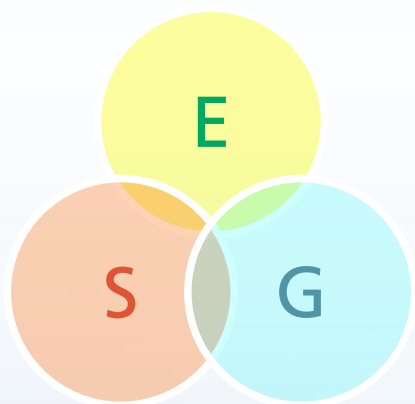


Foundations Supporting the Corporate Value



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Three-way Discussion Among Outside Directors

We invited three outside directors to discuss matters such as T&D Holdings' corporate governance, challenges for realizing sustainable growth and their roles as outside directors.

Corporate Governance That Supports Sustainable Growth



Seiji Higaki

Outside director

Held positions including Director, President and Representative Executive Officer of Resona Holdings, Inc. and Director and Vice Chairman of Resona Bank, Ltd. Became director of T&D Holdings in June 2018.



Haruka Matsuyama

Outside director

Attorney. Partner of Hibiya Park Law Offices. Became director of T&D Holdings in June 2013.



Naoki Ohgo

Outside director

After serving as partner at McKinsey & Company, Inc., established Root F Co., Ltd. and became representative director. Became director of T&D Holdings in June 2017.

Governance System of T&D Holdings

Matsuyama

First, with regard to the corporate governance of T&D Holdings (the “Company”), every aspect of the previous governance structure was reviewed when the Company was established and listed in 2004, and a robust system was built as a T&D Life Group (the “Group”).

As to the original role of a holding company to oversee its subsidiaries, in the case of the Company, the system is very well designed where two large operating companies under its umbrella, Taiyo Life and Daido Life, oversee each other in a state of mutual tension under the holding company.

Further, with the enforcement of the Corporate Governance Code, there have been various discussions including director compensation system, the nomination process, utilization of outside directors. My impression is that these matters are already quite well organized at the Company.

Ohgo

Regarding the Board of Directors, everyone is really engaged in serious and active discussions. The essential thing is not what kind of system you put in place. What’s more important is whether the system is actually working or not. That is, whether or not the Board of Directors serves as a place

where people can express a range of opinions from their various viewpoints. I think the Company has managed to do this, and I can say it’s one of the Company’s strengths.

Higaki

I agree that governance is not simply a matter of form. There are a lot of attention on the “company with committees system,” the number of outside directors or female directors and so on. But what’s essential is the corporate culture. For example, whether you can point out if something is wrong with the senior management, or you can express opinions on what other companies in the Group are doing. It’s only been a while since I became a director in June 2018, but in the case of the Group, we have three coexisting subsidiaries: Taiyo Life, Daido Life and T&D Financial Life, and I feel that it would be even better if they would give their opinions about each other more often.

Matsuyama

I think our Board of Directors is very advanced. In particular, its systems for risk management and oversight of subsidiaries are reliable, and the reporting, including advance briefings, is substantial.



My impression is that the director compensation system, the nomination process, utilization of outside directors and so on, are already quite well organized at T&D Holdings, Inc.

——— Director Matsuyama

Ohgo

We at least get together twice a month for Board of Directors meetings and advance briefings. We really have discussions quite often. In that sense, I think a thorough effort is made to have discussions that include outside viewpoints. The various analytical materials are substantial too. Loads and loads of these materials are sent to us in advance. Honestly, I was amazed by how they were so conscientious.

Higaki

I would appreciate if we have a venue for lively discussions other than at the Board of Directors meetings. The Board of Directors meeting is a place for legal decision-making, so it's better to have an opportunity to exchange opinions frankly beforehand.

Ohgo

That's true. If I had to raise an issue, that would be it. It's possible for issues to be overlooked in the current management agenda, so it's good to create a venue for sincere discussion of those issues.

Mid- to Long-term Strategies and Challenges

Higaki

I had a strong impression for the T&D Life Group of being in a "unique position" in the insurance industry with a "sound management." After becoming a director, I realized that the Group's unique position is the result of its pioneering spirit, and the soundness is the result of its diligent corporate culture.

However, a "pioneering spirit" can quickly go out of date, and "diligence" can lead to seeking stability in a crowd. I think that the Group's corporate philosophy of "Try & Discover" is likely to take on greater and greater importance.

Matsuyama

I agree. I think we must leverage the uniqueness and specialization of the Group's business model to take preemptive action amid the challenging environment of the declining birthrate, aging population and ultra-low interest rates, and the trend toward buyouts of small- to mid-sized life insurers by major life insurers.

Ohgo

In the case of Taiyo Life, the population of its target senior market will continue to increase for the next decade or so. This is in reverse to the declining trend in the overall population, so I think the market will remain solid for some time.

As an expert in corporate coverage, Daido Life provides insurance products to address the various risks facing SMEs. These enterprises make up the majority of Japanese companies, and numerous new enterprises are being launched, so I believe that the company could find a new growth curve.

With regard to T&D Financial Life, the senior demographic has a lot of financial assets, and the market size will expand as the senior population increases. In that sense, the company is at a significant structural advantage as it is targeting a growth market.

Higaki

Products and services are generated by customer needs. In a household, the father might be an SME owner, the son might work for a company, and the mother might be a full-time homemaker. The needs that arise in a household are not exclusive to any one company. When we think about the future growth, for example, one idea would be to expand the kind of cross-selling that Taiyo Life and Daido Life are doing now, in line with the strategies each company has developed for their targets.

Matsuyama

Thus far, the Group has grown by each of the operating companies leveraging its respective strengths. However, if we foresee the next 10 or 20 years, I think it is important for us all to, once again, discuss what direction the Group should take at this time where we are creating the next medium-term management plan. For instance, if the Group engages in an M&A, the challenge will be on how the Company will manage the acquired company.

Ohgo

In general, when making a medium-term management plan for example, the top one or two companies in the industry are affected by macro-trends and consequently, their financial results tend to be close to average. However, a group like

T&D Life, a kind of collection of niche companies, could be viable by how the companies fill each space in the market. The Group has various potential, one option is to pursue niche markets downright and establish certain niche businesses. On the other hand, since there are three unique life insurance companies, the next medium-term management plan will be close to perfect if we can create new business opportunities by leveraging from them. If we could further expand from 1+1+1...that how I am thinking.

Higaki

I agree with Mr. Ohgo's view. T&D is a life insurance group with highly unique characteristics that differs from other life insurance groups. I think it could do as it likes, without being constrained by what rivals are doing.

In business, existing and new businesses are not mutually exclusive alternatives. However, if you choose only the existing businesses, you may find yourself at a dead end because you have failed to notice environmental changes or risks. And if you don't test yourself against the competition away from home ground with new businesses, your human resources will not develop. There is a risk the people will inevitably take a conservative approach to work if you do not try new things. There's no need to take on challenges recklessly, but I think a company should expand into areas where it thinks it can succeed based on what it's doing now.

I am considering whether we can create new business opportunities by leveraging from the three unique life insurance companies.

—— Director Ohgo





Some say that the domestic life insurance market will shrink due to the declining birthrate and aging population. But I think the market is still fertile.

—— Director Higaki

Matsuyama

The talk about utilization of IT and AI is all very abstract at this point like trying to catch a cloud. But I have a feeling that everything will advance instantly at a certain point of time. If we don't prepare for that moment not to be left behind, I think it will be very difficult to cope when groundbreaking technologies and services appear.

Until now, financial institutions have moved in lockstep. However, competitors may emerge from industries other than finance and life insurance, and it is necessary to pay attention to keeping up with new technologies and securing human resources.

Ohgo

It's also crucial to return to customer needs and ask what the customers themselves want us to do. Based on that, we can consider how to use digital technologies such as AI or data science.

The Role as Outside Directors

Ohgo

With in-house discussions, it's possible to fall into traps of your own making, because everyone starts to think in the same way. From my perspective as an outsider, I can suggest how market trends should be assimilated for example. I consider this as the added value I can offer serving as an outside director.

In addition, I believe the theme of the next medium-term management plan is "a new leap forward." I want to play a role in supporting the creation of a new management model in that process — not imitating other companies, but creating. It would be boring to set other companies as our benchmark. Creating something not found anywhere else is the T&D Holdings way. I believe my mission is to help accomplish that.

Matsuyama

“What direction should the Company take as a holding company?” This is the challenge for the entire Group, and now is the time to discuss it under the new president. The relationship between the parent company and its subsidiaries is a crucial point, and since this is my area of specialization as a lawyer, I believe that I can assist in this matter.

Considering the status of the holding company is a very big step forward. Discussions on how we build the relationship between the holding company and the operating companies, and if we were to change that relationship, it may be difficult to make progress if they are limited to in-house members of the Company. From the independent standpoint of an outside director, it is both easier to make the argument about how things should be, and to gain people’s understanding of the ideas.

Higaki

Some say that the domestic life insurance market will shrink due to the declining birthrate and aging population. But I think the market is still fertile. For instance, television programs related to health are quite common, but programs related to money seem to be relatively scarce. Japan’s current social issues are rooted in the risks and difficulties associated with longevity. These inevitably involve money problems and that’s where the customer needs are. The next stage for the Group is to create a structure that can accurately respond to customer needs in this context. The Group is working strenuously toward the next stage in a so called “shrinking Japan” with its declining population and other issues. As a member of the Group, I hope to fulfill my role by supporting its growth from an outside perspective.



