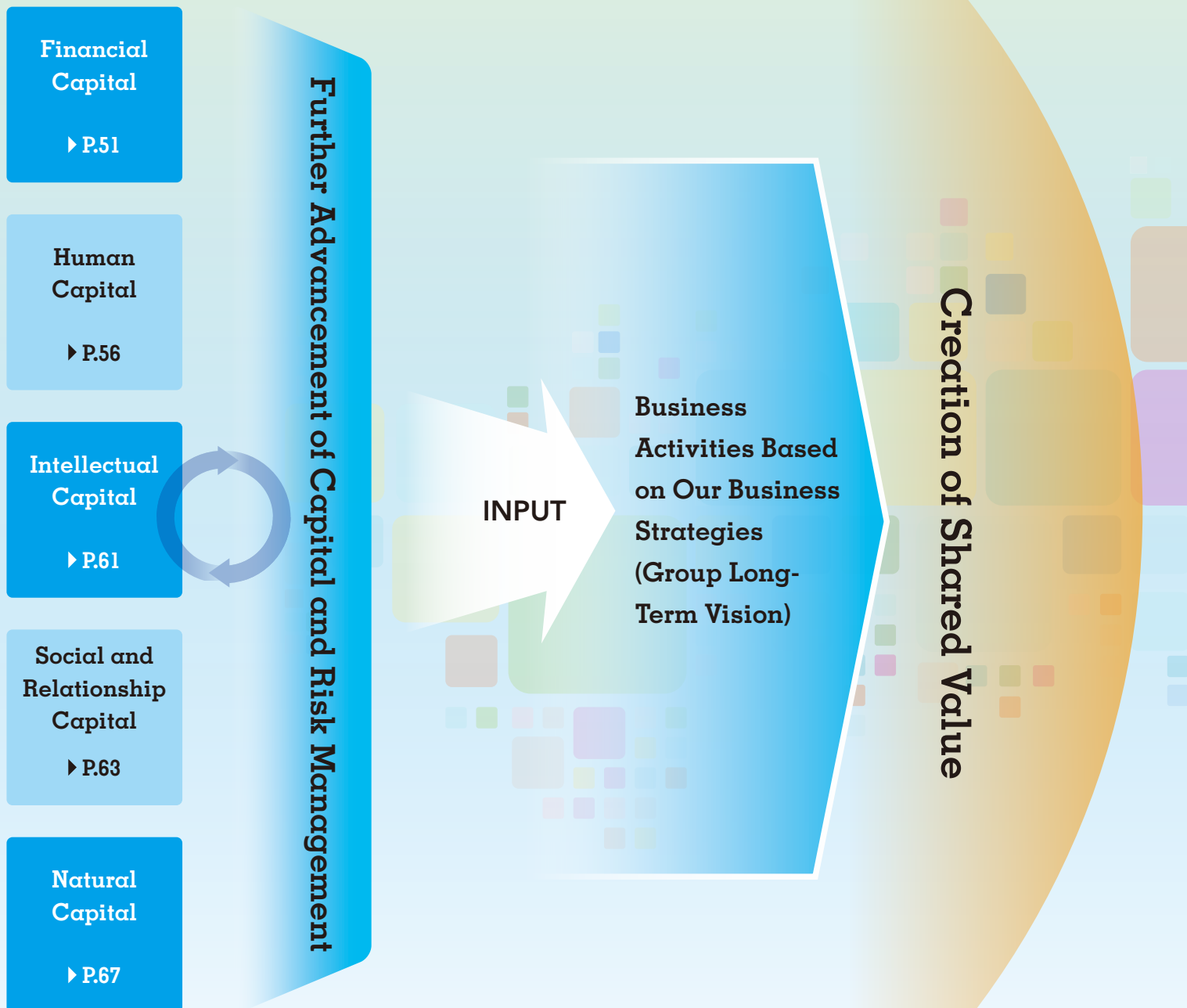


Further Advancement of Capital and Risk Management

The T&D Insurance Group aims to boost the five capitals: Financial Capital, Human Capital, Intellectual Capital, Social and Relationship Capital, and Natural Capital, and strives to prevent them from being damaged. By injecting them as sources required to implement its business activities and strategies, the Group contributes to the creation of shared value.



Competitive Advantage Sources — ①

Financial Capital

The T&D Insurance Group enhances capital efficiency and ensures a solid management base by leveraging its specific financial strategy.

Profitability Indicators

(March 31, 2021)

Group Adjusted Profit

¥77.9
billion

Adjusted ROE

5.8%

Value of New Business

¥143.4
billion

ROEV*

25.4%

* Base excluding valuation gains/losses, etc. related to Fortitude

Soundness Indicators

(March 31, 2021)

Economic Solvency Ratio (ESR)

225%

T&D Holdings (consolidated)

1,094.8%

Taiyo Life

852.8%

Daido Life

1,293.5%

T&D Financial Life

826.8%

Solvency Margin Ratio

Return to Shareholders

(Fiscal 2020)

Adjusted DOE

3.0%

Total Payout Ratio

48.0%

Towards More Sophisticated Financial Strategy



We are working to enhance capital efficiency through further advancement of ERM and upgrading of capital management.

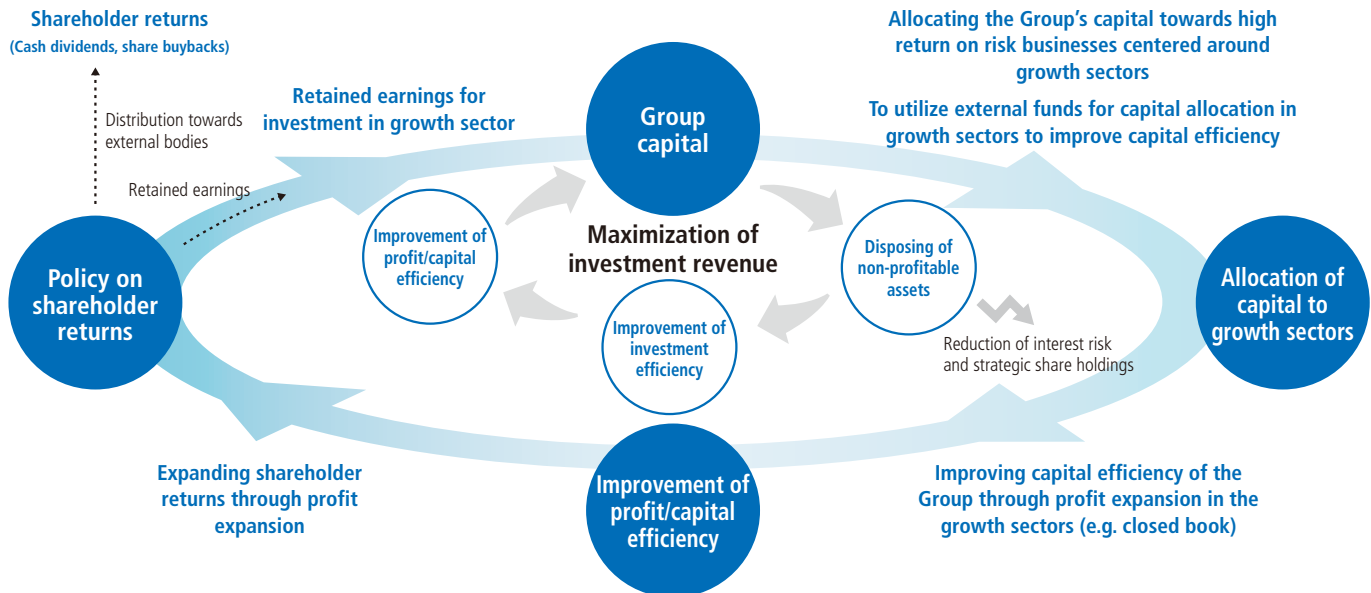
Hotaka Nagai
Managing Executive Officer

The T&D Insurance Group has demonstrated “what we aim to be (vision)” and strategies to realize the vision in the Group Long-Term Vision formulated in May 2021. As Managing Executive Officer in charge of the Company’s Group ERM Strategy Department and Group Finance & Accounting Department, I am determined to contribute to achieving the Group Long-Term Vision through further advancing ERM and upgrading capital management.

Firstly, I will explain the policies for further advancement of ERM and upgrading capital management. The policies focus on

implementing the capital management cycle described below. We aim to improve capital efficiency by applying this capital management cycle.

