to the Board of Directors, they deliberate on matters including the selection/dismissal and compensation of directors and Audit & Supervisory Board members of the Company and its directly owned subsidiaries, and report the results of such deliberations to the Board of Directors, while expressing their opinions as necessary. Activities also include regular exchanges of views with the representative director, the independent accounting auditor, the heads of the divisions under their supervision, the directors and executive officers of major subsidiaries, and outside officers of major subsidiaries, and visits to business offices of major subsidiaries.

Effectiveness Evaluation

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

《Summary of Evaluation of Effectiveness of Board of Directors as a Whole in Fiscal 2018》

1. Scope	The Company conducted an analysis and evaluation of the Board of Directors based on self-evaluations (questionnaires), interviews of members of the Board of Directors and Audit & Supervisory Board members and other means. These efforts related to the effectiveness of the Board of Directors as a whole (including the non-statutory Nomination and Compensation Committee) in fiscal 2018.
2. Areas Evaluated (5)	① Functioning ② Composition ③ Operation ④ Provision of information to outside directors and audit & supervisory board members ⑤ Overall evaluation
3. Overall Evaluation	We have determined that the Company's Board of Directors has generally fulfilled its roles and duties effectively overall. This was achieved by such means as enhancing initiatives prior to Board discussions and improving its operation.
4. Status of Improvement of Issues from Previous Evaluation	The issues recognized in the fiscal 2017 evaluation were generally improved. The issues include methods of dealing with limitations, such as discussions in the limited timeframe of the Board's meetings, given the need for discussions beyond the meetings, further improvement of the meeting materials and content of reports.
5. Issues from Current Evaluation and Future Initiatives	We continue to recognize the need for a framework to improve the Board's effectiveness. For example, in order to strengthen governance, as a holding company in Group management, we are working to further strengthen the monitoring function within the Company. We are also working to further improve meeting materials and explanations, in order to deepen and revitalize deliberations at the Board's meetings and facilitate more active explanations regarding the content of deliberations at the Nomination and Compensation Committee. Based on the evaluation of effectiveness and other information, we will work to further improve the Board's supervisory function and decision-making process.

● 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 SDGs 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 Audit & Supervisory Board member on important audit issues, and discusses or makes decisions on them.

The board met 17 times in fiscal 2018.

Audit & Supervisory Board members	4
Men	4
Women	0
Outside Audit & Supervisory Board members	2
Activities of Outside Audit & Supervisory Board members (Fiscal 2018)	Made necessary statements as appropriate at meetings of Board of Directors and Audit & Supervisory Board, based on expertise as attorney. In addition to the above, activities include regular exchanges of views with the representative director, the independent accounting auditor, the heads of the divisions under their supervision, the directors and executive officers of major subsidiaries, and outside officers of major subsidiaries. Business offices of major subsidiaries were visited.

● 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

Policies Concerning the Determination of Director and Audit & Supervisory Board Member Compensation

The total compensation of directors (excluding outside directors and other part-time directors) consists of monthly compensation and bonuses that vary according to their roles and performance, and trust-type stock compensation which delivers shares of the Company and utilizes a trust mechanism (non-residents of Japan are ineligible). Directors (excluding outside directors and other part-time directors) shall purchase shares in the Company valued at a specified amount or greater from their monthly compensation through Director/Audit & Supervisory Board member share ownership.

The Company regards company performance linked compensation as not suitable for part-time directors, including outside directors who are independent from operational functions, and Audit & Supervisory Board members. Therefore, a fixed amount of compensation is paid.

<Monthly compensation and bonus>

Individual evaluations for each director and Audit & Supervisory Board member, which are applicable to monthly compensation and bonus evaluation ranks, are performed in accordance with the evaluation criteria established by the Board of Directors, based on an assessment of company performance and the performance of the division of which the director or Audit & Supervisory Board member is in charge. Individual evaluations for each director and Audit & Supervisory Board member are deliberated on by the Nomination and Compensation Committee, and then determined by the Representative Director and President, upon consultation with the Representative Directors. Compensation amounts are determined in accordance with individual evaluations for each director and Audit & Supervisory Board member based on the compensation table determined by the Board of Directors.

<Trust-type stock compensation>

Trust-type stock compensation is a compensation system which allows the sharing of incentives to improve the medium- to long-term performance of the T&D Group, and to increase corporate value and interests with shareholders by linking director compensation with the Company's share price. Shares and money are delivered to directors (excluding outside directors and other part-time directors and those who are not residents of Japan) within the scope of the amount determined by the resolution of the Shareholders' Meetings based on points allotted in accordance with position.

Policies on Determining the Payment Ratio of Compensation by Type

With regard to the composition of compensation for the Company's directors and other executives, the ratio between performance-linked compensation (monthly compensation and bonuses) and trust-type stock compensation has been set, to ensure that it functions as a sound incentive for improving medium- to long-term performance and increasing corporate value. Monthly compensation, which is performance-linked compensation, shall vary within a range between approximately 57% and 74% of the total compensation, commensurate with the duties of each position, while bonuses will vary within a range between approximately 14% and 21%, and trust-type stock compensation will vary within a range between approximately 10% and 22%.

Monthly compensation shall be a variable amount within the range between approximately 95% and 105% of the standard evaluation, in accordance with the individual evaluations for each director and Audit & Supervisory Board member. Bonuses shall be a variable amount within the range between approximately 60% and 140% of the standard evaluation, in accordance with individual evaluations for each director and Audit & Supervisory Board member.

Rationale behind the Choice of Indicator for Determining Performance-linked Compensation, and Method for Determining the Amount of Payment and Other Factors

The company performance assessment is calculated based on the key performance indicators established under the Group's medium-term management plan, in order to clearly assess the degree of achievement toward company performance. Specifically, it shall be determined based on the points calculated by multiplying a number of performance indicators, including corporate value (EV) (Note 1), value of new business, and consolidated adjusted net income (Note 2), along with share price fluctuation rate and other indicators, by a coefficient commensurate with the achievement ratio and other factors. Meanwhile, the assessment of the division of which the director or Audit & Supervisory Board member is in charge shall be carried out by assessing the performance against the execution plan in each division, where points are calculated for each division based on the achievement status against the divisional target.