Corporate Governance

T&D Holdings, Inc. (the “Company”) has been enhancing its corporate governance on the basic approach of creating efficient and transparent management systems to facilitate flexible and cohesive group operations.

The Company values the purport of the Japan’s Corporate Governance Code (the “Code”), which applies to listed companies, and has established the Basic Policy on Corporate Governance* as an initiative in response to the major principles.

*Please see our website for more detail of the Basic Policy on Corporate Governance.

<http://www.td-holdings.co.jp/en/company/governance/>

Promoting Group Management

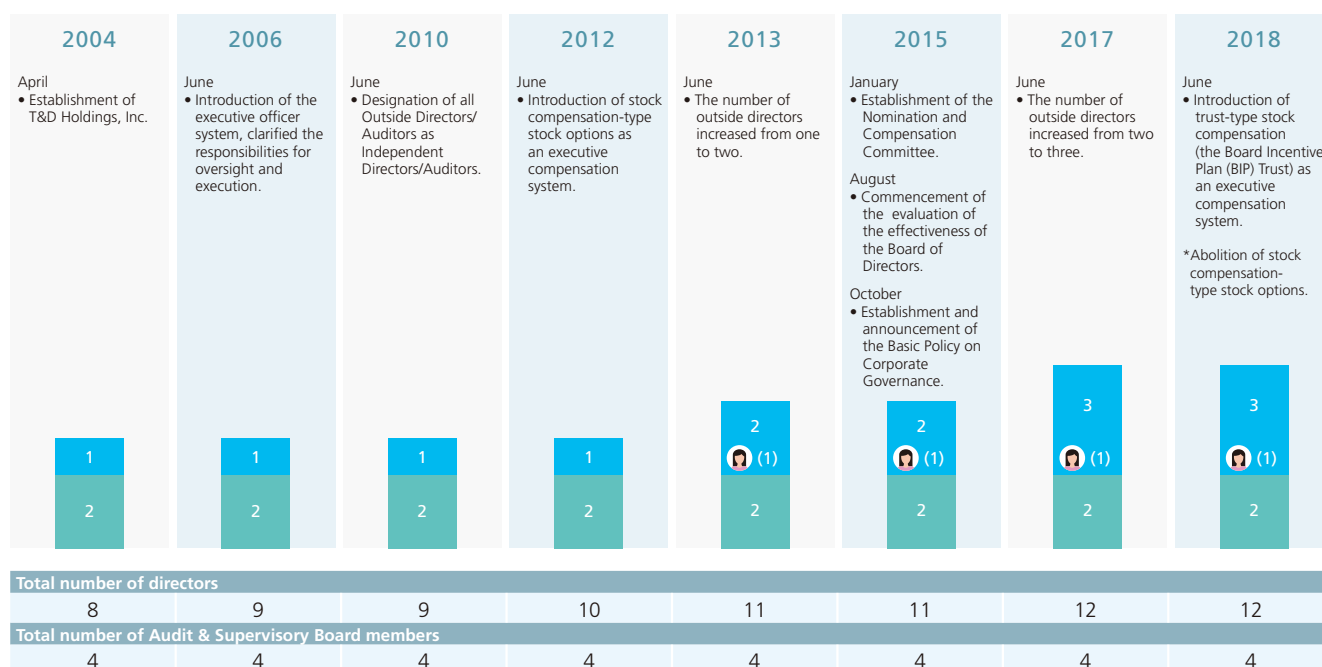
The Company, as a holding company, fulfills the roles of deciding on the strategy of the T&D Life Group (the “Group”), appropriately allocating the Group’s business resources and formulating capital strategies. Along with this, the Company shall strive to establish a Group business management system through such means as rigorously enforcing Group-wide risk-return management by accurately grasping the business risks borne by its five directly owned subsidiaries, centered on affiliates Taiyo Life, Daido Life, T&D Financial Life, as well as T&D Asset Management and Pet &

Family Small-amount Short-term Insurance.

The directly owned subsidiaries, with their own unique business strategies, aim to expand the Group’s corporate value by maximizing their uniqueness and specialization through determining marketing strategies and operating businesses in line with their strengths.

In this way, the Group is promoting group management by clarifying the respective roles and responsibilities of the Company and its directly owned subsidiaries.

History of T&D Holdings’ Corporate Governance



■ Outside directors (No. of people) 👤 of which; female outside directors (No. of people) ■ Outside Audit & Supervisory Board members (No. of people)

Corporate Governance System

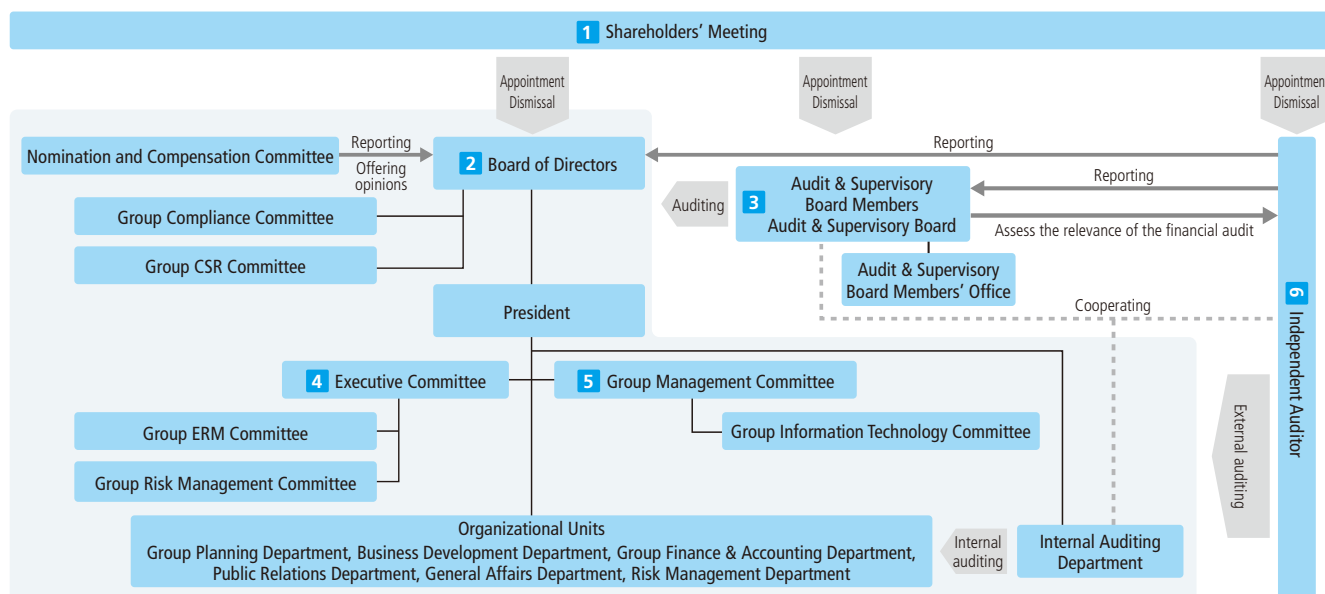
The Company makes decisions on important business matters and oversee the execution of business through its Board of Directors. The Company is a “Company with Board of Auditors.” Accordingly, the Company shall audit the performance of directors’ duties through its Audit & Supervisory Board and Audit & Supervisory Board members, which are independent of the Board of Directors.

In addition, the Company 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 strengthens the governance function of the Board of Directors.

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

Corporate Governance Framework



| 1 Shareholders’ Meeting | The Shareholders’ Meeting is the highest decision-making entity of the Company. At the meeting, reports are made on the Group’s business and consolidated/non-consolidated financial statements, and 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 General Meeting of Shareholders is held once a year. | | | | | | | | | | | | | | |
|--|--|--|--|----------|--|--|--------------------|-----|----|---------------------------|-----|----|-------|-----|----|
| 2 Board of Directors | Number of meetings held: 21 The Board of Directors makes resolutions on important issues related to the business execution of the Company, and oversees the performance of directors and executive officers. | | | | | | | | | | | | | | |
| 3 Audit & Supervisory Board Members Audit & Supervisory Board | Number of meetings held: 16 The Audit & Supervisory Board members audit the performance of duties by directors, and give proposals, advice, and suggestions to directors and the Board of Directors to ensure the sound management of the Company. The Audit & Supervisory Board reports on important issues regarding audits performed by each Audit & Supervisory Board member, which are then deliberated and resolved. | | | | | | | | | | | | | | |
| 4 Executive Committee | Number of meetings held: 50 The Executive Committee consists of the chairman, the president and executive officers. The Executive Committee discusses important issues such as strategies related to the business management of the Group. | | | | | | | | | | | | | | |
| 5 Group Management Committee | Number of meetings held: 15 The Group Management Committee consists of members including the president of the Company and the presidents of the three life insurance companies. The Group Management Committee discusses important issues such as the Group’s cross-sectional strategies. | | | | | | | | | | | | | | |
| Committees | Committees discuss the strategies and matters of the Company or those common to the Group. | | | | | | | | | | | | | | |
| 6 Information related to the Independent Auditor (FY2017) | <table><tr><th>Category</th><th>Remuneration for audit certification services (¥ millions)</th><th>Remuneration for non-audit services (¥ millions)</th></tr><tr><td>Submitting company</td><td>188</td><td>11</td></tr><tr><td>Consolidated subsidiaries</td><td>211</td><td>19</td></tr><tr><td>Total</td><td>399</td><td>31</td></tr></table> | | | Category | Remuneration for audit certification services (¥ millions) | Remuneration for non-audit services (¥ millions) | Submitting company | 188 | 11 | Consolidated subsidiaries | 211 | 19 | Total | 399 | 31 |
| Category | Remuneration for audit certification services (¥ millions) | Remuneration for non-audit services (¥ millions) | | | | | | | | | | | | | |
| Submitting company | 188 | 11 | | | | | | | | | | | | | |
| Consolidated subsidiaries | 211 | 19 | | | | | | | | | | | | | |
| Total | 399 | 31 | | | | | | | | | | | | | |

Roles of the Board of Directors

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

The Company's Board of Directors has entrusted all authority related to the execution of business, other than matters stipulated in the preceding paragraph, to the

representative director and president. Furthermore, the representative director and president delegates authority related to the execution of business to executive officers in charge of business operations for the purpose of separating oversight functions and business execution functions. This framework is designed to facilitate decision-making for business execution matters.