Specifically, by allocating the Group’s capital generated from our core life insurance business to high return on risk businesses including the closed book business, we plan to enhance capital efficiency through profit expansion in the growth sectors. We also intend to create a favorable cycle in which we boost shareholder returns with expanded profits as well as invest retained earnings in further growth sectors.



Making Effective Use of Capital

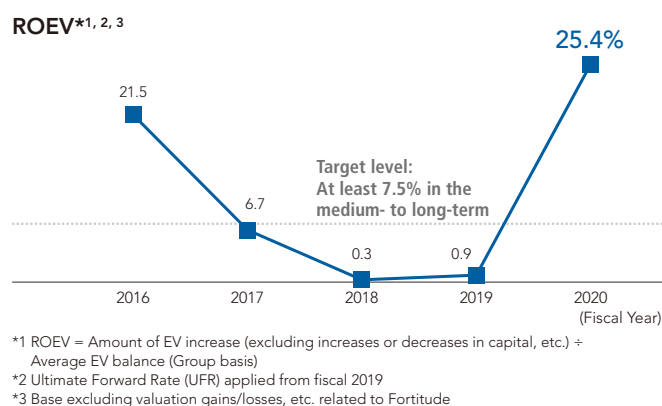
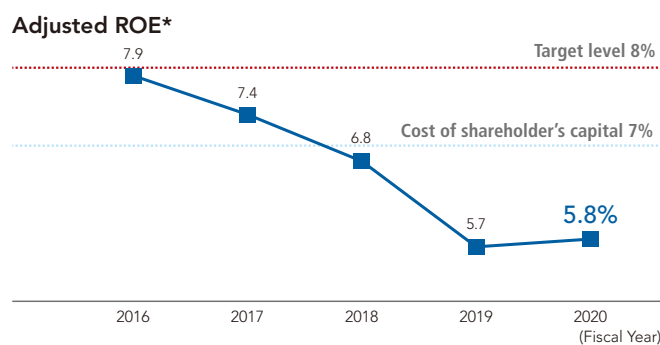
In the Group Long-Term Vision, we have adopted adjusted ROE and ROEV as the Group's key performance indicators (KPIs) to enhance capital efficiency. We set a target of 8% for adjusted ROE in fiscal 2025. As for ROEV, we aim to achieve a stable and sustainable growth that exceeds 7.5% annually in the medium- to long-term.

Moreover, we work on cutting the cost of shareholder's capital, while increasing adjusted ROE. Although we recognize that the current cost of shareholder's capital is approximately 8%, we aim to cut down on the cost to 7% by reducing risks and improving profit stability.

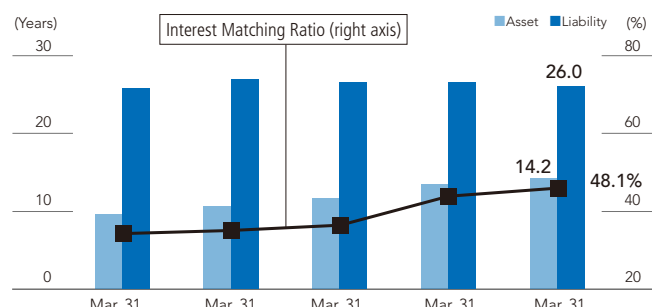
Secondly, I will explain risk management. To develop a structure that is less susceptible to the fluctuations of the financial market and secures a stable profit, we aim to reduce investment risks and increase insurance underwriting risks. Regarding investment risks, in specific terms, the risks of interest rates with low returns on risk and strategic shareholdings will be decreased. As for the reduction of interest rate risks, we intend to raise Daido Life's Interest Matching Ratio to the level of 60% to 70% during the period of the Group Long-Term Vision from 48.1% at the end of March 2021. Strategic shareholdings will be first reduced to approximately 20% of the Group net asset and furthermore by the end of March 2026. By allocating free surplus generated from these reductions to high return on risk businesses and assets, we will boost capital efficiency. We seek to strike a balance between ensuring soundness and improving capital efficiency by monitoring ESR to see whether we excessively take risks and Return On Risk (ROR) to check whether we earn returns commensurate with risks.

In addition, we will make use of hybrid capital and others to invest in growth sectors, while paying attention to soundness. We will maintain appropriate capital levels, while preventing the dilution of shares, and pursue improvement of adjusted ROE and ROEV to realize growth investments.

Thirdly, I will explain our approach to paying out dividends to the holding company from its subsidiaries. Dividends are paid out to the holding company by its subsidiaries after they retain necessary amount of earnings in terms of their soundness. However, the holding company has no function of fund management; therefore, capital that has no clarified use at the holding company is reserved at the Group subsidiaries in view of asset management efficiency. It is planned to pay out to the holding company once its purpose is fixed such as growth investment and shareholder returns. Going forward, we will continue to optimize the ratio of remittance from the Group subsidiaries to the holding company in view of making effective use of the Group capital.



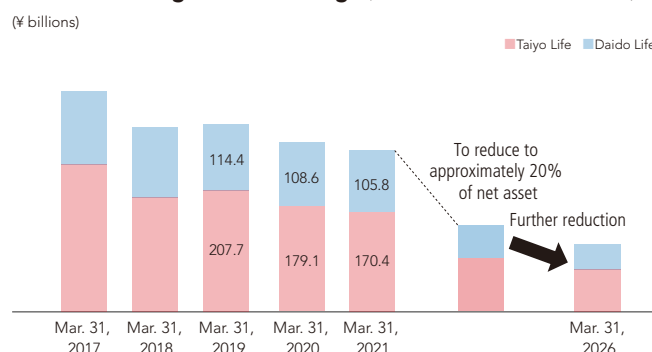
Daido Life's Asset/Liability Duration and Interest Matching Ratio



*1 Insurance liability / asset both include group annuities. Only yen-interest assets are applicable. UFR has been applied from the end of March 2019.

*2 Interest matching ratio is a monitoring indicator used within the Group to manage how asset / liability duration matches considering the amount.
Interest matching ratio = (Asset duration x Asset present value) ÷ (Liability duration x Liability present value)

Trend of Strategic Shareholdings (listed stocks/book value)



Shareholder Returns

Finally, I will explain our policy on shareholder returns. In line with the formulation of the Group Long-Term Vision, we have introduced “returns based on shareholder’s capital” in addition to “returns based on single-year profit.”

For cash dividend, we will pursue stable and sustainable increase, and gradually raise adjusted DOE to approximately 4% from approximately 3% so far.

For share buyback, we will implement agile and strategic share buyback, while striking a balance with growth investments. Moreover, we have newly introduced core ESR as an indicator for considering shareholder returns, replacing the previous ESR. Core ESR is calculated using surplus, as a numerator, which is exempt of unrealized gains and losses on debts due to the application of UFR and subordinated debt. We think that the neutral level of core ESR should be 185%. If the level exceeds 185%,

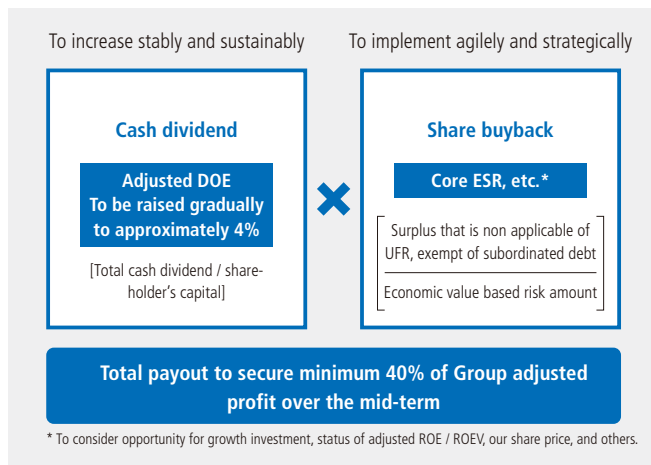
we will consider share buyback, with reference to the status of growth investments, adjusted ROE and ROEV, the Company’s share price and others.

By steadily implementing the measures described so far and boosting capital efficiency, I am committed to help achieve the Group Long-Term Vision.