Notes: 1. Embedded Value (EV) is one of the indicators for evaluating corporate value in a life insurance company. It represents the sum of the "adjusted net worth" which is considered to be attributable to shareholders, and is calculated based on the balance sheet, and the "value of in-force business" calculated from the business in force.

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

Disclosure of Total Amount of Compensation by Officer Category and Type of Compensation

Categories	Monthly compensation		Reserve for bonus		Trust-type stock compensation (the Board Incentive Plan Trust)		Total amount of compensation	
	Number of persons paid	Amount (million yen)	Number of persons paid	Amount (million yen)	Number of persons paid	Amount (million yen)	Number of persons paid	Amount (million yen)
Directors (excluding outside directors)	11	184	6	55	6	58	11	299
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	3	56	0	—	0	—	3	56
Outside directors	4	28	0	—	0	—	4	28
Outside Audit & Supervisory Board members	2	19	0	—	0	—	2	19
Total	20	289	6	55	6	58	20	403

Notes: 1. Compensation limit stipulated at the Shareholders' Meeting is ¥500 million per annum for directors and ¥130 million per annum for Audit & Supervisory Board members. Bonuses are included in the amount for directors. Aside from the above compensation limit for directors, the upper limit of the trust money to be contributed to the trust relating to trust-type stock compensation is ¥500 million over the period of three fiscal years from the fiscal year ended March 31, 2019 to the fiscal year ending March 31, 2021. The upper limit of the number of points to be awarded to directors per fiscal year will be 215,000 points (1 point = 1 share of the Company).

2. The number of persons paid and the amount of compensation above include those for three directors and one Audit & Supervisory Board member who retired as of the conclusion of the 14th Shareholders' Meeting held on June 27, 2018. As of March 31, 2019, the Company had twelve directors and four Audit & Supervisory Board members as its corporate officers.

Indicator Targets and Actual Achievements with Respect to Performance-linked Compensation for Fiscal 2018

The key performance indicator targets and actual achievements with respect to the performance-linked compensation are as follows. Indicators other than those shown in the table below include the share price fluctuation rate (including the rate of change in the share price of the Company and the rate of deviation from the rates of change in the share prices of listed life insurance companies), as well as the company performance assessments of the Group's affiliates.

Key performance indicator	Actual	Target	Achievement ratio
Corporate value (EV)*	¥2,342.7 billion	¥2,666.6 billion	87.8%
Value of new business	¥140.3 billion	¥137.0 billion	102.4%
Consolidated adjusted net income	¥78.5 billion	¥84.5 billion	92.8%

* Group MCEV

● Executive Committee and Group Management Committee

Please see "Executive Committee and Group Management Committee" under "5-2 Management Approach" on page 25.

● Executive Officer System

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

1-4 Participation in Management by Outside Experts

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

● Service Quality Improvement Committee (Taiyo Life)

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

● Customer Feedback Council (Daido Life)

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

● Stewardship Committee (Daido Life)

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

● Advisory Council for Insurance Payment (Daido Life)

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

● Service Supervision Committee (T&D Financial Life)

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

1-5 Committees

● Nomination and Compensation Committee

In January 2015, the Company established the non-statutory Nomination and Compensation Committee as an advisory body to the Board of Directors, for deliberations on the fairness and reasonableness of selection or dismissal and compensation of directors and Audit & Supervisory Board members, with a view to ensuring management transparency and clarified accountability. The Nomination and Compensation Committee deliberates items regarding important decisions or changes relating to executive treatment at the Company or directly-owned subsidiaries and, together with reporting the results of its deliberations to the Board of Directors, offers its opinions as required. The amount of monthly compensation and bonus is deliberated on by the Nomination and Compensation Committee and then determined in accordance with the evaluation criteria established by the Board of Directors after individual evaluations are conducted based on an assessment of the company performance and the performance of the division of which the director or the Audit & Supervisory Board member is in charge.

The Nomination and Compensation Committee consists of the Representative Director and President and outside directors. The majority of the Committee's members is selected from outside directors in order to ensure independence and neutrality. An outside-director member of the Committee is selected as the committee chair by mutual vote.

《Details of Major Deliberations and Reports by Nomination and Compensation Committee (Fiscal 2018)》

Details of Major Deliberations and Reports	
1st meeting	<ul style="list-style-type: none"> • Introduction of stock compensation system for directors and others • Revision of Articles of Incorporation relating to reducing term of directors
2nd meeting	<ul style="list-style-type: none"> • Selection of directors, audit & supervisory board members, and substitute audit & supervisory board member • Personnel system for directors and Audit & Supervisory Board members at directly-owned subsidiaries
3rd meeting	<ul style="list-style-type: none"> • Fiscal 2017 director assessments • Establishment of internal rules for the compensation of directors and Audit & Supervisory Board members
4th meeting	<ul style="list-style-type: none"> • Succession planning • Adapting to revisions of the Corporate Governance Code
5th meeting	<ul style="list-style-type: none"> • Personnel system for directors and Audit & Supervisory Board members at directly-owned subsidiaries
6th meeting	<ul style="list-style-type: none"> • Selection of executive officers • Personnel system for directors and Audit & Supervisory Board members at directly-owned subsidiaries
7th meeting	<ul style="list-style-type: none"> • Amendments to the internal rules for compensation of directors and Audit & Supervisory Board members • Disclosure of the compensation system for directors and Audit & Supervisory Board members and other systems, in compliance with the amended Cabinet Office Ordinance on Disclosure of Corporate Affairs

● Group Compliance Committee

Please see "Group Compliance Committee" under "5-2 Management Approach" on page 25.

● Group SDGs Committee

Please see "Group SDGs Committee" under "5-1 Promotion Framework of CSR" on page 24.