Composition of the Board of Directors

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

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

Furthermore, the Company shall appoint two or more

outside directors to appropriately reflect the opinions of individuals with extensive experience and knowledge in their capacity as outside corporate managers, legal experts and so forth in the Group's management policies and development of internal controls and other systems as well as in the oversight of the execution of business.

Directors at T&D Holdings: 12

Inside directors: 9

Outside directors: 3
(all independent officers)



Nomination and Compensation Committee

In January 2015, the Company established the Nomination and Compensation Committee, chaired by an outside director and comprising the president and outside directors, as an advisory body to the Board of Directors for the purpose of discussing the fairness and appropriateness of the appointment and compensation of directors and Audit & Supervisory Board members, as well as ensuring the transparency of management and enhancing accountability. In fiscal 2017, the Nomination and Compensation Committee was held a total of seven times.

Nomination and Compensation Committee (held seven times in fiscal 2017)

| Fiscal 2017 Nomination and Compensation Committee | Deliberation and reporting matters |
|---|---|
| 1st Nomination and Compensation Committee | <ul style="list-style-type: none"> Appointment of directors, Audit & Supervisory Board members, and substitute Audit & Supervisory Board members Revision of the limit on remuneration to outside directors |
| 2nd Nomination and Compensation Committee | <ul style="list-style-type: none"> Evaluation of the effectiveness of officers for fiscal 2016 |
| 3rd Nomination and Compensation Committee | <ul style="list-style-type: none"> Succession plan |
| 4th Nomination and Compensation Committee | <ul style="list-style-type: none"> Change in Representative Director and President |
| 5th Nomination and Compensation Committee | <ul style="list-style-type: none"> Amendment to the Articles of Incorporation, in conjunction with a shortening of the directors' term of office |
| 6th Nomination and Compensation Committee | <ul style="list-style-type: none"> Appointment of executive officers |
| 7th Nomination and Compensation Committee | <ul style="list-style-type: none"> Consideration of a new stock compensation system for directors and executive officers |

Reference: Executive compensation

Compensation for directors (excluding part-time directors such as outside directors) comprises monthly compensation, bonuses, and stock compensation-type stock options. Compensation for part-time directors, including outside directors comprises monthly compensation.

The monthly compensation and bonuses of each director are discussed and determined by the Nomination and Compensation Committee, based on a review of the Company's business performance and a review of individual performance, in line with an assessment of the director's assigned division, and in accordance with the evaluation standards determined by the Board of Directors.

Stock acquisition rights as stock compensation-type stock options are granted to directors (excluding part-time directors such as outside directors, who are independent from business execution) according to their rank, for the purpose of enhancing their motivation to contribute to increasing corporate value. Directors (excluding part-time directors such as outside directors) also allocate a certain amount of their monthly compensation to purchase treasury shares through director/Audit & Supervisory Board member share ownership.

Compensation for Audit & Supervisory Board members comprises monthly compensation.

Total Compensation Paid to Directors and Audit & Supervisory Board Members

| Category | Monthly compensation | | Reserve for bonuses | | Stock compensation-type stock options | | Total compensation | |
|-----------------------------------|-------------------------------|---------------------|-------------------------------|---------------------|---------------------------------------|---------------------|-------------------------------|---------------------|
| | Number receiving compensation | Amount (¥ millions) | Number receiving compensation | Amount (¥ millions) | Number receiving compensation | Amount (¥ millions) | Number receiving compensation | Amount (¥ millions) |
| Directors | 14 | 210 | 6 | 58 | 6 | 65 | 14 | 334 |
| (Outside appointees) | (3) | (26) | (0) | (—) | (0) | (—) | (3) | (26) |
| Audit & Supervisory Board members | 5 | 78 | 0 | — | 0 | — | 5 | 78 |
| (Outside appointees) | (2) | (19) | (0) | (—) | (0) | (—) | (2) | (19) |
| Total | 19 | 288 | 6 | 58 | 6 | 65 | 19 | 413 |

(Notes)

1. The annual compensation limit established at a shareholders' meeting is ¥500 million for directors and ¥130 million for Audit & Supervisory Board members. Bonuses are included in the amount for directors. In addition, the annual compensation limit for stock compensation-type stock options (stock acquisition rights) for directors is ¥100 million, which was established separately from the above annual compensation limit for directors (excluding outside directors).
2. The abovementioned payments include two directors and one Audit & Supervisory Board member who stepped down from their posts, as of the close of the thirteenth Ordinary General Meeting of Shareholders held on June 28, 2017. As of March 31, 2018, the Group had twelve directors and four Audit & Supervisory Board members.

At the fourteenth Ordinary General Meeting of Shareholders held on June 27, 2018, it was resolved to introduce a trust-type stock compensation, the Board Incentive Plan (BIP) Trust*, which uses a trust to deliver the Company's shares, etc. to directors (excluding part-time directors such as outside directors and non-residents in Japan) and executive officers (excluding non-residents in Japan),

with the aim of enhancing their motivation to contribute to improving business performance and enhancing corporate value over the medium- to long-term (the above "stock compensation-type stock options" were abolished in conjunction with the introduction of this system).

*In the BIP Trust, if a director or executive officer is determined to have caused damage to the Company or engaged in gross misconduct during his or her term of office, the payment of stock compensation may be restricted.

Cross-shareholdings

Purpose and Balance of Cross-shareholdings

At the Group, Taiyo Life and Daido Life engage in cross-shareholdings of listed stocks in order to maintain and expand long-term, stable business relationships, and/or maintain and strengthen business partnerships.

As of March 31, 2018, the balance of cross-shareholdings of listed shares (investment stocks stated in the "YUHO Report," held for purposes other than pure investment) was ¥262.4 billion (43 stocks) at Taiyo Life and ¥313.1 billion (189 stocks) at Daido Life.

Exercise of Voting Rights of Cross-shareholdings

The two companies have expressed their commitment to the Stewardship Code, and with regard to cross-shareholdings of listed stock, exercise voting rights similarly to stocks held for purely investment purposes, based on the Stewardship Code. The individual results of the exercise of voting rights are posted on each company's website.

Exercise of voting rights of Taiyo Life (Japanese only):

<https://www.taiyo-seimei.co.jp/company/activity/ssc.html>

Exercise of voting rights of Daido Life (Japanese only):

<https://www.daido-life.co.jp/company/csr/investor/ssc/voting.html>

Effectiveness Evaluation of the Board of Directors

To ensure the effectiveness of the Board of Directors, the Company conducts an annual performance review of the Board of Directors as a whole based on the self-evaluations of individual directors. The performance review examines whether the Board of Directors is functioning appropriately and producing results, and how the Board of Directors is contributing to increasing the Company's corporate value over the medium- to long-term.

Summary of the Evaluation of the Effectiveness of the Board of Directors as a Whole in Fiscal 2017

| | |
|--|--|
| 1. Evaluation procedures | The Company conducted an analysis and assessment of the effectiveness of the Board of Directors as a whole in fiscal 2017, based on self-evaluations (questionnaires) and interviews of the directors and Audit & Supervisory Board members. |
| 2. Evaluation items (5 items) | (i) Function of the Board of Directors (ii) Composition of the Board of Directors (iii) Operation of the Board of Directors (iv) Provision of information to Outside Directors/Audit & Supervisory Board members (v) Overall assessment |
| 3. Overall assessment | The Company considers the Board of Directors of the Company is generally performing its roles and responsibilities effectively as a whole, through the reinforcement of advance measures prior to actual discussions at the Board of Directors, the improvement of the operation of the Board of Directors, and the promotion of diversity in the composition of the Board of Directors, etc. |
| 4. Improvement status of issues recognized in the previous evaluation | Issues recognized in the evaluation for fiscal 2016 (review of deliberation methods and materials of the Board of Directors, improvement of training for directors, diversity in the composition of members, etc.) have generally been improved. |
| 5. Issues recognized in the current evaluation and initiatives going forward | Regarding the development of a framework for enhancing the effectiveness of the Board of Directors, the Company continues to recognize the necessity for improvement. For example, the Company will make efforts in dealing with the limited time for discussion within the meetings of Board of Directors (the necessity of setting up a forum for discussions other than the meetings of Board of Directors), further improvement of meeting materials, devising the contents of report and so forth, for the Board of Directors. Based on the assessment of effectiveness and other information, the Company is working to further improve the supervisory functions and the decision-making process of the Board of Directors. |

Reference: Status of activities of outside directors and outside Audit & Supervisory Board members

Outside directors and outside Audit & Supervisory Board members engage in activities including periodic "exchanges of opinions with the representative directors," "exchanges of opinions with an independent auditor," "exchanges of opinions with the heads of each department," "exchanges of opinions with the directors and executive officers of the major subsidiaries," "exchanges of opinions with the outside directors and outside Audit & Supervisory Board members of the major subsidiaries," and "visits to the business offices of the major subsidiaries."