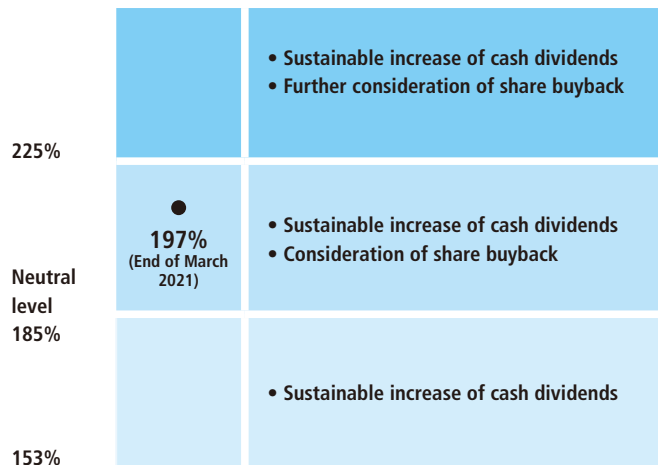
(1) For cash dividend, to pursue stable and sustainable increase, using adjusted DOE as a guide (to be gradually raised to approximately 4%).

(2) Newly introducing “Core ESR” as an indicator for considering shareholder returns. For share buyback, to implement agile and strategic share buyback that takes into account the level of core ESR.

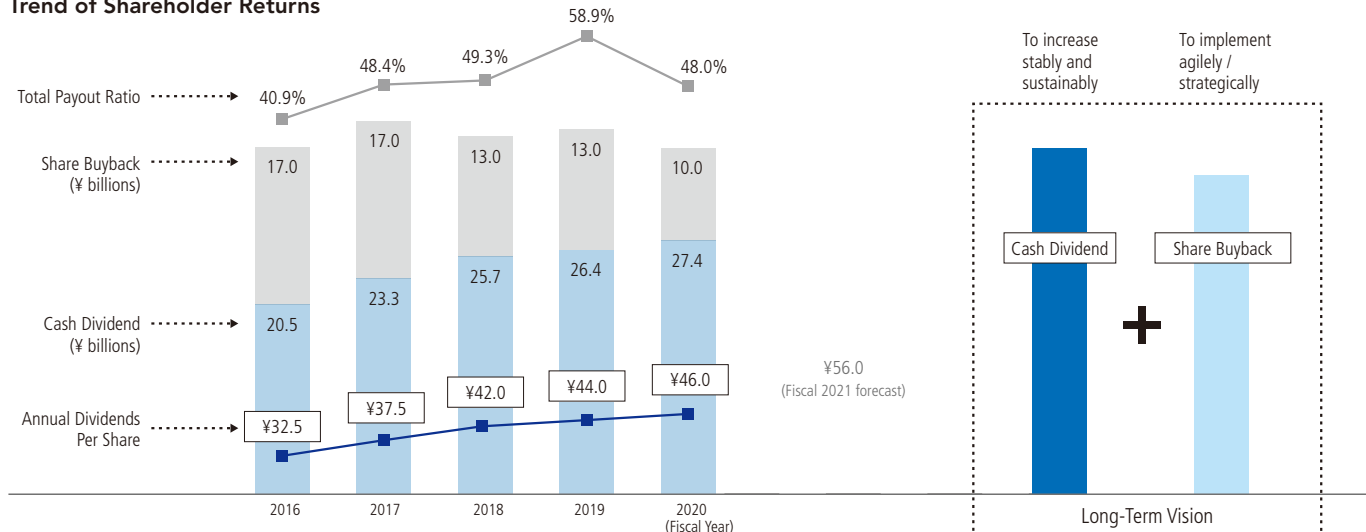
Basic approaches



Relationship between core ESR and shareholder returns

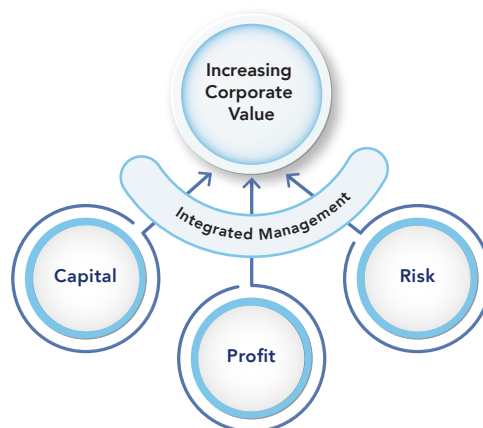


Trend of Shareholder Returns



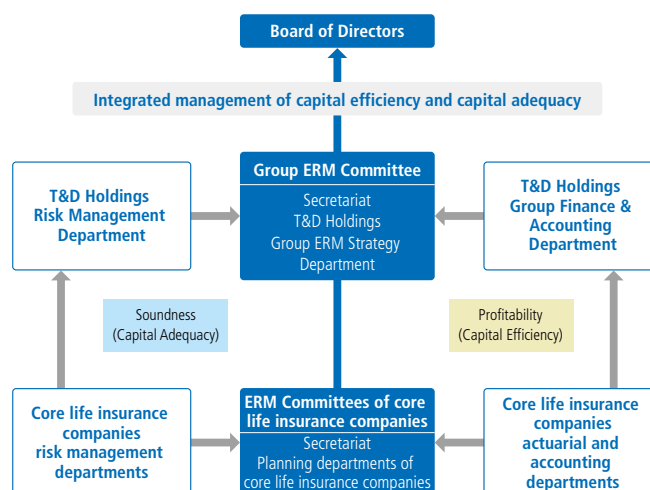
ERM (Enterprise Risk Management)

ERM (Enterprise Risk Management) is a strategic management method used to achieve managerial goals such as raising corporate value and maximizing earnings, through the integrated management of capital, profit and risk. As its major feature, it quantifies capital, profit and risk on an economic value basis 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.



Organizational Systems

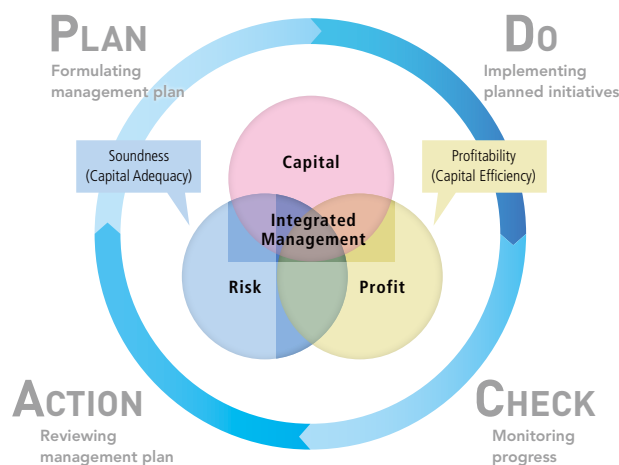
The Group has organized the Group ERM Committee to conduct ERM on a Groupwide basis. In order to promote the advancement of ERM, the Group ERM Committee has reported directly to the Board of Directors since April 2021. The Committee was previously under direct control of the Executive Management Board and the Group Strategy Board. At the same time, the Group ERM Strategy Department, which promotes the advancement of ERM, was established independently from the Group Planning Department.



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



Group Risk Appetite

Soundness	Required level of ESR	At least 133%
Profitability	Core ESR	Neutral level: Around 185% Appropriate range: 153 to 225%
	Adjusted ROE	At least 8.0% in the medium- to long-term
	ROEV	At least 7.5% in the medium- to long-term
	Core ROEV	At least 5.0% in the medium- to long-term

* Starting with this Mid-Term Plan period, Ultimate Forward Rate is applied to the ESR Measurement Model and to MCEV Calculation.
 * ESR = Surplus (capital) ÷ EC (risk)
 * Core ESR = Surplus exempt of subordinated debt, and unrealized gains and losses on debts due to the application of UFR (capital) ÷ EC (risk)
 * Adjusted ROE = Group adjusted profit / Average net asset balance
 * ROEV = Amount of EV increase (excluding increases or decreases in capital, etc.) ÷ Average EV balance (Group basis)
 * Core ROEV = (Value of new business + Expected earnings on the risk free rate) ÷ Average EV balance (Total of three life insurance companies)

Competitive Advantage Sources — ②

Human Capital

The T&D Insurance Group works on various measures to provide workplace environments that enable all people to participate actively in accordance with its Basic Group Policy on Human Resources.

