

Recent Developments on Sustainability Priority Themes

T&D Insurance Group will work to solve social issues surrounding each of the four sustainability priority themes.

Priority Theme 1 Promote Healthy and Abundant Lives for People

- We are committed to providing optimal, high-quality products and services that address social issues and meet diverse customer needs to promote healthy and abundant lives.

Provision of Products and Services Best Suited to Customer Needs

- Taiyo Life has further enhanced its products and services by launching *Simplified Cancer Diagnosis Insurance* and adding it to existing covered contracts of *Decease Preventive Examination cash back service*. Taiyo Life will maintain its commitment to **"helping as many customers as possible live healthy and long lives"** by meeting a wide range of customer needs.
- Daido Life has introduced insurance products to support the health and productivity management of SMEs, such as *Kaisha Minnade KENCO+*, and a Web Community "Dodai?" to provide opportunities for corporate managers to share their opinions and concerns. Daido Life will continue its commitment to **"becoming a reliable partner for SMEs to deliver value beyond expectations"** by solving social issues faced by SMEs.
- T&D Financial Life is committed to **"making the future lives of customers richer and safer"** by providing products and services that satisfy asset management needs in the era of a 100-year lifespan.
- Pet & Family Insurance is committed to **"creating abundant and peaceful lives for people and pets"** by providing products and services that protect the health of pets.

Priority Theme 2 Provide Workplace Environments that Enable Diverse Human Resources to Participate Actively

- T&D Insurance Group will promote business activities that respect the human rights of all stakeholders and work to create an environment in which a diverse workforce can thrive.

Response to Human Rights Issues

- We implement **"human rights due diligence"** to appropriately respond to various human rights issues (e.g. long working hours, harassment, and human rights violations in overseas workplaces). In fiscal 2023, the Group referred to major international norms related to human rights and obtained the knowledge of experts to identify and assess "potential effects on and risks related to respecting human rights" in terms of its business activities.

Investment in Human Capital and Enhancement of Information Disclosure

- In accordance with the Basic Group Policy on Human Resources, which defines the personnel management policy of the Group, T&D Insurance Group works to **engage and develop employees, promote workplace diversity, and create a comfortable working environment.**
- T&D Insurance Group conducts and publishes the outcome of **employee engagement score** to assess how motivated and engaged employees feel at work, how proud they feel about being a part of their company, how responsible they feel for their company, how satisfied they feel about their own achievements, and how they work on their own initiatives.
- **A stock delivering scheme was introduced** with the aim of further raising employees' awareness of company performance and share price appreciation, thereby motivating them to contribute to the enhancement of medium- to long-term corporate value. This in turn is expected lead to the further the Group's corporate value.
- T&D Insurance Group actively discloses information on Group companies, including their human capital data.

Working Environment Improvement

- T&D Insurance Group has established a framework for employees to work in diverse ways by creating a favorable environment for employees to work from home and making shared offices available for more employees in more places.

Priority Theme 3 Contribute to Global Environment Conservation and Climate Change Mitigation and Adaptation

- **T&D Insurance Group believes that it should play a very important role in protecting the global environment and combating global warming. The Group has developed T&D Insurance Group Environmental Policy (<https://www.td-holdings.co.jp/en/csr/csr-policy/environment.html>) to demonstrate its commitment to environmental protection and set specific goals for greater achievements.**

Efforts to Achieve Net Zero

- To contribute to climate change mitigation and adaptation, the T&D Insurance Group has set a long-term goal of reducing its CO2 emissions to net zero. In April 2022, the Group joined “RE100,” a global initiative committed to matching 100% of the electricity used across business operations with electricity produced from renewable sources, and has been making active use of renewable energy resources to “cover 60% of all electricity consumption with renewables by fiscal 2030.” In April 2023, 100% of the electricity used at the headquarters buildings of T&D Holdings, Taiyo Life, and Daido Life was produced from renewable energy.

We will continue to proactively convert our electricity consumption to renewables.



- These initiatives toward decarbonization have enabled the Group to make progress in reducing CO2 emissions at a pace that exceeds its targets. We have reviewed our CO2 emission reduction targets as follows, to contribute to the realization of a net-zero society as a Group and to express our commitment.

Subject	Before revision	After revision
Own emissions (Scope1 and 2)	<ul style="list-style-type: none"> • FY2025 : Reduction of 40% (compared to FY2013) • FY2050 : Net zero 	<ul style="list-style-type: none"> • FY2025 : Reduction of 40% (compared to FY2013) • <u>FY2030 : Reduction of 70%</u> (<u>compared to FY2013</u>) • <u>FY2040 : Net zero</u>
Investees and borrowers (Scope3/category15)	<ul style="list-style-type: none"> • FY2030 : Reduction of 40% (compared to FY2020) *Subjects are stocks, corporate bonds, and financing of domestic listed companies. • FY2050 : Net zero 	<ul style="list-style-type: none"> • FY2030 : Reduction of <u>50%</u> (compared to FY2020) *Subjects are stocks, corporate bonds, and financing of domestic listed companies. • FY2050 : Net zero

Advanced Information Disclosure Based on TCFD Recommendations

- T&D Insurance Group **joined the Task Force on Climate-related Financial Disclosures (TCFD)** in June 2017 and has since been striving to disclose information based on **TCFD recommendations**. In order to understand the impact of climate change on the Group and the prospects for the continuity of its business under such impact, the Group has performed a scenario analysis to assess the impact of rising mean temperature on the Group. For "transition risks," we quantitatively analyzed the impact of the transition to a low-carbon, decarbonized society on our investment and financing portfolios. For "physical risks," we quantitatively analyzed the impact on insurance income and expenditures by conducting future estimates of the number of victims due to flooding and the number of heat stroke patients hospitalized and fatalities. Based on the results of our analysis, we will continue to enhance our information disclosure in accordance with TCFD recommendations.