Based on knowledge regarding the current status of, and the issues facing the Group acquired through such activities, the outside directors and outside Audit & Supervisory Board members express their opinions, as necessary, from their respective professional perspectives, and activate the deliberations at the Board of Directors.

Risk Management

In light of the important social role played by its life insurance business, the Group considers the accurate assessment and control of risk to be one of the top management priorities for ensuring sound and appropriate management. Under the supervision of the Company, each Group company carries out appropriate risk management based on the

principle of self-responsibility.

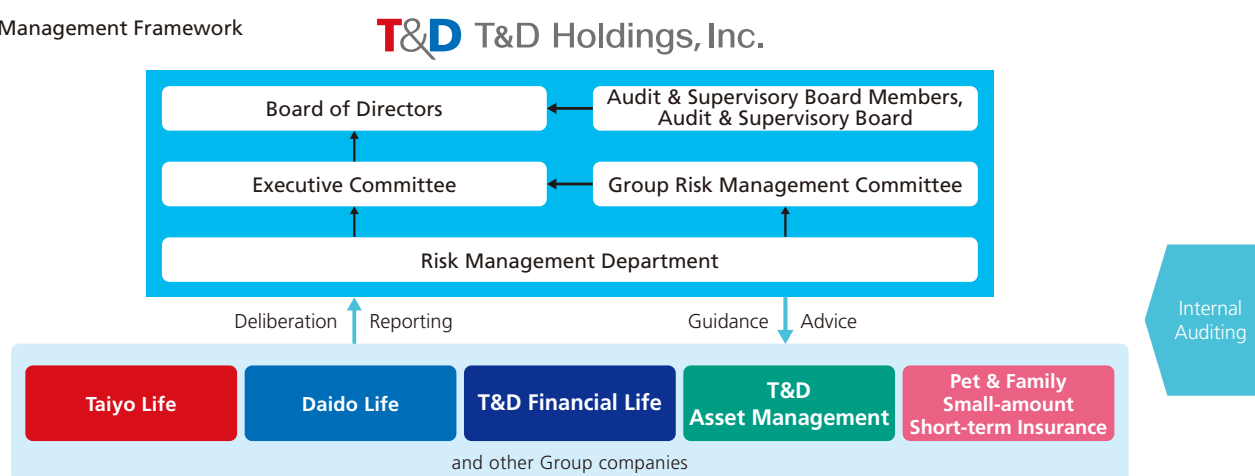
Furthermore, the Group conducts integrated risk management through such means as utilizing risk management indicators based on economic value, which values assets and liabilities on a mark-to-market basis.

Basic Policy on Risk Management and the Risk Management System

The Group has established a Group Risk Management Policy that sets forth the basic concepts for managing risk within the Group. Based on this policy, the Group companies, including the three life insurance companies, have developed their risk management systems which include their affiliates. The Company has established the Group Risk Management Committee to supervise the risks within the Group. The Group Risk Management Committee grasps and manages the condition of each Group company's various

risks by receiving reports based on unified risk management indicators regularly or on an as-needed basis from the Group companies including the three life insurance companies. In addition, the Company reports the risk condition of each Group company to the Board of Directors and on an as-needed basis, provides guidance and advice to the Group companies including the three life insurance companies. This not only ensures that each of the companies conducts thorough risk management but also strengthens Group-wide risk management.

Risk Management Framework



Compliance

Basic Compliance Policies

The Group has formulated the T&D Life Group CSR Charter, the T&D Life Group Compliance Code of Conduct, and the T&D Life Group Basic Policy for Strengthening the Compliance Structure. The Group ensures that corporate

officers and employees are conversant with these basic compliance policies and standards to promote rigorous Group-wide compliance efforts.

*Please see our website for more detail of the Compliance Promotion System.

<http://www.td-holdings.co.jp/en/company/governance/compliance.html>

Basic Policy for Responding to Antisocial Forces

In its Group Compliance Code of Conduct, the Group defines its policy toward antisocial forces as to "reject and stringently respond to any antisocial forces which threaten the order and safety of the civil society." In accordance with

this policy, the Group has formulated "T&D Life Group Basic Policy for Responding to Antisocial Forces," and has announced this on the Company's website.

*Please see the link below for the Basic Policy for Responding to Antisocial Forces. (Japanese only)

<http://www.td-holdings.co.jp/information/antisocial-forces.html>

Accountability

The Company works to disclose information in line with the basic concept of striving to increase the transparency of management by appropriately and timely disclosing corporate information, including appropriate financial information and non-financial information regarding management strategies, management priorities and other matters.

In specific terms, the Company strives to provide easy-to-understand disclosure based on the fair disclosure rules of timeliness, fairness and accuracy in order to

maintain and reinforce trust among all of its stakeholders, including customers, shareholders, employees, insurance agents, business partners, and local communities, and to increase the level of management transparency.

In releasing information, the Company strives to disclose information to as many people as possible using various media.

Furthermore, the Company is actively engaged in IR activities based on its IR Policy (see page 65), while ensuring that briefings are provided by members of senior management, in principle.

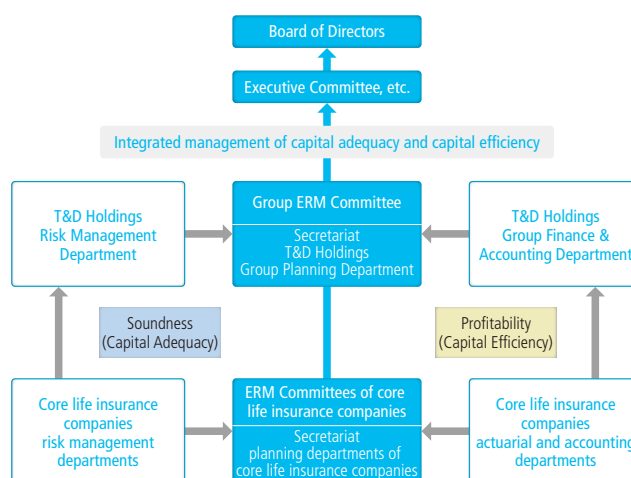
ERM (Enterprise Risk Management)

ERM (Enterprise Risk Management) is a strategic management method used to achieve managerial goals such as raising corporate value (EV) and maximizing earnings, through the integrated management of profit, risk and capital. As its major feature, it quantifies profit, risk and capital with the same criteria to make them “visible,” and by integrally managing them and making management decisions, it enables us to pursue profit by controlling soundness through a comparison between risks and management strengths.



1. Organizational Structure

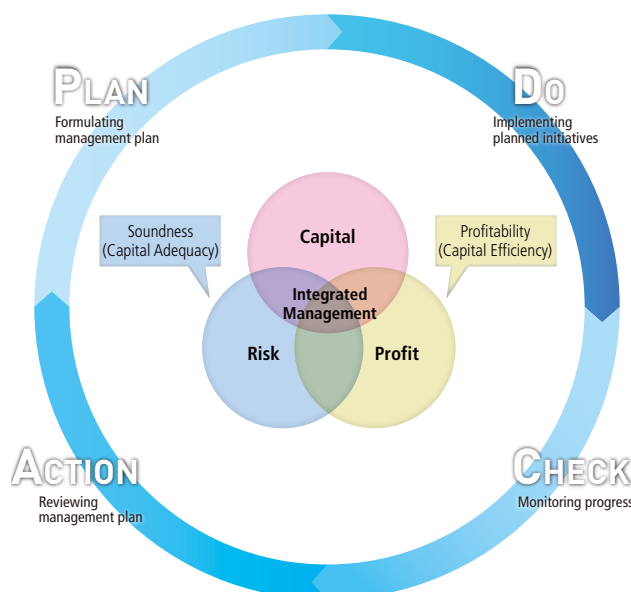
The Group has organized the Group ERM Committee to conduct ERM on a Groupwide basis. The committee leads efforts to promote ERM throughout the Group, aiming to improve its soundness while achieving stable and sustainable increases in corporate value.



2. PDCA Cycle

Under ERM, the process of realizing the growth of corporate value is the PDCA cycle. It leads the management toward achieving goals, while repeating PLAN (formulating the management plan), DO (implementing planned initiatives), CHECK (monitoring progress), and ACTION (reviewing the management plan).