**Number of
T&D Insurance Group
employees**

(March 31, 2021)

Total: 19,615

Employee satisfaction*

(Fiscal 2020)

T&D Holdings: 3.84

Taiyo Life: 3.61

Daido Life: 3.75

T&D Financial Life: 3.55

* Five rated evaluation

**Ratio/number of
female managers***

(April 2021)

17.9% 454

* Total number of Taiyo Life, Daido Life and T&D Financial Life

**Number of in-house
sales representatives**

(March 31, 2021)

Taiyo Life:

8,473

Daido Life:

3,766

**Ratio/number
of employees with
disabilities***

(March 31, 2021)

2.60% 384

* Total number of Taiyo Life, Daido Life and T&D Financial Life

**Number of employees
taking child care leave***

(Fiscal 2020)

Female: 331

Male: 84

* Total number of Taiyo Life, Daido Life and T&D Financial Life

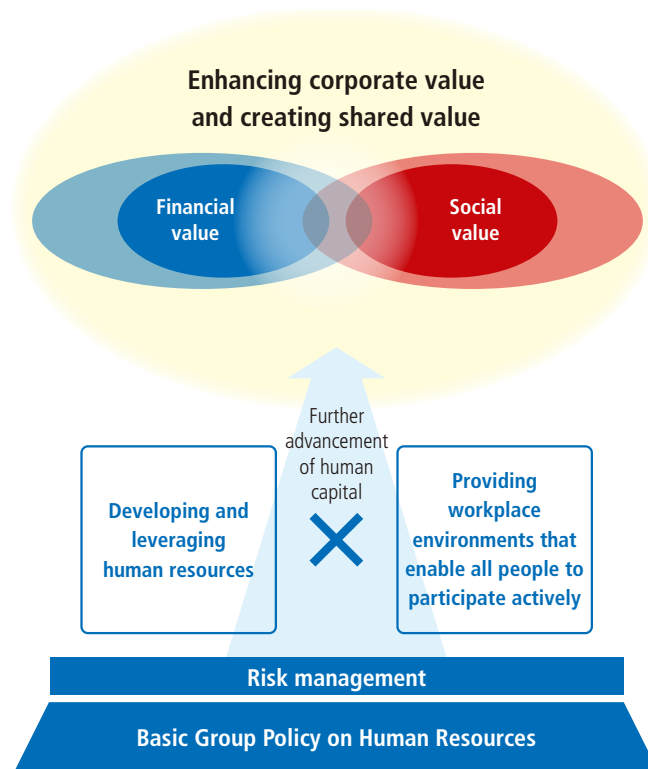
Toward Developing and Leveraging Human Resources that can Create Shared Value

With the formulation of Group Long-Term Vision as a start, the Group has amended its Basic Group Policy on Human Resources to clearly demonstrate again its universal idea not influenced by environmental changes and what we aim to be in terms of human resources. The Group positions "human resources" as the most important and greatest driving force for its business activities to realize the Group's corporate philosophy "With our 'Try & Discover' motto for creating value, we aim to be a group that contributes to all people and societies," and has established the basic policies for its human resources management.

In addition, one of the sustainability priority themes is to "provide workplace environments that enable all people to participate actively." The Group will continue the efforts, believing that employee growth and their increased satisfaction level will lead to enhancing corporate value and creating shared value.



Please refer to the website below for the Basic Group Policy on Human Resources.
<https://www.td-holdings.co.jp/en/csr/csr-policy/human-resources.html>



Efforts Toward Further Advancement of Human Resources and Promoting a Diverse Workforce

Developing and leveraging human resources

The T&D Insurance Group promotes creating "an open corporate culture in which each and every employee feels fulfilled in his or her work, is motivated to develop himself or herself to contribute to the Group's growth, and is able to demonstrate his or her abilities to the fullest."

▶ Action to provide growth opportunities

The three life insurance companies provide education and training, based on the main pillars of OJT (on-the-job training), group training, and support for personal development.

The companies provide enthusiastic support for acquiring qualifications, and they offer diverse curricula via distance education, e-learning, and other methods, which help each

▶ 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

Each of the Group companies aims to raise its corporate value by making the most of the originality and expertise of its business strategies. They formulate their own unique education and training plans based on the Basic Group Policy on Human Resources and work to develop and improve employee capabilities.

individual employee to autonomously build their career.

The companies also practice planned reassignment (rotation) so that, as each employee accumulates diverse work experience, they raise their ability to complete their work with a company-wide perspective.

who are engaged in duties to provide the most suitable services to customers depending upon each individual business model. The companies have developed human capital training programs for such diverse staff, and always work to provide their staff members with the best educational and training opportunities.

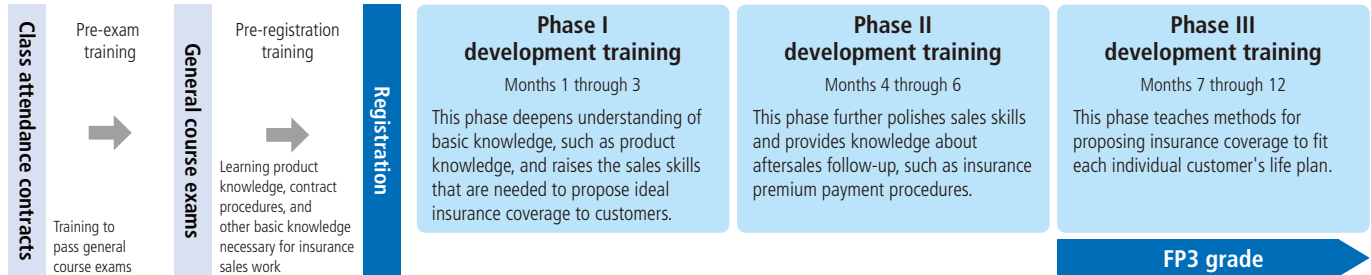
Further Advancement of Capital and Risk Management

[New staff education programs (Taiyo Life)]

Sales staff at Taiyo Life learn about products, taxation, and FP (financial planning) through internal training and acquisition of qualifications. This training enables them to design and sell the ideal life insurance to suit the needs of each individual

customer (family composition, occupation and income, children's education plans, insurance subscriptions, etc.), in order to raise customer satisfaction.

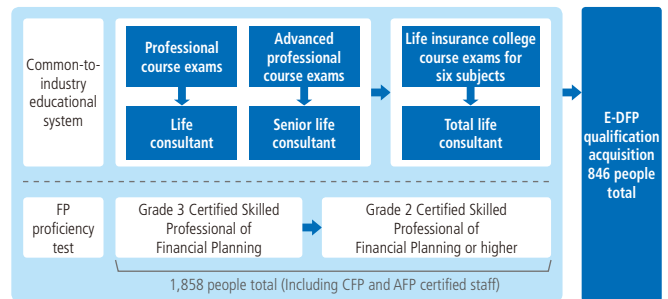
Education systems for newly-hired sales staff (New staff education, FP education)



[E-DFP system (Daido Life)]

Daido Life has established its own E-DFP (Executive Daido Financial Planner) system, which teaches sales staff a wide range of specialist knowledge, including taxation, finances, and financial products. This system is intended to enable staff to accurately grasp ever more advanced and diverse customer needs and practice high-quality consulting sales. The E-DFP qualification is accredited for those who have passed all courses in life insurance College Course Exams (six subjects) and for those who have passed grade 2 Certified Skilled Professional of Financial Planning (can also apply to AFP [Affiliated Financial Planner] and CFP [Certified Financial Planner]).

E-DFP system (As of March 2021)



Providing workplace environments that enable all people to participate actively

▶ Active participation of women

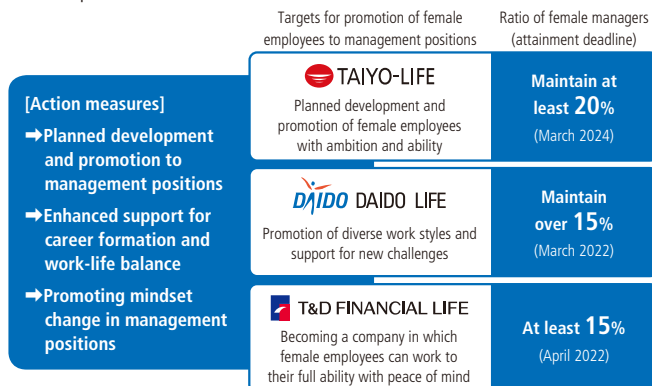
The T&D Insurance Group has been promoting “the nurturing of a corporate culture where diverse human resources can feel job satisfaction and reach their potential.” Under such circumstances, enabling women to further reach their potential is an important driver of sustainable growth in corporate value, and the 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 juggle a job with childcare or nursing care.