● Group Risk Management Committee

Please see "Group Risk Management Committee" under "5-2 Management Approach" on page 25.

● 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 capital, profit and risk on an economic value basis.

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

In fiscal 2018, the committee held 15 meetings and reported the results of deliberations to the Executive Committee, the Group Management Committee and the Board of Directors.

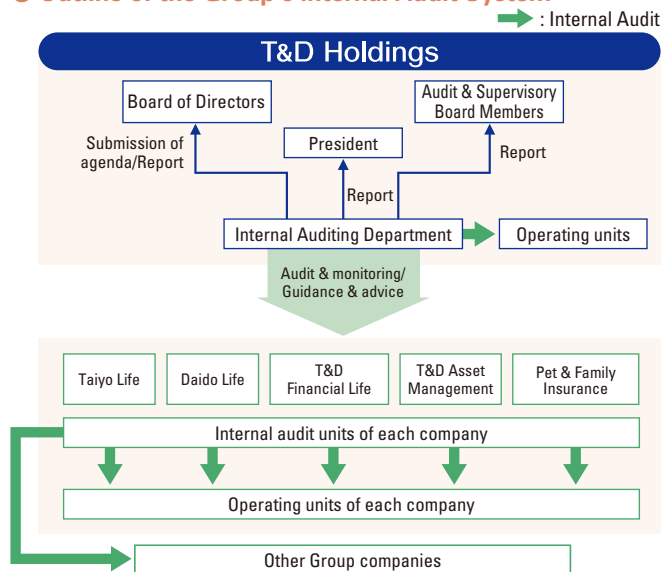
● Group Information Technology Committee

This committee was created to be subordinate to the Group Management Committee, with the objective of responding to IT and administrative issues across the Group. The committee's chair is the executive officer in charge of the Group Planning Department. The vice chair is the president of T&D Information Systems. It met seven times in fiscal 2018, and the results of deliberations were reported to the Group Management Committee and Board of Directors.

1-6 Internal Audit System

At the T&D Insurance Group, T&D Holdings and each of its subsidiaries have separate internal audit units operating independently from other business units. (Internal audit staff: A total of 83 personnel, including six from T&D Holdings, as well as others from directly-owned subsidiaries.) These internal audit units conduct audits of the operating units, specifically by examining and evaluating the appropriateness and effectiveness of the internal management. Based on the assessment results, the internal audit units provide the objective advice 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. The Internal Auditing Department also provides guidance and advice as necessary to strengthen the internal audit systems of the entire Group.

● Outline of the Group's Internal Audit System



1-7 Internal Control

● Creation of an Internal Control System

The Group's core business of life insurance has a social and public nature. In light of this, the T&D Insurance Group considers it vital to properly control its business execution and minimize the impact on management from unforeseen events occurring in the process of Group operations, to ensure the soundness and adequacy of its operations and respond to its social responsibilities. In accordance with this consideration, T&D Holdings and its directly owned subsidiaries implement internal control systems pursuant to Article 362, Paragraph 4, Item 6 of the Companies Act. Moreover, the boards of directors of each company continuously work to improve and strengthen their internal control systems, including periodically monitoring the preparedness and operational status of these systems, confirming their adequacy, and making revisions as necessary.

● Response to the Internal Control Reporting System

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

2. Disclosure of Information to Shareholders and Investors

2-1 Shareholder Return Policy

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

2-2 Information Disclosure

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

● Annual Reports (Integrated Report)

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

● Disclosure Documents

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

● Shareholder Newsletters

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

● Annual Securities Report

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

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

2-3 IR Activities

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

● Main activities

《Presentations for Individual Investors》

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

《Presentations for Institutional Investors and Securities Analysts》

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

《Presentations for Overseas Investors》

In Europe, the US and Asia, the president and the director 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 accurately, with the intention of enhancing shareholders' understanding of our business.

● Proportion of Shares Held (as of March 31, 2019)

Shareholder category	Financial institutions	Financial product dealers	Other corporations	Foreign corporations	Individuals and others	Total
No. of shares held (1,000 shares)	180,101	25,269	115,762	254,654	79,211	655,000
Proportion of shares held (%)	27.50	3.86	17.67	38.88	12.09	100.00

● Principal Shareholders (as of March 31, 2019)

Name of shareholders	Number of shares held (1,000 shares)	Percentage of total shares outstanding (%)
The Master Trust Bank of Japan Ltd. (Trust Account)	37,343	6.09
Japan Trustee Services Bank, Ltd. (Trust Account)	34,709	5.66
SSBTC CLIENT OMNIBUS ACCOUNT	13,334	2.18
Japan Trustee Services Bank, Ltd. (Trust Account 5)	11,966	1.95
Japan Trustee Services Bank, Ltd. (Trust Account 7)	11,751	1.92
Japan Trustee Services Bank, Ltd. (Trust Account 9)	11,434	1.87
MUFG Bank, Ltd.	10,325	1.68
STATE STREET BANK WEST CLIENT – TREATY 505234	9,117	1.49
JP MORGAN CHASE BANK 385151	8,628	1.41
Japan Trustee Services Bank, Ltd. (Trust Account 1)	7,994	1.30
Total	156,605	25.56

Note: The Company holds 42,213 thousand shares of treasury stock, but this is excluded from the list of principal shareholders above. The percentage of total shares outstanding is also calculated minus treasury shares.