The Group evaluates profit, risk, and capital on an economic value basis and sets standards for soundness and profitability as the Group Risk Appetite. Then, it promotes ERM through the above PDCA cycle in order to meet the Group Risk Appetite.



Group Risk Appetite standards

| | | |
|---------------|-------------|------------------|
| Soundness | ESR | 133% and above |
| Profitability | ROEV | 7.5% and above |
| | (Core ROEV) | (5.0% and above) |

*ESR = Surplus (Capital) ÷ EC (Risk)

*ROEV = Increase in EV ÷ Average of EV (Groupwide basis)

*Core ROEV = (Embedded value of new business + Expected existing business contribution from risk free rate) ÷ Average of EV

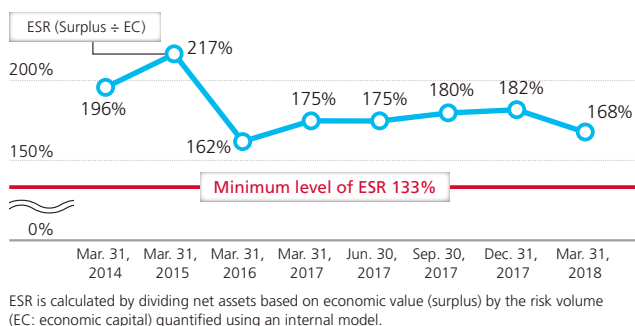
Achieve a Balance of Both High Soundness (Capital Adequacy) and Profitability (Capital Efficiency)

■ Soundness Indicator: ESR

The Group has introduced ESR (Economic Solvency Ratio) as a soundness indicator based on economic value, and by controlling ESR within a set range, the Group works to maintain financial soundness and capital adequacy.

The minimum level of ESR of 133% represents the capital level needed to cover VaR 99.93%.

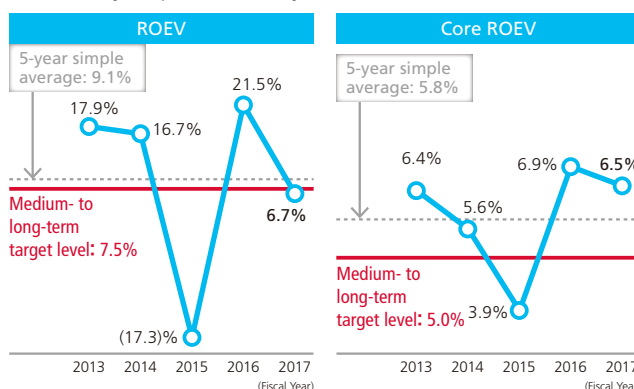
Status of ESR



■ Profitability Indicator: ROEV and Core ROEV

As a profitability (capital efficiency) indicator, considering the specificities of the life insurance accounting, the Company uses "ROEV (Return on Embedded Value)," which is calculated using EV, and Core ROEV, which is centered on the increase in EV as a result of an acquisition of new policies.

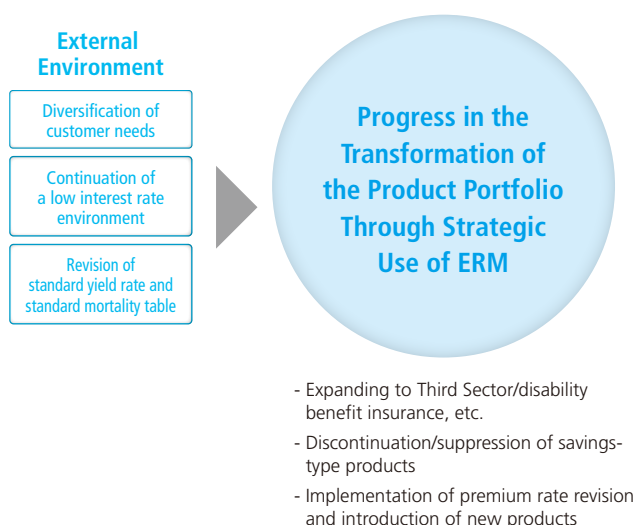
Profitability (Capital Efficiency) Indicator



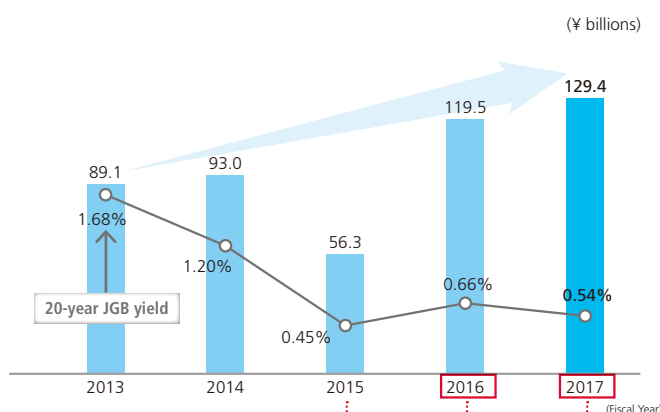
Results of ERM Management:

Increase in the Value of New Business Due to Transformation of the Product Portfolio

As the external environment changes, such as diversification of customer needs and revision of the standard yield rate and standard mortality table, we strategically utilized ERM to flexibly manage profit, risk and capital for the Group as a whole. There was a steady increase in the value of new business even in a low interest rate environment.



Trends in Value of New Business



New business margin*

| | | | |
|-----------------------|------|------|------|
| Total of all products | 3.5% | 6.3% | 8.5% |
|-----------------------|------|------|------|

*New business margin = Value of new business ÷ Present value of new business premiums

Management Organization

Board of Directors

| | | |
|---|--|---|
|  <p>Representative Director and Chairman TETSUHIRO KIDA</p> | <p>Personal history</p> <p>Apr. 1976 Joined Daido Life Mar. 1999 General Manager of Planning Department of Daido Life Jul. 2000 Director of Daido Life Apr. 2003 Managing Director of Daido Life Jun. 2006 Managing Executive Officer of Daido Life Apr. 2007 Director of T&D Financial Life, Director of T&D Asset Management, Managing Executive Officer of T&D Holdings Jun. 2007 Director and Managing Executive Officer of T&D Holdings Apr. 2008 Director and Senior Managing Executive Officer of T&D Holdings</p> <p>Apr. 2010 Representative Director and President of Daido Life, Director of T&D Holdings Apr. 2015 Representative Director and Chairman of Daido Life (current), Representative Director and President of T&D Holdings Apr. 2018 Representative Director and Chairman of T&D Holdings (current)</p> <p>Significant concurrent positions</p> <p>Representative Director and Chairman of Daido Life</p> | <p>Number of the Company's share held*</p> <p>25,917</p> <p>Attendance to the Board of Directors' meetings</p> <p>21 / 21</p> |
|  <p>Representative Director and President HIROHISA UEHARA</p> | <p>Personal history</p> <p>Apr. 1984 Joined Taiyo Life Jan. 2005 General Manager of Investment Planning Department of Taiyo Life Feb. 2005 Director of T&D Asset Management Apr. 2007 General Manager of Group Planning Department of T&D Holdings Apr. 2010 Director of T&D Asset Management Apr. 2011 Executive Officer and General Manager of Group Planning Department of T&D Holdings Apr. 2012 Director of T&D Financial Life Apr. 2014 Executive Officer of Taiyo Life Jun. 2014 Director and Executive Officer of Taiyo Life</p> <p>Apr. 2015 Director and Managing Executive Officer of Taiyo Life Apr. 2016 Director and Senior Managing Executive Officer of Taiyo Life Apr. 2017 Director of Taiyo Life (current), Executive Vice President of T&D Holdings Jun. 2017 Director of T&D Financial Life, Representative Director and Executive Vice President of T&D Holdings Apr. 2018 Representative Director and President of T&D Holdings (current)</p> <p>Significant concurrent positions</p> <p>Director of Taiyo Life</p> | <p>Number of the Company's share held*</p> <p>16,412</p> <p>Attendance to the Board of Directors' meetings</p> <p>16 / 16</p> |
|  <p>Director and Senior Managing Executive Officer KOICHI SEIKE</p> | <p>Personal history</p> <p>Apr. 1980 Joined Daido Life Apr. 2003 General Manager of Profit Management and Actuarial Department of Daido Life Jun. 2006 Executive Officer of Daido Life Apr. 2010 Managing Executive Officer of Daido Life Jun. 2011 Director and Managing Executive Officer of Daido Life Apr. 2014 Managing Executive Officer of T&D Holdings Jun. 2014 Director and Managing Executive Officer of T&D Holdings Apr. 2016 Director and Senior Managing Executive Officer of Daido Life (current), Director and Senior Managing Executive Officer of T&D Holdings (current)</p> <p>Significant concurrent positions</p> <p>Director and Senior Managing Executive Officer of Daido Life</p> | <p>Number of the Company's share held*</p> <p>22,113</p> <p>Attendance to the Board of Directors' meetings</p> <p>21 / 21</p> |
|  <p>Director and Senior Managing Executive Officer CHIKAHIRO TSUBOI</p> | <p>Personal history</p> <p>Apr. 1980 Joined Taiyo Life Mar. 2009 General Manager of Securities Investment Department of Taiyo Life Apr. 2010 Executive Officer of Taiyo Life Jun. 2010 Director and Executive Officer of Taiyo Life Oct. 2011 Audit & Supervisory Board Member of T&D Asset Management Apr. 2014 Director and Managing Executive Officer of Taiyo Life Apr. 2015 Managing Executive Officer of T&D Holdings Jun. 2016 Director of T&D Financial Life (current), Director of T&D Asset Management (current), Director and Managing Executive Officer of T&D Holdings</p> <p>Apr. 2017 Director and Senior Managing Executive Officer of T&D Holdings (current)</p> <p>Significant concurrent positions</p> <p>Director of T&D Financial Life Director of T&D Asset Management</p> | <p>Number of the Company's share held*</p> <p>40,149</p> <p>Attendance to the Board of Directors' meetings</p> <p>21 / 21</p> |
|  <p>Director and Senior Managing Executive Officer MITSUHIRO NAGATA</p> | <p>Personal history</p> <p>Apr. 1985 Joined Daido Life Apr. 2008 General Manager of Profit Management and Actuarial Department of Daido Life Apr. 2011 Executive Officer of Daido Life Apr. 2015 Managing Executive Officer of Daido Life Jun. 2015 Director and Managing Executive Officer of Daido Life Apr. 2017 Managing Executive Officer of T&D Holdings Apr. 2018 Director of Daido Life (current), Senior Managing Executive Officer of T&D Holdings</p> <p>Jun. 2018 Director of T&D Financial Life (current), Director and Senior Managing Executive Officer of T&D Holdings (current)</p> <p>Significant concurrent positions</p> <p>Director of Daido Life Director of T&D Financial Life</p> | <p>Number of the Company's share held*</p> <p>13,437</p> <p>Attendance to the Board of Directors' meetings</p> <p>—</p> |
|  <p>Director and Managing Executive Officer YASURO TAMURA</p> | <p>Personal history</p> <p>Apr. 1987 Joined Taiyo Life Jul. 2009 General Manager of Planning Department of Taiyo Life Apr. 2014 Executive Officer of Taiyo Life Jun. 2015 Director and Executive Officer of Taiyo Life Apr. 2017 Director and Managing Executive Officer of Taiyo Life (current) Apr. 2018 Managing Executive Officer of T&D Holdings Jun. 2018 Director and Managing Executive Officer of T&D Holdings (current)</p> <p>Significant concurrent positions</p> <p>Director and Managing Executive Officer of Taiyo Life</p> | <p>Number of the Company's share held*</p> <p>3,858</p> <p>Attendance to the Board of Directors' meetings</p> <p>—</p> |