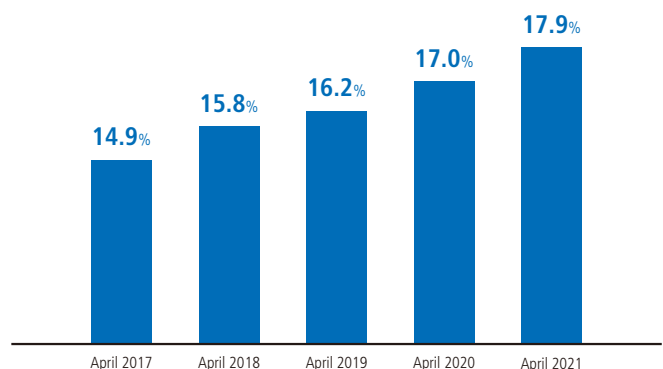
By fostering the Group-wide collaboration to reduce total working hours and encourage male employees to take childcare leave, we are promoting the creation of workplace environments where everybody is motivated to play an active role.

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 plans



Ratio of female managers (total of the three life insurance companies)



▶ Employment of persons with disabilities

To create workplaces which are easy for persons with disabilities to work in, we advise them to attend interviews with a job-seeking support worker, so that they can go into the screening process with confidence. We also run workplace inspection sessions to prevent mismatches before and after people join the company. After persons with disabilities enter the company, we continue developing the workplace environment

▶ Empowerment of seniors

Each of our three life insurance companies has introduced a re-hiring system for people of retirement age. From the standpoint of work-style reform, the Group is working to promote the

▶ LGBT-friendly

In its Human Right Policy, the T&D Insurance Group clearly states our basic approach to respecting human rights, by which we strive to develop workplace environments where every employee can exert their abilities to the full. Each Group company

▶ Conduct of health and productivity management

Each company in the T&D Insurance Group aims to create workplace environments according to the principles of health and productivity management, in which all employees can work

to facilitate their work, with measures such as installing special PC equipment and considering commuting routes. We bring in specialized job coaches who provide support, and superiors hold three-person interviews with the employee and a job-seeking support worker in attendance to provide advice. These efforts are taken throughout the company to help persons with disabilities find jobs.

empowerment of older workers and we are introducing various systems adapted to each company's circumstances.

is working to support LGBT people too, with measures such as providing training and establishing consultation desks, with a view to promoting diversity.

vigorously, both mentally and physically. By promoting Taiyo's GENKI Project at Taiyo Life and Daido KOKO KARA at Daido Life, we implement various measures to promote employee health.

Recognition for efforts

The following are some examples that the Group's efforts are recognized by external organizations.

We conduct a satisfaction level survey for employees (the results of fiscal 2020 are shown on page 56). Under the Group

Long-Term Vision, we have set an employee satisfaction level as a non-financial KPI and will boost productivity by providing workplace environments that enable all people to participate actively.

Received the Excellence Award in the 3rd Platinum Career Award: our third consecutive receipt of this award.

The Group's efforts to help develop the career of employees and capitalize on them are evaluated in terms of three characteristics: long-term perspective, autonomous learning, and contribution to society.

(held by Toyo Keizai Inc., supported by the Cabinet Secretariat and the Ministry of Health, Labour and Welfare)



Examples of the Group's efforts are published in "2020 Edition Annual Health, Labour and Welfare Report—The social security system and people's work styles in the Reiwa Era—" issued by the Ministry of Health, Labour and Welfare.

Taiyo Life

Introduction of a mandatory retirement age of 65 and a continuing employment system (that allows persons to keep working up to the age of 70) as the first among large life insurance companies

Daido Life

More flexible workplaces ~ Introduction of remote work

Recognized as Certified Health and Productivity Management Organizations "White 500" for a fifth consecutive year.

Taiyo Life and Daido Life have been approved as "Certified Health and Productivity Management Organization (White 500)" for five consecutive years in the large company category, under a certification system organized by the Ministry of Economy, Trade and Industry (METI), for companies which practice health and productivity management for employee health promotion. T&D Financial Life was recognized as Health and Productivity Management Organization.



Risk Management of Human Resources

Establishment of Group HR Committee

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 Group HR Committee in order to cooperate in conducting surveys, formulating plans and holding consultations regarding important matters of policy to which the Group should respond. The chairperson of the committee is the T&D Holdings executive officer responsible for human resources, and the committee members are the heads of the human resource departments of the three life insurance companies. The committee

meets every month. The Group HR Committee is promoting efforts to nurture a corporate culture where diverse human resources can feel job satisfaction and reach their potential. The committee 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.

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." 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.

For 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 2020, no scandals or legal disputes relating to bribery or corruption has occurred.

Extract from the T&D Holdings 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.

Internal reporting system

At the T&D Insurance Group, each of the Group's three life insurance companies and other Group members used to operate their own internal reporting systems. In April 2005, however, the T&D Insurance Group Helpline was established for use by all executives and employees in the Group. The T&D Insurance

Group Helpline accepts, through an external company, reports of compliance issues, violations of internal rules (including suspected violations), and actions that may damage the credibility or reputation 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 reports and the results of the investigations into them are then reported to the Audit and Supervisory Board and to management.

Furthermore, the T&D Insurance Group Help Line was registered as "Whistleblowing Compliance Management System*" certified (self-declaration of conformity registration system)"

under Consumer Affairs Agency in March 2021.

* A system where if a company, through its internal evaluation finds that their internal reporting system meets the "Guidelines for Private Enterprises Regarding the Development and Operation of Internal Reporting Systems Based on the Whistleblower Protection Act," then it is granted permission to use WCMS mark upon examination and validation conducted by a designated registration organization (the Japan Institute of Business Law).



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

FY2018	243
FY2019	258
FY2020	320

* 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.

Intellectual Capital

The T&D Insurance Group is developing valuable products and services based on abundant data accumulated until now and collaborations with companies from different industries. We are also working on initiatives such as the accumulation of expertise on the closed book business toward diversification and optimization of the business portfolio.



Know-how core life insurance companies acquire in each specialized market

For more details, please refer to Characteristics of the T&D Insurance Group on page 10 and 11.



Innovative products and services through collaborations with companies from different industries



Expertise on the closed book business accumulated through participation into management of Fortitude Group Holdings, LLC

For more details, please refer to Group Companies on page 48 and 49.



Economic and market analysis ability and asset management know-how of core life insurance companies and T&D Asset Management

For more details, please refer to Expansion of Profit (Advancement of Life Insurance Asset Management) on page 42.

Towards Further Advancement of Intellectual Capital

▶ Conduct of Daido Life Survey

Daido Life has been conducting the Daido Life Survey in the hope of contributing to a sustainable development of SMEs every month since October 2015. It is a questionnaire-based survey in which its sales representatives collect the unfiltered opinions of business owners of SMEs across the country. The results of the survey are compiled into a report. The survey receives approximately 10,000 answers every month and provides information as tips to help SME owners identify the management challenges they face and resolve them, and it is made available to the general public. Moreover, accumulated data is utilized, for example, to develop new products and services.



* Previous reports can be available on Daido Life's website.



▶ Activities of Taiyo Life Aging Society Institute

Taiyo Life established the Taiyo Life Aging Society Institute on April 1, 2020 to further develop measures that help solve social issues such as a declining birthrate and the extension of healthy life expectancy. The institute chiefly undertakes joint research with mainly academic institutions and leverages big data with a focus on the prevention, early detection and treatment of diseases. The institute aims to contribute to society by broadly publishing its results, and by reflecting the findings of its joint research into insurance products and services, it looks to develop products and services that help customers live longer and more energetic lives.

The institute conducted joint research with Tokyo Metropolitan Geriatric Medical Center. In July 2021, the research thesis using considerable accumulated walking data measured with Taiyo Life's *Dementia Prevention App**1 was published on academic journal *Gait & Posture**2.