IX | Management Control

1. ERM

102-11

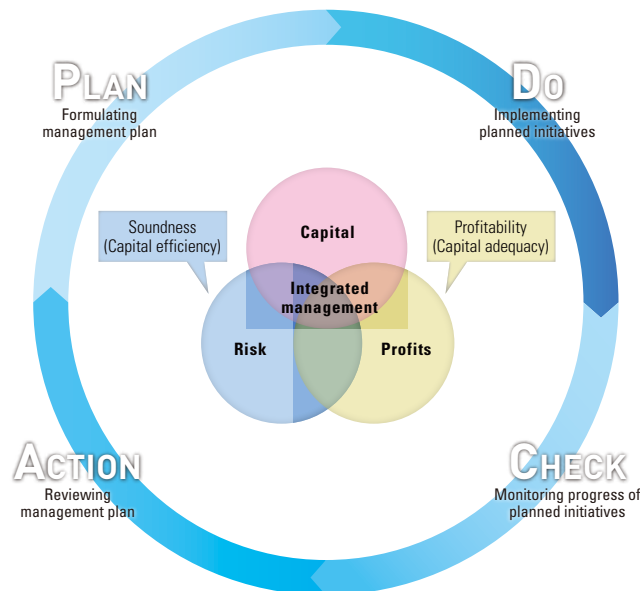
1-1 | Promotion of ERM Approach

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 capital, profit and risk. 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 capital, profit and risk 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 Insurance 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 capital, profit and risk on an economic value basis; a range of initiatives developed under the plan are implemented (Do); the progress of implementation of the plan is monitored (Check); and the plan is reviewed and revised as necessary (Act).

● PDCA Cycle



● Integrated Risk Management Activities

In order to promote ERM, it is critical to have a proper understanding of types and magnitude of risks. The T&D Insurance 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.

2. Risk Management

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2-1 | Basic Concept for Risk Management

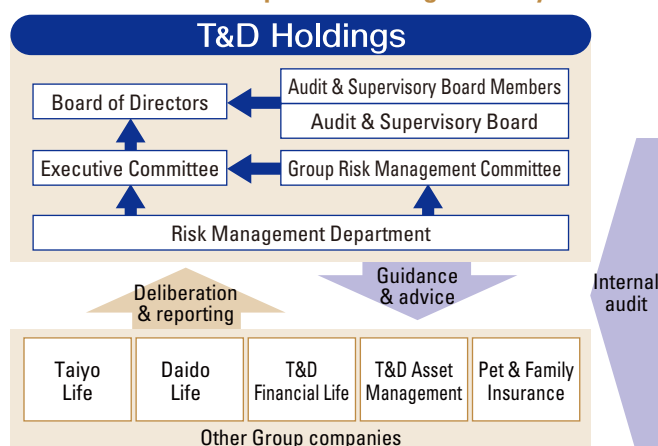
At the T&D Insurance Group, T&D Holdings has formulated a Group Risk Management Policy setting forth the Group's basic approach to risk management and, based on this policy, the three life insurance companies and other Group members have developed their risk management system that covers their affiliates 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 proper 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 Insurance Group views risk management as a key priority issue in order to ensure sound and adequate 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 Insurance 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 are classified into sub-categories, i.e. administrative risk, system risk, legal risk, labor and personnel risk, and hazard risk, and are managed separately.

Please visit the T&D Holdings website for details of risk classification and measures taken.

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

2-4 Risk Awareness and Assessment (risk profile)

205-1

The T&D Insurance Group uses a risk profile* to comprehensively categorize risks surrounding the Group, in order to respond to increasingly diverse and complex risks. We comprehensively identify risks by category, ascertain and assess them, and use them to prioritize initiatives in light of comprehensive factors including severity, impact, and the degree to which they are under control. The risks are reflected in management planning as necessary. As a rule, we review our risk profiles twice a year in order to accurately recognize and ascertain emerging severe risks, as well as major changes to previously recognized risks. We report our findings to the Group Risk Management Committee and Board of Directors.

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

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

2-5 Risk Review (ESR)

The T&D Insurance Group has specified a statutory solvency margin ratio, as well as an economic solvency ratio (ESR), which is a risk-management index based on economic value. These are concrete quantitative indicators of risk appetite and tolerance. ESR is calculated as net assets (surplus) based on economic value, divided by economic capital (EC), which is the risk level based on economic value, calculated using an internal model including insurance underwriting risk, asset management risk, and operational risk. We manage risk on the basis of economic value through such means as controlling EC to stay within a certain range of the surplus. ESR is managed on a monthly basis. The statutory solvency margin ratio is managed on a quarterly basis. As with other risk reviews, these are reported to the Group Risk Management Committee and Board of Directors.

2-6 Optimization of the Risk Portfolio (Risk Measurement by Internal Models and Complementary Efforts by Stress Test)

The T&D Insurance 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

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The T&D Insurance Group recognizes that one of the important tasks of management is properly 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) and drills are continually conducted on handling suspicious email in order to further raise security literacy.

The Internal Auditing Department validates whether these frameworks are functioning effectively, and the results are reported to the Board of Directors.

● 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.

T&D Information System, a Group company that supports the information system of the T&D Insurance Group, properly 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 adequate measures to protect personal information. In addition, the company acquired ISO 27001 certification, an international standard for information security management systems, for its "host computer operation services" in March 2007 and for its "server operation services" in March 2011, and moved to the new standard in March 2015. 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 Insurance 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 largescale disaster.

3. Compliance

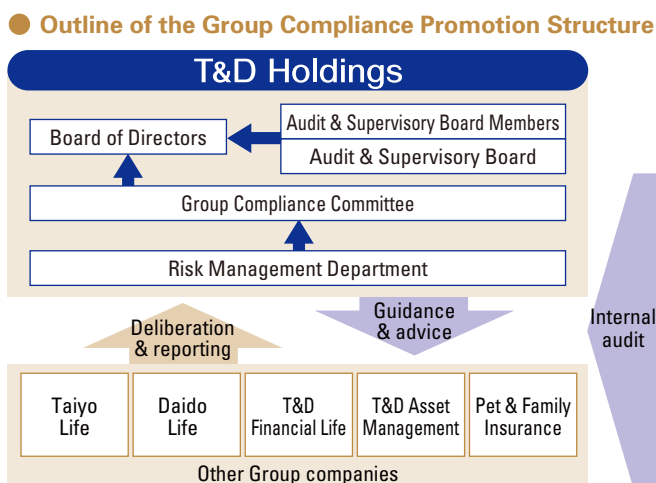
103-2 | 103-3 | 205-2

3-1 | Our Concept of Compliance

The T&D Insurance Group positions legal compliance as a key management issue. The CSR policy, “We will strictly observe laws, regulations and rules, and act in a sincere and serious manner with high ethical standards,” is stated in the T&D Insurance Group CSR Charter. We work to make all Group executives and employees thoroughly aware of the T&D Insurance Group Compliance Code of Conduct, and promote compliance based on the recognition that compliance is the core of promoting CSR and an essential element of it.