Outside Director
HARUKA MATSUYAMA

Personal history

Apr. 1995 Assistant Judge to the Tokyo District Court
Jul. 2000 Registered as an Attorney
Jun. 2013 Director of T&D Holdings (current)

Reasons for selection

Ms. Haruka Matsuyama has sophisticated expertise and extensive insight as an attorney at law specialized in corporate legal affairs. She has been selected as an Outside Director because she is expected to serve her role as an Outside Director in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders by capitalizing on her knowledge and experience.

Significant concurrent positions

Attorney at Law
Audit & Supervisory Board Member of MITSUI & CO., LTD.
Director of Mitsubishi UFJ Financial Group, Inc.
Director of VITEC HOLDINGS CO., LTD.

Number of
the Company's
share held*

2,070

Attendance to
the Board of
Directors' meetings

20 / 21



Outside Director
NAOKI OHGO

Personal history

Apr. 1985 Joined McKinsey & Company, Inc.
Jul. 1999 Partner of McKinsey & Company, Inc.
Jul. 2005 Executive Officer of GE Consumer Finance K.K.
(current Shinsei Financial Co., Ltd.)
Aug. 2008 Representative Director of Root F Co., Ltd. (current)
Jun. 2017 Director of T&D Holdings (current)

Reasons for selection

Mr. Naoki Ohgo has sophisticated expertise and extensive insight based on his experience in providing consulting services mainly in the financial field, as Representative Director of Root F Co., Ltd., capitalizing on his global perspective and high-level insight. He has been selected as an Outside Director because he is expected to serve his role as an Outside Director in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders by capitalizing on his knowledge and experience.

Significant concurrent positions

Representative Director of Root F Co., Ltd.
Director of Orient Corporation

Number of
the Company's
share held*

218

Attendance to
the Board of
Directors' meetings

16 / 16



Outside Director
SEIJI HIGAKI

Personal history

Apr. 1975 Joined The Daiwa Bank, Ltd.
Jun. 2007 Director, President and Representative Executive Officer of Resona Holdings, Inc.
Apr. 2009 Representative Director and Executive Officer of Resona Bank, Ltd.
Jun. 2011 Director and Vice Chairman of Resona Bank, Ltd.
Apr. 2013 Director of Resona Holdings, Inc.
Jun. 2013 Chairman of Resona Research Institute Co., Ltd.
Jun. 2018 Director of T&D Holdings (current)

Reasons for selection

Having served as Director, President and Representative Executive Officer of a bank holding company and Representative Director and Executive Officer of a bank, Mr. Seiji Higaki has a wealth of knowledge and experience in corporate management. He has been selected as an Outside Director because he is expected to serve his role as an Outside Director in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders by capitalizing on this knowledge and experience.

Number of
the Company's
share held*

0

Attendance to
the Board of
Directors' meetings

—



Director
KATSUhide TANAKA

Personal history

Apr. 1977 Joined Taiyo Life
Sep. 2000 General Manager of Policy Service, Conservation and Premium Receipts Department of Taiyo Life
Jul. 2001 Director of Taiyo Life
Mar. 2004 Managing Director of Taiyo Life
Jun. 2006 Director and Managing Executive Officer of Taiyo Life
Apr. 2007 Director and Senior Managing Executive Officer of Taiyo Life
May 2007 Director and Senior Managing Executive Officer, and Customer Service Executive General Manager of Taiyo Life
Feb. 2008 Director and Senior Managing Executive Officer, and Marketing Executive General Manager of Taiyo Life

Jun. 2008 Representative Director and Senior Managing Executive Officer, and Marketing Executive General Manager of Taiyo Life
Jun. 2009 Representative Director and Executive Vice President, and Marketing Executive General Manager of Taiyo Life
Apr. 2011 Representative Director and President of Taiyo Life (current)
Jun. 2011 Director of T&D Holdings (current)

Significant concurrent positions

Representative Director and President of Taiyo Life

Number of
the Company's
share held*

29,762

Attendance to
the Board of
Directors' meetings

21 / 21



Director
MINORU KUDO

Personal history

Apr. 1978 Joined Daido Life
Apr. 2005 General Manager of General Marketing Department of Daido Life
Jun. 2005 Director of Daido Life
Jun. 2006 Executive Officer of Daido Life
Apr. 2008 Managing Executive Officer of Daido Life
Jun. 2009 Director and Managing Executive Officer of Daido Life
Apr. 2011 Director and Senior Managing Executive Officer of Daido Life
Apr. 2014 Representative Director and Executive Vice President of Daido Life

Apr. 2015 Representative Director and President of Daido Life (current)
Jun. 2015 Director of T&D Holdings (current)

Significant concurrent positions

Representative Director and President of Daido Life
Corporate Auditor of EZAKI GLICO CO., LTD.

Number of
the Company's
share held*

37,881

Attendance to
the Board of
Directors' meetings

20 / 21



Director
MASAFUMI ITASAKA

Personal history

Jun. 2004 Joined Daido Life
Sep. 2007 General Manager of Business Development Department of T&D Financial Life
Apr. 2011 Executive Officer of T&D Financial Life
Apr. 2015 Managing Executive Officer of T&D Financial Life
Jun. 2015 Director and Managing Executive Officer of T&D Financial Life
Apr. 2017 Representative Director and President of T&D Financial Life (current)
Jun. 2017 Director of T&D Holdings (current)