*1 Renewed on March 29, 2021 and provided as *Taiyo Life Health-Promoting App*

*2 Academic journal published by Elsevier that mainly covers studies on walking and posture. Published on Volume 88 (July 2021)

https://www.taiyo-seimei.co.jp/company/notice/download/press_article/2021/20210624_2.pdf
(Japanese only)

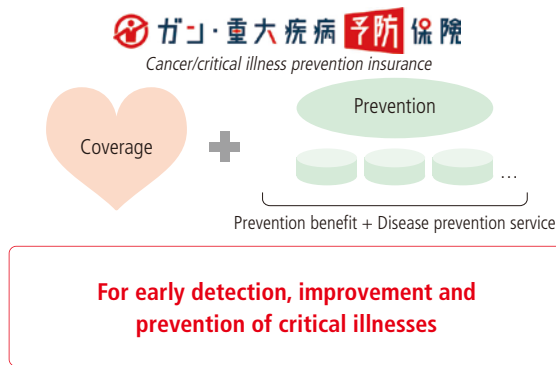
▶ Utilizing a Business Partnership Between Taiyo Life and Ajinomoto Co., Inc. for New Products and Disease Prevention Service

In February 2021, Taiyo Life signed a business partnership with Ajinomoto Co., Inc. (hereinafter Ajinomoto), H.U. Frontier, Inc. (hereinafter HUF) and H.U. Wellness, Inc.* regarding the prevention of critical illnesses. In March 2021, Taiyo Life launched *Disease Prevention Service* that focuses on providing information of Amino Index® Risk Screening developed by Ajinomoto

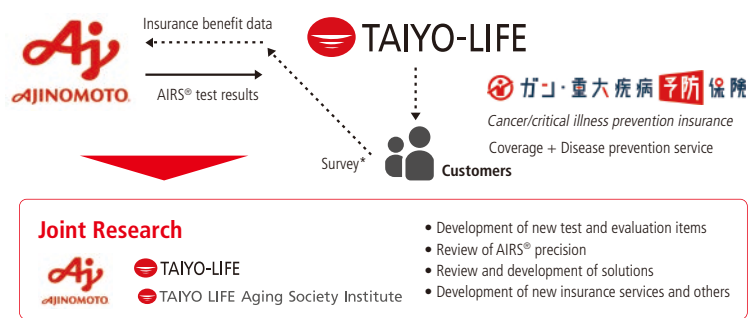
with tests conducted by HUF on consignment.

Taiyo Life will continue to further promote joint research initiatives aimed at developing and strengthening solutions in this business partnership with the launch of *Cancer and Critical Illness Prevention Insurance* based on a concept of coverage for and prevention of critical illnesses in June 2021 as a start.

* Changed from Selmeista, Co., Ltd. in July 2021.



Framework for joint research in business partnership



* H.U. Wellness, Inc. collects surveys regarding the prevention of diseases and lifestyles.

https://ssl4.eir-parts.net/doc/TJ8795/ir_material/161955/00.pdf
(Japanese only)

Risk Management of Intellectual Capital

▶ Initiatives on Cyber Security and Information Leakage

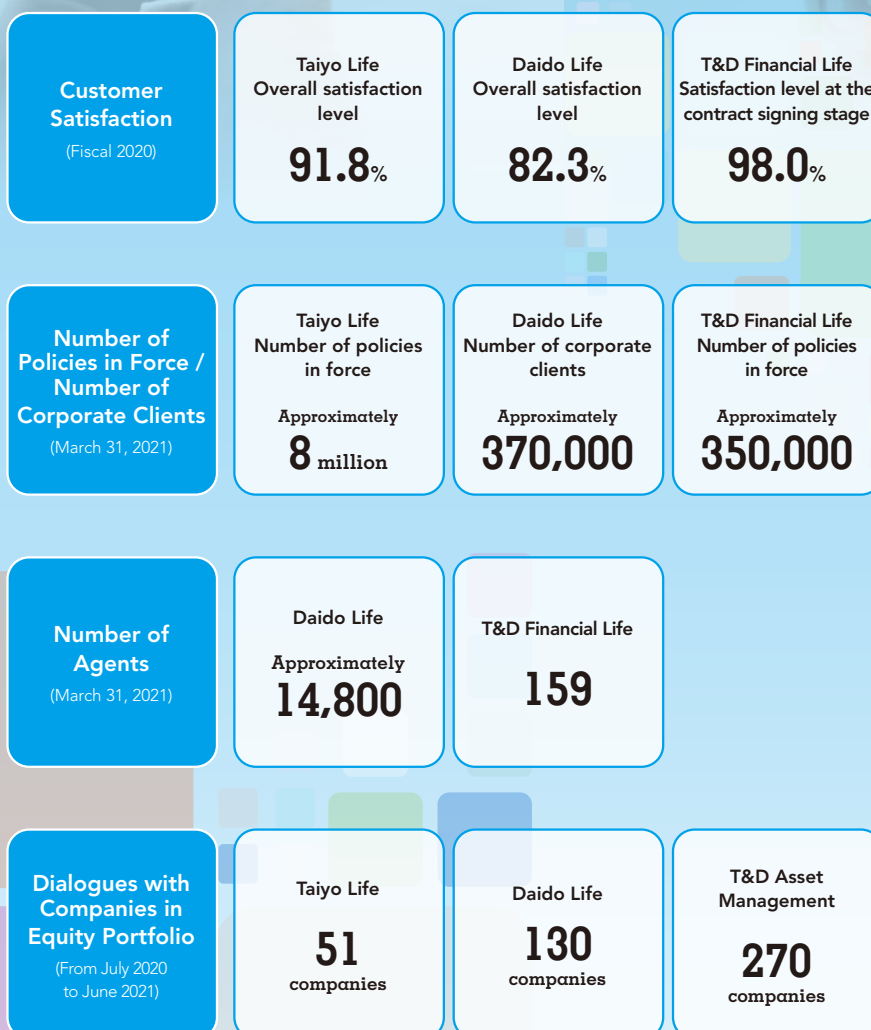
The T&D Insurance Group takes measures on information leakage mainly caused by cyber attacks as well as the advancement of intellectual capital. We have formulated our Group

Information Security Policy and Rules on the Group's Cyber Security Management and made engagement in cyber security mandatory for all executives and employees.

* For more details, please refer to Corporate Governance on page 85.

Social and Relationship Capital

The T&D Insurance Group is working on the creation of shared value through providing customers with valuable information, services and products as well as in collaboration with agents and tie-up organizations. As an institutional investor that manages entrusted funds over the long term, the Group also aims to ensure long-term and stable profitability and help achieve a sustainable society.






Towards Further Advancement of Social and Relationship Capital

Providing Customers with Valuable Information, Services and Products

Taiyo Life

Helping customers live longer and healthier lives except for through insurance products

Taiyo Life helps customers live longer and healthier lives by providing not only insurance products but also mainly services related to early detection and prevention of diseases including dementia, and health promotion. Going forward, the company will continue the efforts to respond to the extension of healthy life expectancy, a major social issue.

Dementia Prevention Service <ul style="list-style-type: none"> MCI screening to assess the signs of Mild Cognitive Impairment (MCI), a known pre-dementia stage Kurort Health Walking tour experiences for the prevention and improvement of dementia and other diseases. 	Disease Prevention Service <ul style="list-style-type: none"> Providing information of Amino Index® Risk Screening that evaluates the risks of three major diseases (cancer, stroke and heart attack) as well as other diseases like diabetes, and other services 	Health Promotion <ul style="list-style-type: none"> Health-Promoting App that supports customers' health promotion in various aspects such as walking, sleeping and brain training. 
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Helping Customers Live Longer and Healthier Lives

Launch of Infectious disease plus hospitalization insurance (Lump-sum payment type)

— From Taiyo Life Work Site —



Marketing Planning Department
Marketing Planning Division
Manager
Hiroaki Takeda

Taiyo Life launched *Infectious disease plus hospitalization insurance (Lump-sum payment type)* in September 2020, in response to the spread of COVID-19. We have received strong response; a wide range of age groups, mainly younger and middle age generation, have taken out the insurance policy and many of them have bought our insurance product for the first time. Moreover, the number of sales exceeded 100,000 in April 2021, the fastest among products launched in the past decade. As variants such as the Delta strain are still spreading, its sales have been steadily increasing, surpassing 150,000 at the end of August 2021.