3-2 | Group Compliance Promotion Structure

T&D Holdings has established a compliance promotion structure based on the T&D Insurance 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.



3-3 | Compliance Promotion Activities

● **Compliance Programs**

Each Group company in the T&D Insurance Group takes measures to raise awareness of compliance in a way suitable 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**

Each company in the T&D Insurance Group creates compliance manuals for each category targeted, including sales representatives, administrative personnel, and agents. These guidelines serve as a reference for day-to-day operations. At the same time, they are used as teaching material for compliance training.

3-4 Preventing Bribery and Corruption

The T&D Insurance Group states the following in the T&D Insurance Group Compliance Code of Conduct: “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.” (See p. 13.) In addition to preventing bribery, we are ensuring thorough awareness by all executives and employees toward preventing corruption. This includes measures against money laundering and prevention of misappropriation and diversion of funds, using such means as a compliance program and compliance manuals. Bribery and corruption are also stipulated as extremely malicious and severely impacting criminal statutes for disciplinary action. All scandals (including concerns over possible scandals), including bribery and corruption, are reported to the Board of Directors.

When making a new business investment, checks from the perspective of preventing bribery and corruption are added to the risk assessment and subjected to appropriate review. As of fiscal 2018, no scandals or legal disputes relating to bribery or corruption had occurred.

《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

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

3-6 Whistleblower System

103-2

103-3

At the T&D Insurance 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 Insurance 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 Insurance Group Helpline

The T&D Insurance Group Helpline has rules in place that prohibit any disadvantageous treatment of whistleblowers who use the helpline. We strive to build an effective system for internal reporting by enabling whistleblowers to make reports by phone or online through an external reporting company, and making reports anonymously. The content and results of surveys of whistleblower reports are reported to the Audit & Supervisory Board members and executive management.

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

FY2016	186
FY2017	269
FY2018	243

* The numbers of reports above include inquiries about the system, as well as reports of workplace issues that are difficult to consult superiors over, such as complaints or dissatisfaction.

Third-party Opinion

Continuing from the previous year, I again submit this Third-party Opinion, based on the Sustainability Report 2019 regarding the CSR initiatives and related information disclosure of the T&D Insurance Group.

1. Regarding the Organization of the Information and Composition of the Report

Sustainability Report 2019 reflected the serious and sincere corporate culture of the T&D Insurance Group, and demonstrated its enthusiasm by exhaustively covering all of the initiatives of the Group. However, I was somewhat concerned that the concepts were slightly underdeveloped, and that the materials could be marginally confusing to the reader, due to the fact that too much information had been presented. For example, the point of the report appeared to be somewhat obscure due to the mixed usage of terms such as “social contribution,” “CSR,” “SDGs,” and “sustainability” throughout the report, along with the existence of expressions such as “CSR will become even more integrated into management.” Furthermore, in the priority themes, the juxtaposition of the areas of the social issues, and the methods for solutions and contributions seemed slightly awkward. In addition, I also had some concerns regarding continuity with the previous fiscal year’s priority areas.

In the report for the next fiscal year, I look forward to the information being organized from the perspectives of ① Perception/Policy, ② Initiatives, and ③ Outcome/Impact, and for the report to be assembled around topics that offer proof of the “Creation of shared value between society and the company.” One suggestion would be to disclose comprehensive information in a separate “Databook” presented online.

2. Contributions to Achieving SDGs through Business

As examples of the “Creation of shared value between society and the company,” the report focused on topics such as “Becoming the first in the industry to market dementia treatment insurance,” “Increasing the number of foreign-national employees,” and “Extending mandatory retirement, so that employees can continue to work to 70 years old, at the latest.” Each of these efforts, respectively, is expected to contribute to achieving “SDG 3 - Ensure healthy lives and promote well-being for all at all ages,” “SDG 10 - Reduce inequality within and among countries,” and “SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.”

The T&D Insurance Group sends a clear message with the statements, “For the Group, the constantly changing issues of people and society (social issues) represent business opportunities that need to be tackled,” and “We will create value, and contribute to people and society through our initiatives toward social issues.” However, taking this a step further, I believe that the message would have been brought into even sharper focus, if the report had elaborated, even partially, regarding “What the T&D Insurance Group considers to be an ideal world.” Today, what is regarded to be important for corporate strategies is “Leading changes in society” rather than “Capturing changes in society.” Once these elements have been identified, it would serve to accelerate the development of businesses and new products, with social issues as the starting point. I can only imagine the difficulties of a publicly listed company in articulating its intent as a corporate entity, with regard to its values and non-financial matters; however, I strongly recommend that it consider taking this direction.

3. The Systemization of Sustainable Finance

The European Commission has coined the term, sustainable finance, to denote the provision of finance to investment while taking into account environmental, social, and governance considerations, and declared its support policy towards its promotion. The package contains a taxonomy (classification) that defines “What is an economic activity that contributes to sustainability?” and proposes regulations to clarify matters, such as the duties at the time of sales of private-sector individual pension products and other items, and the duties of institutional investors and asset managers, and also integrates the concept of sustainable finance into the soundness requirements for insurance companies. Notably, the International Organization for Standardization (ISO) has also launched a technical committee to develop international standards on sustainable finance. Such international developments are not completely unrelated to the T&D Insurance Group. I expect the Group to raise its sensitivity toward these global movements, and to proactively contribute to providing input from Japan.