Significant concurrent positions

Representative Director and President of T&D Financial Life

Number of
the Company's
share held*

3,436

Attendance to
the Board of
Directors' meetings

16 / 16

*As of June 27, 2018

Audit & Supervisory Board Members

| | | | |
|--|---|---|---|
|  <p>Audit & Supervisory Board Member JUNICHI YANAI</p> | <p>Personal history</p> <p>Apr. 1984 Joined Taiyo Life Apr. 2017 Deputy General Manager of General Affairs Department of Taiyo Life Jun. 2017 Audit & Supervisory Board Member of Taiyo Life (current), Audit & Supervisory Board Member of T&D Holdings (current)</p> | <p>Significant concurrent positions</p> <p>Audit & Supervisory Board Member of Taiyo Life</p> | <p>Number of the Company's share held*</p> <p>1,752</p> <p>Attendance to the Board of Directors' meetings</p> <p>16 / 16</p> <p>Attendance to Audit & Supervisory Board meetings</p> <p>10 / 10</p> |
|  <p>Audit & Supervisory Board Member YASUO TERAOKA</p> | <p>Personal history</p> <p>Oct. 2000 Joined Daido Life Apr. 2011 General Manager of Market & Alternative Investment Department of Daido Life Apr. 2013 Executive Officer of Daido Life Apr. 2015 Executive Officer of T&D Holdings Jun. 2018 Audit & Supervisory Board Member of Daido Life (current), Audit & Supervisory Board Member of T&D Holdings (current)</p> | <p>Significant concurrent positions</p> <p>Audit & Supervisory Board Member of Daido Life</p> | <p>Number of the Company's share held*</p> <p>5,620</p> <p>Attendance to Board of Directors and Board of Audit & Supervisory meetings</p> <p>—</p> |
|  <p>Outside Audit & Supervisory Board Member SHIGEKAZU IWAI</p> | <p>Personal history</p> <p>Apr. 1972 Registered as an Attorney Apr. 1991 Vice President of the Tokyo Bar Association Apr. 2004 President of the Tokyo Bar Association, Vice President of the Japan Federation of Bar Associations Jun. 2012 Audit & Supervisory Board Member of Daido Life, Audit & Supervisory Board Member of T&D Holdings (current)</p> | <p>Reasons for selection</p> <p>Mr. Shigekazu Iwai has deep, special knowledge and extensive insight as an attorney at law, holding vital responsibilities in the legal community, including president of the Tokyo Bar Association and vice president of the Japan Federation of Bar Associations. He has been selected as an Outside Audit & Supervisory Board Member because he can be expected to capitalize on this knowledge and experience to serve his role as an Outside Audit & Supervisory Board Member in auditing the execution of duties of Directors from a perspective of protecting general shareholders.</p> | <p>Number of the Company's share held*</p> <p>2,607</p> <p>Attendance to the Board of Directors' meetings</p> <p>21 / 21</p> <p>Attendance to Audit & Supervisory Board meetings</p> <p>16 / 16</p> |
|  <p>Outside Audit & Supervisory Board Member YUICHI OZAWA</p> | <p>Personal history</p> <p>Apr. 1969 Registered as an Attorney May 1985 Organizer, Commercial Law Subcommittee of the Legislative Council of the Ministry of Justice Apr. 1991 Professor of Legal Training and Research Institute, Supreme Court of Japan (Defense of Civil Cases) Jan. 1998 Member of National Bar Examination Committee (Commercial Law) Jun. 2007 Audit & Supervisory Board Member of Taiyo Life Jun. 2013 Audit & Supervisory Board Member of T&D Holdings (current)</p> | <p>Reasons for selection</p> <p>Mr. Yuichi Ozawa has deep, special knowledge and extensive insight as an attorney at law. He has been selected as an Outside Audit & Supervisory Board Member because he can be expected to capitalize on this knowledge and experience to continue to serve his role as an Outside Audit & Supervisory Board Member in auditing the execution of duties of Directors from a perspective of protecting general shareholders.</p> | <p>Number of the Company's share held*</p> <p>15,608</p> <p>Attendance to the Board of Directors' meetings</p> <p>20 / 21</p> <p>Attendance to Audit & Supervisory Board meetings</p> <p>16 / 16</p> |

*As of June 27, 2018

IR Activities

T&D Holdings, Inc. (the “Company”) strives to promote investor relations (IR) activities based on the core principles of timeliness, fairness, and accuracy, with the aim of gathering the trust of and proper evaluation from shareholders, investors, and so forth.

In this section, we highlight the Company’s FY2017 major initiatives and outline its IR policy.

Major Initiatives

The Company conducts highly communicative investor relations (IR) activities, on the principle that its top management is responsible for all IR statements.

In addition to holding regular financial results meetings for institutional investors and analysts, the Company holds one-on-one on-site meetings with investors in Japan and overseas, and shares views obtained through dialog broadly with management and employees in the Group.

The Company also publishes corporate information in a timely manner through its IR site, and has been rated highly by external assessment organizations.



▲ Scenes from an IR meeting ►
for institutional investors and analysts



Meetings held in FY2017

| | |
|---|-----------|
| Financial results meetings for institutional investors and analysts | 2 |
| Financial results telephone conferences for institutional investors and analysts | 4 |
| Conferences sponsored by securities firms | 5 |
| One-on-one meetings | Total 192 |
| Information meetings for individual investors and sales persons at securities firms | 7 |

Evaluations by External Assessment Organizations

• **2017 Internet IR Award** (Daiwa Investor Relations Co., Ltd.)
Evaluated 3,735 listed companies*

Selected as one of 25 winners of the “Excellence Award”

• **2017 All Japanese Listed Companies’ Website Ranking**
(Nikko Investor Relations Co., Ltd.)
Evaluated all 3,713 listed companies*

Selected as one of 104 companies with grade AAA websites in the Overall ranking

*The number of evaluated companies differs depending on the timing of surveys, etc.

IR POLICY

1. Purpose of IR Activities

T&D Holdings, Inc. (the “Company”) strives to promote investor relations (“IR”) activities based on the core principles of timeliness, fairness and accuracy, with the aim of garnering the trust of and proper evaluation from shareholders, investors, and so forth.

2. Basic Policy

The Company strives to clearly and continuously provide information on the T&D Life Group’s business environment and management strategies, financial condition, and performance to shareholders, investors, and so forth. The Company will disclose information stipulated in the Financial Instruments and Exchange Act, the Insurance Business Act, other related laws and ordinances, and the rules of the Tokyo Stock Exchange in a timely, appropriate and fair manner.

3. IR Information

The Company provides the following IR-related information in addition to statutory and mandatory reporting requirements (including financial statements, Annual Securities Report (“YUHO Report”), earnings releases, “TANSHIN Report,” and other timely information).

- Materials of IR events (conferences, financial results meetings, IR fairs, etc.) for investors and analysts.
- Annual Reports and other IR-related booklets/publications.

The IR information described above will be posted appropriately on the Company’s website, including pages for shareholders, investors, and so forth.

4. Structure Related to IR Activities

The Company’s top management is in principle responsible for all IR activities and statements. However, employees in charge of IR may act on behalf of the management depending on the nature of the IR event, its scale, or other factors.

The department in charge of IR handles all inquiries from shareholders, investors, and so forth concerning the Company’s IR activities.


5. Feedback to Management


Information gathered from shareholders, investors, and so forth through IR activities is fed back appropriately to the management and reported regularly to the Board of Directors and other committees.

6. Silent Period

In order to ensure fairness and prevent the unauthorized disclosure of financial information, the Company maintains a “Silent Period” in its IR activities for three weeks prior to the announcement of quarterly financial results. During this period, the Company refrains from commenting on financial results, and, in principle, from participating in IR events and meetings.

Society

➡ For more detail of our initiatives, please refer to our Corporate Responsibility Report 2018. 

 <http://www.td-holdings.co.jp/en/csr/report/>

Respect for Human Rights

The T&D Life Group has been promoting to nurture a corporate culture where diverse personnel can feel job satisfaction and reach their potential.

POINT

Ratio of female managers

15.8%

No. of female managers

387



Acquisition of maternity and childcare leave



No. of employees taking maternity leave

333

No. of employees taking childcare leave

444

Number of administrative personnel taking paid leave



Average number of paid leave days taken

13.2

Ratio of employees with disabilities

2.42%

No. of employees with disabilities

367



*The total of the three life insurance companies (Taiyo Life, Daido Life, and T&D Financial Life), based on the actual numbers of fiscal 2017 (the ratio and the number of female managers are as of April 1, 2018).

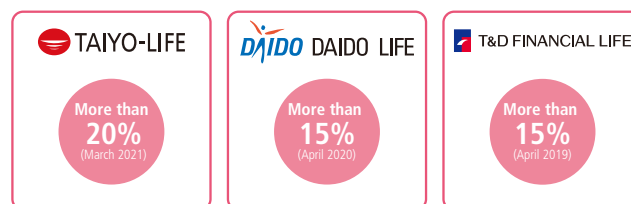
Initiatives to Support Active Roles for Female Employees

The three life insurance companies formulate action plans based on their respective business models, and disclose the goals for promoting the appointment of female managers.

 **P.43, 44**

➡ For the trend of the ratio of female managers and the number of female managers of the three life insurance companies in total, please see page 16 of this report.

Targets set for promoting female employees to management positions: Ratio of female managers (Achievement deadline)




Work-Life Balance Initiatives

T&D Life Group has been strengthening various efforts such as enhancing systems such as childcare leave and a reduction of total working hours, aimed at enabling employees to demonstrate their capabilities and improve their performance at work while at the same time fulfilling their responsibilities at home including housework, childcare and nursing care.

 **P.46-48**

Employment of People with Disabilities

We are working on the employment support in the entire Group in order to create a workplace environment comfortable to the employees with disabilities including introducing dedicated personal computers and considering commuting paths to improve comfortable workplace environment, and accepting a work adaptation supporter.  **P.42**

➡ For the trend of the ratio of employees with disabilities and the number of employees with disabilities of the three life insurance companies in total, please see page 16 of this report.

Reference: Status of taking leaves in the three life insurance companies

| | FY2014 | FY2015 | FY2016 | FY2017 |
|--|--------|--------|--------|--------|
| Number of employees taking maternity leave (persons) | 234 | 290 | 328 | 333 |
| Number of employees eligible to take childcare leave (persons) | 410 | 432 | 462 | 455 |
| Number of employees taking childcare leave (persons) | 366 | 406 | 450 | 444 |
| Number of employees taking nursing care leave (persons) | 6 | 8 | 12 | 20 |
| Average number of paid leave days taken* (days) | 11.0 | 11.8 | 12.4 | 13.2 |

* The number of administrative personnel of the three life insurance companies taking paid leave.