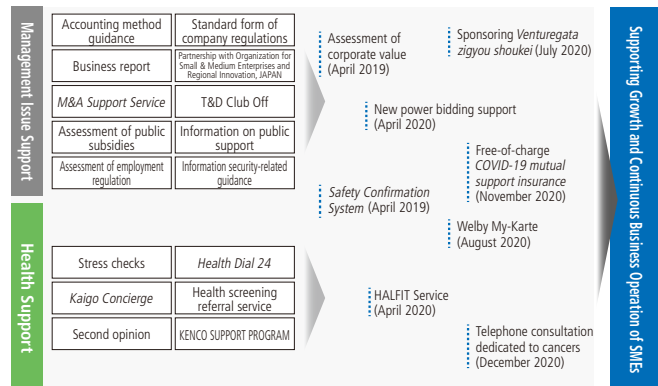
Taiyo Life will continue to aim to realize a society where everyone can safely live a longer and healthier life, by anticipating customers' needs and the times in tandem with changes in a social environment and remaining close to customers.

Daido Life

Expanding service lineup for helping resolve management issues

Daido Life supports the resolution of the management issues of SMEs, which cannot be covered by insurance alone, by integrally promoting products and added value services. The company will continue to expand its service lineup to increase an area it can contribute to with "insurance + extras."

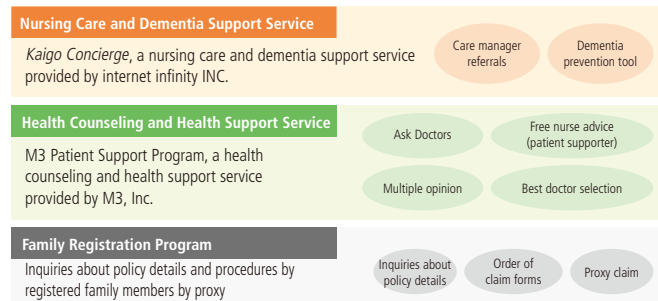
With a particular focus on the dissemination and promotion of health and productivity management, a social issue, Daido Life will further contribute to the growth and development of SMEs, which underpin Japan's economy, by supporting the health of their workers accounting for 70% of the Japanese workforce.



T&D Financial Life

Providing ancillary services to complement insurance products

Amid increases of interest in health management and needs to make self-provision toward an era of the 100-year life, T&D Financial Life provides customers with optimal solutions mainly by supporting their healthy and abundant lives as well as developing insurance products. The company will strive to offer products and services that satisfy customers.



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 those member 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.

Investing to Help Build a Sustainable Society

The Group manages premiums entrusted by customers, funds with a significant public relevance. As a responsible institutional investor, it has been engaged in asset management, while being fully conscious of Environmental, Social and Governance (ESG) issues including climate change and response to COVID-19 to realize a sustainable society. In April 2021, the Group formulated the T&D Insurance Group ESG investment policy to clarify its stance on ESG investment.

In addition, Taiyo Life, Daido Life, and T&D Asset Management fully endorse the Principles for Responsible Investment (PRI) and the Principles for Responsible Institutional Investors (the Japanese version of the Stewardship Code). In exercising voting rights, the companies make every effort to solve problems through purposeful

dialogue with the goal of contributing to the sustained growth of investee companies. If a problem cannot be solved even through dialogue, their policy is to vote against the agenda item in question.

As an example of ESG investment, in 2015 T&D Asset Management set up a fund through which it selectively invests in companies that have made outstanding efforts in the area of ESG. And Taiyo Life and Daido Life invested in the fund. The Group as a whole has hitherto focused its investments on aiming to solve issues. More recently, the Group has invested in social bonds that aid a program to help purchase basic foods in Latin America and the Caribbean nations.



Please refer to our Sustainability Report 2021 for details of exercising voting rights and examples of ESG investment initiatives.

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

Initiatives for ESG investment and financing — Initiatives for investment that responds to COVID-19 —



Securities Investment
Department
Bond Investment
Division
Deputy Manager
Hirofumi Takagi

— From Taiyo Life Work Site —

Taiyo Life became the first Japanese life insurance company to sign the PRI in March 2007, and has promoted ESG investment and financing as a responsible institutional investor. In fiscal 2020, we invested in COVID-19 vaccine bonds issued by the Central American Bank for Economic Integration, helping developing countries purchase COVID-19 vaccines. Through investment in the bonds, we were able to support the purchase of COVID-19 vaccines in the Central America amid concerns that developing countries have great difficulty in securing vaccines in a timely manner. We believe that the effort was significant, given supporting a social (S) activity under the coronavirus epidemic.

Taiyo Life will continue to be actively engaged in ESG investment and financing that contribute to the solution of social issues, while achieving a certain profitability.



Investment Plan-
ning Department
Investment Plan-
ning Division
Wang Yanfang

— From Daido Life Work Site —

Daido Life makes investments and loans that reflect ESG factors in the management of all assets it owns. One of them is a social bond investment. Social bonds are bonds issued to finance projects like social infrastructure development and support for employment and education. We launched the initiatives in 2016 when the first Japanese social bond was issued, and in fiscal 2020 were also engaged in investments in bonds whose proceeds are earmarked for measures for the globally expanding COVID-19 pandemic.

We recognize that many issues must be dealt with globally, including not only those linked to the pandemic but also the reduction of greenhouse gas emissions. Going forward, Daido Life will continue to work on initiatives for ESG investments and fulfill its obligations as a responsible institutional investor.



Please refer to the website below for the T&D Insurance Group ESG investment policy.
<https://www.td-holdings.co.jp/en/csr/csr-policy/esg.html>

Risk Management of Social and Relationship Capital

Initiatives to Respond to Customer Feedback

▶ Customer Feedback Collected from Daily Sales Activities

To respond to the changing needs of society through the provision of better products and services, our three life insurance companies 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

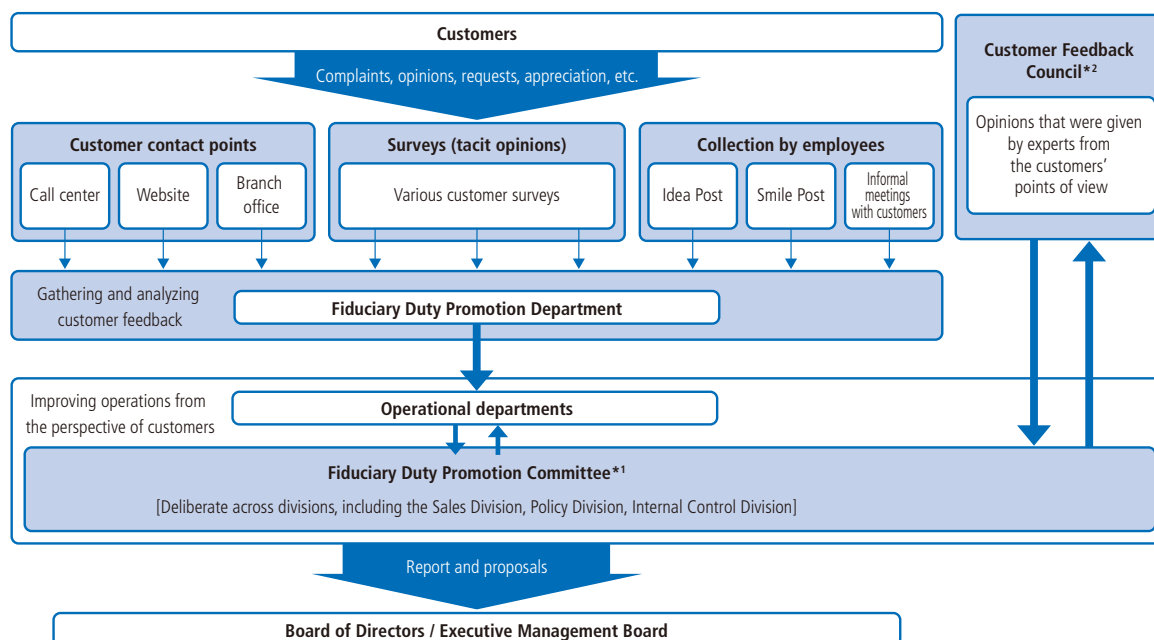
customer feedback as possible. In addition, the companies are conducting customer satisfaction surveys to inquire about the level of satisfaction provided by our products, services and after-sales services.