Eiichiro Adachi Counselor, The Japan Research Institute, Limited

Graduated from the Faculty of Economics at Hitotsubashi University in 1986. Joined The Japan Research Institute, Limited (JRI) in 1990, where he served in the management strategy research and technology research divisions before assuming his current post. He currently oversees operation of industrial research and corporate evaluation from the perspective of corporate social responsibility at JRI’s ESG Research Center. In 2003 and 2004, he worked on the 15th Corporate White Paper published by the Japan Association of Corporate Executives. Then, he was a member of the Association’s Socially Responsible Management Promotion Committee working group. From March 2005 to May 2009, he was involved in formulating ISO 26000, the international standard for social responsibility for organizations, as a national expert in the ISO 26000 Working Group. He currently serves as a member of Mitsubishi Corporation’s Sustainability Advisory Committee and as a member of the Advisory Board of The Research Institute for Local Public Transport. He is the author/co-author of titles including *An Illustrated Guide to Environmental Issues for Corporations* (Toyo Keizai Inc., 1999), *Business Growth Through Global Warming* (Toyo Keizai Inc., 2007), *Introduction to CSR for Employees* (Dai-ichi Hoki, 2008), *Introduction to Environmental Management* (Nikkei Publishing Inc., 2009), *Introduction to Natural Capital* (NTT Publishing, 2015), *An ESG Reader for Investors and Corporations* (Nikkei Business Publications, 2016), *The Complications of Corporate Governance Reform* (Kinzai, 2017), and *The Business Person’s Guide to SDGs* (Nikkei Business Publications, 2018).



GRI Standards	Disclosed Items	Publication Location (Titles of items on the report/web)	Omission
GENERAL DISCLOSURES			
GRI 102: GENERAL DISCLOSURES 2016	1. Organizational profile		
	102-1	Name of the organization	I Organizational Profile ▶ 1. Organizational Profile ▶ 1-3 Corporate Profile (as of March 31, 2019)
	102-2	Activities, brands, products, and services	I Organizational Profile ▶ 1. Organizational Profile ▶ 1-1 Outline of the T&D Insurance Group's Business I Organizational Profile ▶ 1. Organizational Profile ▶ 1-2 T&D Insurance Group Companies and Foundations
	102-3	Location of headquarters	I Organizational Profile ▶ 1. Organizational Profile ▶ 1-3 Corporate Profile (as of March 31, 2019)
	102-4	Location of operations	I Organizational Profile ▶ 1. Organizational Profile ▶ 1-2 T&D Insurance Group Companies and Foundations
	102-5	Ownership and legal form	VIII Governance and Internal Control ▶ 2. Disclosure of Information to Shareholders and Investors ▶ 2-5 Shareholders
	102-6	Markets served	I Organizational Profile ▶ 1. Organizational Profile ▶ 1-2 T&D Insurance Group Companies and Foundations
	102-7	Scale of the organization	Integrated Report 2019
	102-8	Information on employees and other workers	I Organizational Profile ▶ 1. Organizational Profile ▶ 1-4 Number of Employees
	102-9	Supply chain	I Organizational Profile ▶ 2. Supply Chain ▶ 2-1 Definition of Supply Chain
	102-10	Significant changes to the organization and its supply chain	N/A
	102-11	Precautionary Principle or approach	IX Management Control ▶ 1. ERM IX Management Control ▶ 2. Risk Management
	102-12	External initiatives	II Sustainability Management ▶ 1. CSR Basic Policy ▶ 2-2 Principles That the T&D Insurance Group Endorses and Supports
	102-13	Membership of associations	I Organizational Profile ▶ 1. Organizational Profile ▶ 1-3 Corporate Profile (as of March 31, 2019)
	2. Strategy		
	102-14	Statement from senior decision-maker	Message from the President
3. Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	II Sustainability Management ▶ 2. CSR Basic Policy ▶ 2-1 Philosophy and Policy of the T&D Insurance Group	
4. Governance			
102-18	Governance structure	VIII Governance and Internal Control ▶ 1. Corporate Governance	
5. Stakeholder engagement			
102-40	List of stakeholder groups	II Sustainability Management ▶ 8. Stakeholder Engagement	
102-41	Collective bargaining agreements	I Organizational Profile ▶ 1. Organizational Profile ▶ 1-5 Dialogue and Consultations with Labor Unions	
102-42	Identifying and selecting stakeholders	II Sustainability Management ▶ 8. Stakeholder Engagement II Sustainability Management ▶ 8. Stakeholder Engagement III Priority Themes 1 Providing Better Products and Services ▶ 3. Providing Wholehearted Reassurance	
102-43	Approach to stakeholder engagement	IV Priority Themes 2 Provide workplace environments that enable all people to participate actively ▶ 4. Worker-friendly Work Environment ▶ 4-2 Initiatives Reflecting Employee Feedback IV Priority Themes 2 Provide workplace environments that enable all people to participate actively ▶ 4. Worker-friendly Work Environment ▶ 4-3 CSR Questionnaires for Employees	
102-44	Key topics and concerns raised	III Priority Themes 1 Promote healthy and abundant lives for all people ▶ 4. Improving Customer Satisfaction WEB CSR Library ▶ Other Initiatives ▶ Activities to Respond to the Customer Feedback	

Organizational Profile

Sustainability Management

Priority Themes 1
Promote healthy and abundant lives for all people

Priority Themes 2
Provide workplace environments that enable all people to participate actively