Biodiversity Conservation, Etc.

- T&D Insurance Group will explore opportunities to join or undertake new international initiatives and information disclosure standard, and develop detailed action plans in order to disclose information on its zero carbon initiatives, reduce its CO2 emissions, and contribute to biodiversity conservation. Taiyo Life has established "*Taiyo Seimei no Mori*" (the Forests of Taiyo Life) in two locations in Japan and is promoting forest conservation activities by volunteers including employees. In fiscal 2023, the "*Taiyo Seimei Kutsuki no Mori* (Kutsuki Forest of Taiyo Life)" was certified as a 30by30 "Natural Symbiosis Site" (an area where biodiversity is being conserved through private sector initiatives, etc.).

Priority Theme 4 Invest to Help Build a Sustainable Society

- **As a responsible institutional investor, T&D Insurance Group contributes to solving environmental, social, and governance (ESG) issues through investment and financing activities.**

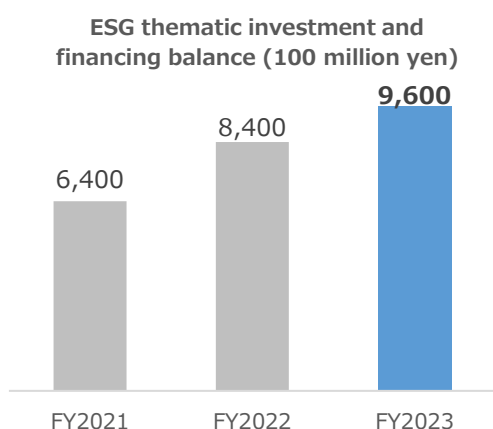
ESG Integration




- In accordance with **T&D Insurance Group ESG Investment Policy** (<https://www.td-holdings.co.jp/en/csr/csr-policy/esg.html>) , T&D Insurance Group will strive to increase long-term investment returns and fulfill its mission as an institutional investor to create a sustainable society by taking into account not only financial information relating to borrowers and investees but also assessment results relating to ESG and other non-financial factors when financing and investing in stocks, bonds, securities, real estate, and other assets.
- In light of the mission and public nature of the life insurance business, the Group has introduced a negative screening methodology to exclude companies and businesses that are undesirable from an ESG perspective from the scope of investment and financing.

Specifically, the policy prohibits, in principle, investments in and financing to specific weapons manufacturing companies (companies that manufacture cluster bombs, biological and chemical weapons, anti-personnel mines, nuclear weapons, etc.) and palm oil companies. In addition, the company has a policy of not making new investments or financing in coal-fired power generation, coal mining, and oil sands businesses, which have a significant impact on climate change.

ESG Thematic Investment and Financing

- T&D Insurance Group takes ESG issues into account in making investment and financing decisions and focuses its loans and investments on thematic assets to contribute to creating a sustainable society. The Group will assess the profitability and risk of each investment project to build up surplus funds.



Major projects	
	Investment in “green bonds” that contribute to solving environmental issues – To cover the cost of renewable energy generation projects and energy efficiency projects conducted by local governments and operating companies
	Investment in “sustainability bonds” issued by the university corporations – To cover the cost of infrastructure and campus development projects to realize the vision of the new national university corporation
	Investment in “social bonds” that contribute to supporting developing countries, etc. – To cover the cost of education and employment support in developing countries, and for initiatives to resolve and support issues such as gender equality

Dialogue (Engagement) with Investees and Borrowers

- Based on the Principles for Responsible Institutional Investors (Japan’s Stewardship Code), T&D Insurance Group is committed to supporting the medium- to long-term business growth of investees and borrowers through constructive dialogue (engagement) with them.

Efforts to Help Investees and Borrowers Achieve Net Zero CO₂ Emissions

- Aiming to contribute to the reduction of CO₂ emissions of society as a whole, we have set targets to **reduce the CO₂ emissions of investees and borrowers to net zero by fiscal 2050 and by 50% (from the fiscal 2020 level) by fiscal 2030** (as mentioned above, the interim target level was raised from 40% to 50%).
- CO₂ emissions based on our investment and financing portfolio amounted to 1,989,000 tons at March 31, 2023. On a per-unit basis, which is how our interim targets toward net zero are defined, emissions were 7,600 tons per million yen, a 33.3% reduction from the fiscal 2020 level.
- The T&D Insurance Group will continue to support the transition of its investment and loan recipients to decarbonization through dialogue, and will continue our efforts to support financing for investment in ESG bonds such as green bonds and transition finance.