▶ System to Reflect Customer Feedback in Operations

The Group's three life insurance companies have set up dedicated departments and committees that include external members to oversee our customer-oriented business operations. We have built a comprehensive system ensuring customer satisfaction at all stages of interaction with customers, from making contracts to payment of insurance claims and benefits, based on our

customer-oriented business operation policy and specific guidelines for the amelioration 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 Management Board.

*2 Customer Feedback Council

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

Customer Complaints

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Taiyo Life	4,720	5,657	6,557	6,023
Daido Life	10,604	10,164	7,809	6,181
T&D Financial Life	1,219	1,162	1,231	886

Natural Capital (Action for the TCFD)

The T&D Insurance Group has enacted “T&D Insurance Group Environmental Policy” to clearly demonstrate its commitment to the environment. We are well aware of the importance of environmental issues in all our corporate activities. We also make sure all our executives and employees behave with concern for protection of the global environment, fulfill the public mission of life insurance and other businesses, and undertake our corporate social responsibilities by achieving sustainable growth along with society.

We have endorsed the declaration of the Task Force on Climate-related Financial Disclosures (TCFD), and we are keen to take action on disclosure of clear environment-related financial information.

*Please refer to our Sustainability Report 2021 for initiatives for the TCFD.



Please refer to the website below for the disclosure of climate-related financial information based on the TCFD.
<https://www.td-holdings.co.jp/en/csr/csr-policy/tcfd.html>

CO₂ Emission Volume
(Fiscal 2020)

79,150t

Electricity Consumption
(Fiscal 2020)

96,711MWh

Office Paper
Consumption
(Fiscal 2020)

100.7t

Green Purchasing Ratio
(Fiscal 2020)

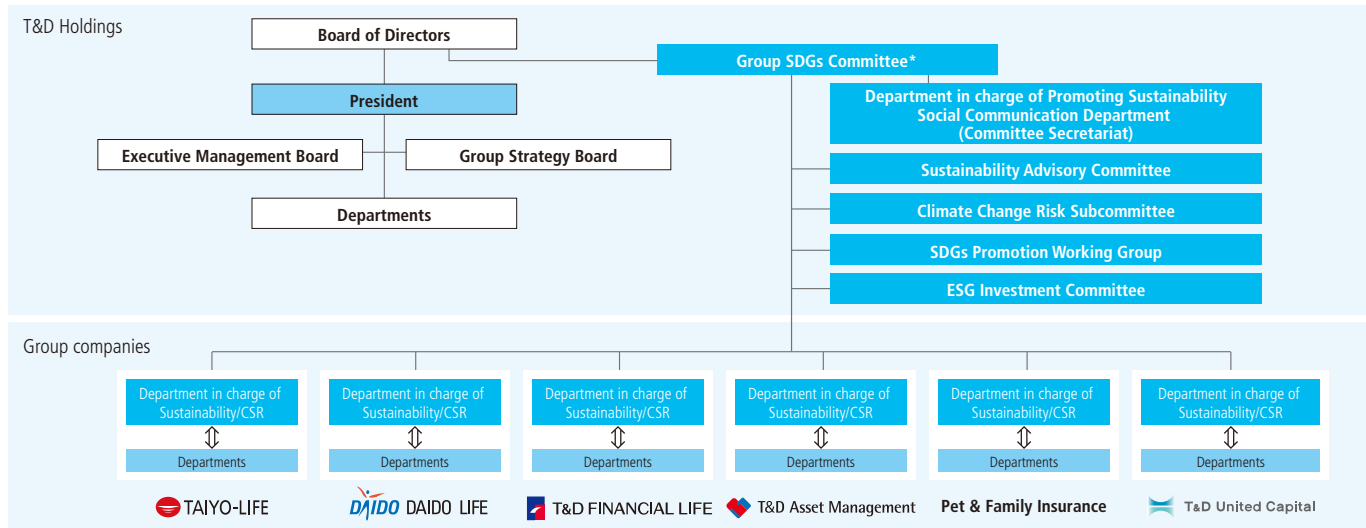
91.9%

Towards Further Advancement of Natural Capital

Governance

The Board of Directors has established the Group SDGs Committee, as a subordinate organ to the Board, with the mission of deliberating on and considering basic policies related to the SDGs and CSR, and on measures related to the global

environment and social issues. The Group SDGs Committee has established the Climate Change Risk Subcommittee, as a subordinate organ. The organization can be summarized as follows:



* The Group SDGs Committee is chaired by the Representative Director and President, and vice-chaired by the Representative Director and Executive Vice President (Executive Officer in charge of Sustainability).

Strategies

The Group has the following perceptions of the risks and opportunities brought by climate change.

[Risks]

We expect climate change to bring physical risks^{*1} and transition risks^{*2}. We performed scenario analysis to validate these impacts. Please refer to our Sustainability Report 2021 for details of scenario analysis.

*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

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

[Opportunities]

- Opportunities to expand insurance earnings by providing and expanding the scope of coverage
If global warming causes changes in disease incidence rates and

average lifespans, we expect that to generate needs for coverage (death, pension, medical treatment) against new risks.

- Opportunities to raise the value of investment assets and expand investment returns stably in the long-term
As the reduction of greenhouse gas emissions progresses, the Group, as an institutional investor, expects to finance and invest in expanding clean energy developers and energy-saving operators, and to own and operate realty (office buildings, etc.) of superior environmental performance.
- Opportunities to extend our business domains and expand earnings
In our own operations, rather than as an institutional investor, we expect to open up or join new business domains that suppress or adapt to climate change.

Metrics and Targets

The T&D Insurance Group sets goals related to environmental protection, and takes action during its everyday business activities towards reaching those goals. The four goals are to “reduce CO₂ emission volume,” “reduce electricity consumption,”

“reduce office paper consumption,” and “improve the green purchasing ratio.” We measure the results semi-annually and disclose them in reports and on the website.

- CO₂ emission volume reduction goal
We constantly measure and disclose Scope 1 (our own direct emissions), Scope 2 (indirect emissions from electricity and other purchased energy), and Scope 3 (raw material procurement, transportation, disposal, and other indirect emissions). We set a target of reducing CO₂ emissions in Scope 1 and 2 per floor area by 40% from fiscal 2013 levels by fiscal 2025. On top of this, we aim to reach net zero emissions by 2050 including in our investee companies (Category 15 of Scope 3).

- Electricity consumption reduction goal
We reached our five-year goal from fiscal 2008 and fiscal 2013, and are now working towards our ten-year goal, which we newly set in fiscal 2018.
- Office paper consumption reduction goal
We reached our five-year goal from fiscal 2014, and are now working towards the five-year goal which we newly set in fiscal 2019.

Risk Management of Natural Capital

Risk Management

[Risk identification and assessment process]

Our Group uses risk profiles to comprehensively examine the risks affecting the Group. We register risks related to climate change into risk profiles, then identify, grasp, and assess all risks which impact any aspect of our operations, including insurance underwriting risks, asset management risks, operational risks, and reputational risks.

[Risk management process]

In order to reliably recognize and grasp the emergence of new important risks and changes in previously recognized risks, we update our risk profiles on a semi-annual basis, and report to the Board of Directors and other bodies.

○ Management of climate change-related risks

(1) Physical risks

- Together with large-scale disaster risks (insurance underwriting risks), we consider measures such as use of reinsurance to mitigate deterioration in our insurance bottom line.
- We monitor our existing products, and take appropriate measures, such as product revisions.

(2) Transition risks

- We practice investment and financing with consideration of climate change-related risks, based on the Principles for Responsible Investment (PRI).
- We monitor variations and trends in economic policies and legal regulations, etc., and share information with the whole Group, in the Group SDGs Committee and elsewhere. We take action to make sure our Group's responses do not fall short of the level expected of a listed company.

TOPIC Action on environmental issues

Forest conservation activities

As a life insurance company which uses a variety of paper in our business, for pamphlets, policy provisions, etc., Taiyo Life has established "Taiyo Seimei no Mori" (the Forests of Taiyo Life) in Nasu Shiobara City in Tochigi Prefecture and Takashima City in Shiga Prefecture. These forests are intended to recycle forest resources and conserve vegetation.



Environmental communications and educational activities

T&D Holdings endorses the activities of the Japan UNEP Association which produces the Japanese edition of *UNEP FORUM* — *Environmental Magazine Tying UNEP to Enterprises*, published by the United Nations Environment Programme (UNEP). This publication is 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.