Priority Themes 3
Help mitigate and adapt to climate change

Priority Themes 4
Invest to help build a sustainable society

Social Activities

Governance and Internal Control

Management Control

Third-party Opinion

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GRI Standards	Disclosed Items	Publication Location (Titles of items on the report/web)	Omission	
GENERAL DISCLOSURES				
GRI 102: GENERAL DISCLOSURES 2016	6. Reporting practice			
	102-45	Entities included in the consolidated financial statements	I Organizational Profile ▶ 1. Organizational Profile ▶ 1–2 T&D Insurance Group Companies and Foundations	
	102-46	Defining report content and topic Boundaries	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6–1 CSR Priority Themes (FY2019)	
	102-47	List of material topics	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6–1 CSR Priority Themes (FY2019)	
	102-48	Restatements of information	N/A	
	102-49	Changes in reporting	N/A	
	102-50	Reporting period	About Corporate Responsibility Report 2019	
	102-51	Date of most recent report	About Corporate Responsibility Report 2019	
	102-52	Reporting cycle	About Corporate Responsibility Report 2019	
	102-53	Contact point for questions regarding the report	About Corporate Responsibility Report 2019	
	102-54	Claims of reporting in accordance with the GRI Standards	GRI Content Index	
	102-55	GRI content index	GRI Content Index	
	102-56	External assurance	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives ▶ 3-5 Independent Assurance Report	
Material Topics				
Economic Performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6–1 CSR Priority Themes (FY2019)	
	103-2	The management approach and its components	VIII Governance and Internal Control	
	103-3	Evaluation of the management approach		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	WEB CSR Library ▶ Organization Profile ▶ Financial Highlights WEB CSRLibrary ▶ Other Initiatives ▶ Donations and Community Investments	
	201-2	Financial implications and other risks and opportunities due to climate change	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 6. Disclosure of climate-related financial information based on the TCFD recommendations	
Anti-corruption				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6–1 CSR Priority Themes (FY2019)	
	103-2	The management approach and its components	II Sustainability Management ▶ 5. CSR Promotion Framework IX Management Control ▶ 2. Risk Management	
	103-3	Evaluation of the management approach	IX Management Control ▶ 3. Compliance IX Management Control ▶ 3. Compliance ▶ 3–6 Whistleblower System	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	IX Management Control ▶ 2. Risk Management ▶ 2–4 Risk Awareness and Assessment (risk profile)	“Total number and percentage of operations assessed for risks related to corruption” are not disclosed, as risks are managed by category.
	205-2	Communication and training about anti-corruption policies and procedures	IX Management Control ▶ 3. Compliance	Matters required for reporting include items awaiting the collection of information. The items will be disclosed within a few years.
	205-3	Confirmed incidents of corruption and actions taken	N/A	
Anti-competitive Behavior				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6–1 CSR Priority Themes (FY2019)	
	103-2	The management approach and its components	II Sustainability Management ▶ 5. CSR Promotion Framework IX Management Control ▶ 2. Risk Management	
	103-3	Evaluation of the management approach	IX Management Control ▶ 3. Compliance IX Management Control ▶ 3. Compliance ▶ 3–6 Whistleblower System	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A	

GRI Standards	Disclosed Items	Publication Location (Titles of items on the report/web)	Omission
Material Topics			
Materials			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2 103-3	The management approach and its components Evaluation of the management approach	II Sustainability Management ▶ 5. CSR Promotion Framework
			II Sustainability Management ▶ 7. Progress of CSR Activities
GRI 301: Materials 2016	301-1	Materials used by weight or volume	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 1. Basic Concept
			V Priority Themes 3 Help mitigate and adapt to climate change ▶ 2. Promotion Framework
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives
			V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives
	103-2 103-3	The management approach and its components Evaluation of the management approach	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
II Sustainability Management ▶ 5. CSR Promotion Framework			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	II Sustainability Management ▶ 7. Progress of CSR Activities
			V Priority Themes 3 Help mitigate and adapt to climate change ▶ 1. Basic Concept
GRI 302: Energy 2016	302-3	Energy intensity	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 2. Promotion Framework
			V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives
Water			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives
			V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives
	103-2 103-3	The management approach and its components Evaluation of the management approach	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
II Sustainability Management ▶ 5. CSR Promotion Framework			
GRI 303: Water 2016	303-1	Water withdrawal by source	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 1. Basic Concept
			V Priority Themes 3 Help mitigate and adapt to climate change ▶ 2. Promotion Framework
GRI 303: Water 2016	303-3	Water recycled and reused	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 2. Promotion Framework
			V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives
Biodiversity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives
			V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives
	103-2 103-3	The management approach and its components Evaluation of the management approach	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
II Sustainability Management ▶ 5. CSR Promotion Framework			
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 4. Forest Conservation Activities
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives
			V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives
	103-2 103-3	The management approach and its components Evaluation of the management approach	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
II Sustainability Management ▶ 5. CSR Promotion Framework			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 1. Basic Concept
			V Priority Themes 3 Help mitigate and adapt to climate change ▶ 2. Promotion Framework
	305-2 305-3	Energy indirect (Scope 2) GHG emissions Other indirect (Scope 3) GHG emissions	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives
V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives			

GRI Standards	Disclosed Items	Publication Location (Titles of items on the report/web)	Omission
Material Topics			
Effluents and Waste			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components	II Sustainability Management ▶ 5. CSR Promotion Framework
	103-3		V Priority Themes 3 Help mitigate and adapt to climate change ▶ 1. Basic Concept
		Evaluation of the management approach	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 2. Promotion Framework
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 3. Environmental Impact-reduction Initiatives
			All waste is "non-hazardous waste" and disposed of in accordance with the "disposal methods of the local governments."
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components	II Sustainability Management ▶ 5. CSR Promotion Framework
	103-3		V Priority Themes 3 Help mitigate and adapt to climate change ▶ 1. Basic Concept
		Evaluation of the management approach	V Priority Themes 3 Help mitigate and adapt to climate change ▶ 2. Promotion Framework IX Management Control ▶ 3. Compliance ▶ 3-6 Whistleblower System
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	N/A
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components	II Sustainability Management ▶ 5. CSR Promotion Framework
	103-3		IV Priority Themes 2 Provide workplace environments that enable all people to participate actively ▶ 4. Worker-friendly Work Environment
		Evaluation of the management approach	IX Management Control ▶ 3. Compliance ▶ 3-6 Whistleblower System
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	I Organizational Profile ▶ 1. Organizational Profile ▶ 1-4 Number of Employees
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	IV Priority Themes 2 Provide workplace environments that enable all people to participate actively ▶ 4. Worker-friendly Work Environment ▶ 4-1 Work-Life Balance Initiatives
	401-3	Parental leave	IV Priority Themes 2 Provide workplace environments that enable all people to participate actively ▶ 4. Worker-friendly Work Environment ▶ 4-1 Work-Life Balance Initiatives
			Matters required for reporting include items awaiting the collection of information. The items will be disclosed within a few years.
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components	II Sustainability Management ▶ 5. CSR Promotion Framework
	103-3		IX Management Control ▶ 3. Compliance ▶ 3-6 Whistleblower System
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	WEB CSR Library ▶ Initiatives to address the working environment ▶ Occurrence of Occupational Accidents
			Managed based on the number of occupational accidents.