Improving Customer Satisfaction

In order to improve customer satisfaction, the three life insurance companies collect various customer feedback through daily sales activities, and incorporate the feedback for the development and quality improvement of products and services, as well as business improvement.

Initiatives to Respond to Customer Feedback

The three life insurance companies collect as much customer feedback as possible by setting up a number of customer contact points such as sales representatives, insurance agents, call center, and internet. They also work to proactively confirm our customers' satisfaction through regular, as well as ad hoc, surveys and other means.

In addition, the three life insurance companies have established dedicated departments and committees with external members in charge of customer satisfaction management. We developed a system ensuring customer

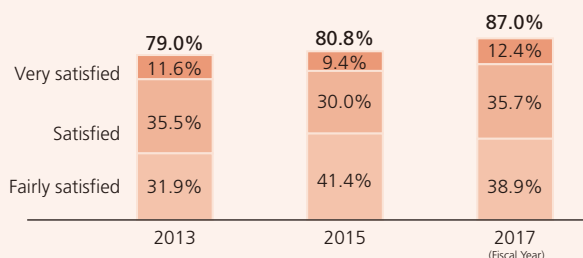
satisfaction at all stages of interaction with customers, from making contracts to payment of insurance claims and benefits, based on a clearly stated policy for customer satisfaction and specific guidelines for the handling of customer complaints.  **P.37-39**

Reference: Number of complaints received (fiscal 2017)

| | |
|--------------------|--------|
| Taiyo Life | 4,720 |
| Daido Life | 10,597 |
| T&D Financial Life | 1,219 |

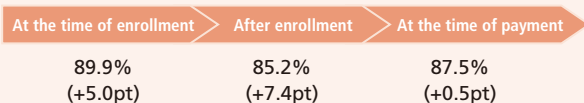
Reference: [Daido Life] Customer Surveys

Customer satisfaction level (corporate and individual business owners)



*The customer satisfaction level is a total of the top three items (Very satisfied, Satisfied, Fairly satisfied) out of seven levels: Very satisfied, Satisfied, Fairly satisfied, Cannot decide, Somewhat dissatisfied, Dissatisfied, and Very dissatisfied.

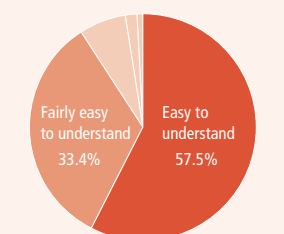
Satisfaction Level for Each Case



*The figures in the brackets is the comparison with fiscal 2015

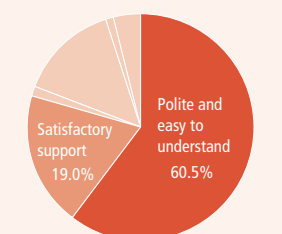
Reference: [T&D Financial Life] Customer Surveys

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



| | |
|------------------------------------|-------|
| Easy to understand | 57.5% |
| Fairly easy to understand | 33.4% |
| Some difficulties in understanding | 6.7% |
| Hard to understand | 1.8% |
| No answer | 0.6% |

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



| | |
|--|-------|
| Polite and easy to understand | 60.5% |
| Satisfactory support | 19.0% |
| Some difficult explanation to understand | 1.4% |
| Unpleasant response | 0.2% |
| Have never phoned them | 14.0% |
| Others | 1.1% |
| No answer | 3.8% |

Regarding application forms, 90.9% of respondents said that they were "Easy to understand" or "Fairly easy to understand." Regarding the manner in which our Customer Service Center staff handle calls, 79.5% of respondents reported that they were "Polite and easy to understand" or provided "Satisfactory support."

Outline of survey


| | |
|----------------------|--|
| Methodology | : The survey, together with documents for procedures, was sent to customers who purchased insurance policies through financial institutions, insurance shops, etc., and requested insurance conservation procedures. |
| Survey period | : January 17, 2018 to April 13, 2018 (Responses received by the end of April 27, 2018 were processed.) |
| No. of Surveys sent: | 2,029 |
| Valid responses: | 622 |
| Response rate : | 30.7% |

Responsible Institutional Investor

The T&D Life Group operates the life insurance business as its core business, which is highly social and public in nature. Accordingly, we believe that it is one of our most fundamental obligations to implement responsible investment which contributes to the realization of a sustainable society.

■ Signing the Principles for Responsible Investment

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

The status of each Group company's PRI initiatives is reported in PRI Transparency Report.  **P.63, 64**

 <https://www.unpri.org/signatories/transparency-reports-2018/3350.article>


Signatory of:



*The Principles for Responsible Investment (PRI) are a code of conduct for the global financial industry that was proclaimed by Kofi Annan, the secretary-general of the United Nations in 2006. A commitment to these principles has been signed by over 1,700 financial institutions worldwide, and by 63 in Japan (as of July 2018).

■ The Principles for Responsible Institutional Investors (the Japanese Version of the Stewardship Code)


The three companies: Taiyo Life, Daido Life and T&D Asset Management, endorsed and expressed their commitment to the Principles for Responsible Institutional Investors (the Japanese version of the Stewardship Code) in May 2014.

Details of each company's basic policies, policy on exercising voting rights and status of exercising voting rights with respect to the Principles for Responsible Institutional Investors are disclosed on the companies' respective websites (Japanese).  **P.65-68**


Taiyo Life Insurance Company (Japanese only):

 <https://www.taiyo-seimei.co.jp/company/activity/ssc.html>

Daido Life Insurance Company (Japanese only):

 <https://www.daido-life.co.jp/company/csr/investor/ssc/>

T&D Asset Management Co., Ltd. (Japanese only):

 <http://www.tdasst.co.jp/company/principles/stewardship/>

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

Reference: Status of exercising voting rights at Taiyo Life and Daido Life


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 summary of results of voting rights exercised at general meetings of shareholders held by domestically listed companies between July 2017 and June 2018 are as follows.

Summary of exercising voting rights

| Type | Taiyo Life | | | | | Daido Life | | | | |
|-----------------------|------------|--------|---------|---------------|--------------------|------------|--------|---------|---------------|--------------------|
| | Approve | Reject | Abstain | Carte blanche | Total agenda items | Approve | Reject | Abstain | Carte blanche | Total agenda items |
| Company proposals | 214 | 4 | 5 | — | 223 | 344 | 7 | 2 | — | 353 |
| Shareholder proposals | — | 8 | — | — | 8 | — | 29 | — | — | 29 |
| Total | 214 | 12 | 5 | — | 231 | 344 | 36 | 2 | — | 382 |

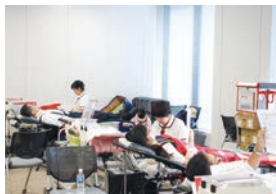
Contribution to Local Communities and Societies

The T&D Group aims for achieving sustained growth in step with society and fulfilling our public mission and meeting our social responsibilities. Our activities focus primarily on areas such as “improving health, medical care and welfare,” “developing a sound society” and “protecting the global environment.”  **P.57-62**

Improving Health, Medical Care and Welfare (Examples of Initiatives)

Blood Drives

The T&D Life Group cooperates with blood drives hosted by the Japanese Red Cross Tokyo Metropolitan Blood Center. The head office divisions (Tokyo) of each company held biannual blood drives in the summer and the winter, and executives and employees are encouraged to donate blood. In fiscal 2017, a total of 326 people in the Group donated blood during the drive.



Supporting Sports for People with Disabilities

Daido Life has been a special sponsor of the National Sports Festival for People with Disabilities every year since the first National Sports Games for the Mentally Handicapped (Yuaipic)* was held in 1992, when Daido Life celebrated its 90th anniversary.

*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.



Developing a Sound Society (Example of Initiatives)

Nationwide Clean Campaign

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 once a 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.



Protecting the Global Environment (Example of Initiatives)

Forest Conservation Activities

Taiyo Life has established the Forests of Taiyo Life in Nasushiobara City (Tochigi Prefecture) and Takashima City (Shiga Prefecture) for the purpose of restoring forest resources and preserving greenery. In addition, “Chopsticks Project” has been implemented to promote the use of disposable chopsticks made from domestic timber derived from forest thinning and wood scraps.



ENVIRONMENT


Environment

➡ For more detail of our initiatives, please refer to our Corporate Responsibility Report 2018. 

📄 <http://www.td-holdings.co.jp/en/csr/report/>

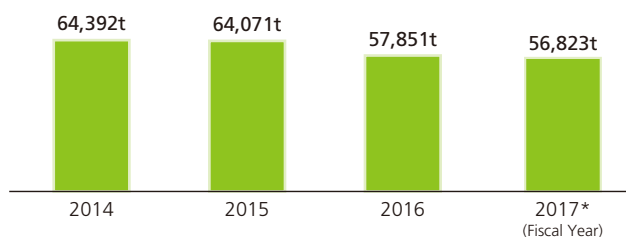
Protecting the Global Environment

Reduction of CO₂ Emissions

As more than 90% of the CO₂ emissions derive from electricity use at the T&D Life Group, we have set targets for electricity consumption and are taking actions to cut our energy consumption.  **P.53**

➡ For the trend of electricity consumption, please see page 16 of this report.

CO₂ Emissions



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