GRI Standards	Disclosed Items	Publication Location (Titles of items on the report/web)	Omission
Material Topics			
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components Evaluation of the management approach	II Sustainability Management ▶ 5.CSR Promotion Framework II Sustainability Management ▶ 7.Progress of CSR Activities
	103-3		IV Priority Themes 2 Provide workplace environments that enable all people to participate actively ▶ 2. Utilization and Development of Human Resources IX Management Control ▶ 3. Compliance ▶ 3-6 Whistleblower System
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	WEB CSR Library ▶ Initiatives to address the working environment ▶ Education and Training There are no differences by gender in the indicators. Due to the difficulty of categorizing "occupational training/education" from a large number of training programs, indicators by employee category are not disclosed.
	404-2	Programs for upgrading employee skills and transition assistance programs	IV Priority Themes 2 Provide workplace environments that enable all people to participate actively ▶ 2. Utilization and Development of Human Resources
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components Evaluation of the management approach	II Sustainability Management ▶ 5.CSR Promotion Framework II Sustainability Management ▶ 7.Progress of CSR Activities
	103-3		IV Priority Themes 2 Provide workplace environments that enable all people to participate actively ▶ 3. Diversity Promotion Initiatives IX Management Control ▶ 3. Compliance ▶ 3-6 Whistleblower System
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	VIII Governance and Internal Control ▶ 1. Corporate Governance IV Priority Themes 2 Provide workplace environments that enable all people to participate actively ▶ 4. Worker-friendly Work Environment ▶ 4-1 Work-Life Balance Initiatives
Human Rights Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components Evaluation of the management approach	II Sustainability Management ▶ 5.CSR Promotion Framework II Sustainability Management ▶ 7.Progress of CSR Activities
	103-3		IX Management Control ▶ 3. Compliance ▶ 3-6 Whistleblower System
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	IV Priority Themes 2 Provide workplace environments that enable all people to participate actively ▶ 3. Diversity Promotion Initiatives ▶ 3-2 Human Rights Education Human rights training is conducted for all employees. "Total hours of employee training" are not disclosed.

GRI Standards	Disclosed Items	Publication Location (Titles of items on the report/web)	Omission
Material Topics			
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components	II Sustainability Management ▶ 5.CSR Promotion Framework
	103-3	Evaluation of the management approach	II Sustainability Management ▶ 7.Progress of CSR Activities
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	VII Social Activities The Group has a single segment. Accordingly, "percentage of operations with implemented local community engagement, impact assessments and development programs (using such items as the ones indicated below)" is not disclosed.
Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components	II Sustainability Management ▶ 5.CSR Promotion Framework
	103-3	Evaluation of the management approach	IX Management Control ▶ 3. Compliance ▶ 3-6 Whistleblower System
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	I Organizational Profile ▶ 2. Supply Chain ▶ 2-2 Cooperation with Suppliers
Customer Privacy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components	II Sustainability Management ▶ 5.CSR Promotion Framework
	103-3	Evaluation of the management approach	IX Management Control ▶ 2. Risk Management ▶ 2-7 Cyber Security Initiatives
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	IX Management Control ▶ 2. Risk Management ▶ 2-7 Cyber Security Initiatives While the total number is known, the information is not disclosed due to company policy.
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components	II Sustainability Management ▶ 5.CSR Promotion Framework
	103-3	Evaluation of the management approach	IX Management Control ▶ 2. Risk Management IX Management Control ▶ 3. Compliance IX Management Control ▶ 3. Compliance ▶ 3-6 Whistleblower System
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	N/A
Better Products and Services			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components	II Sustainability Management ▶ 5.CSR Promotion Framework
	103-3	Evaluation of the management approach	II Sustainability Management ▶ 7.Progress of CSR Activities III Priority Themes 1 Promote healthy and abundant lives for all people WEB CSR Library ▶ Other Initiatives ▶ Activities to Respond to the Customer Feedback

GRI Standards	Disclosed Items	Publication Location (Titles of items on the report/web)	Omission
Material Topics			
Health Promotion of Community and Employees			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components	II Sustainability Management ▶ 5.CSR Promotion Framework II Sustainability Management ▶ 7.Progress of CSR Activities
	103-3		III Priority Themes 1 Promote healthy and abundant lives for all people ▶ 2. Offering Products and Services That Address Social Needs IV Priority Themes 2 Provide workplace environments that enable all people to participate actively ▶ 5. Health Promotion for Employees IX Management Control ▶ 3. Compliance ▶ 3-6 Whistleblower System
Responsibility as Institutional Investors			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components	II Sustainability Management ▶ 5.CSR Promotion Framework
	103-3		VI Priority Themes 4 Invest to help build a sustainable society
Measures against Demographic Change and Aging			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	II Sustainability Management ▶ 6. CSR Priority Themes ▶ 6-1 CSR Priority Themes (FY2019)
	103-2	The management approach and its components	II Sustainability Management ▶ 5.CSR Promotion Framework III Priority Themes 1 Promote healthy and abundant lives for all people ▶ 2. Offering Products and Services That Address Social Needs ▶ 2-6 Best Senior Service
	103-3		IV Priority Themes 2 Provide workplace environments that enable all people to participate actively ▶ 2. Utilization and Development of Human Resources ▶ 2-3 Promoting the Active Participation of the Elderly IX Management Control ▶ 3. Compliance ▶ 3-6 Whistleblower System