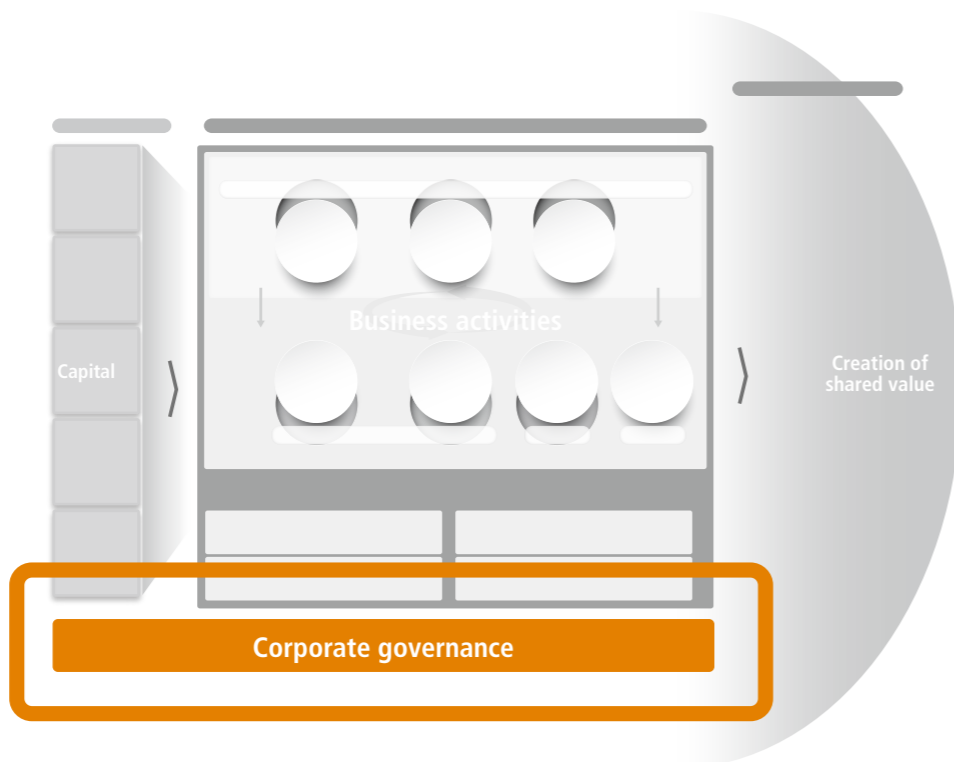


# CHAPTER 04

## Corporate Governance

We continuously strive to flesh out our corporate governance in order to achieve sustainable growth and enhance our corporate value in the medium to long term.



### Outside Director Roundtable

## Achieving the Group Long-Term Vision

— Challenges for the Group and future expectations —



Outside director  
**Shinnosuke Yamada**

Outside director  
**Seiji Higaki**

Outside director  
**Atsuko Taishido**

Outside director  
**Naoki Ohgo**

Outside director  
**Kensaku Watanabe**

### Current assessment of progress towards the Group Long-Term Vision and future expectations and challenges

#### Ohgo

I think the idea of using ROE to assess the various businesses has gradually gained traction in the Group. In the past it was common practice to analyze the three life insurance companies from a qualitative point of view, but now I think the Company is finally in a position to be able

to discuss how each business is performing, which fundamentally reflects how customers view the life insurance business, using objective data. That said, the next step is not just about analyzing objective data—the Company must look at how it can change the allocation of management resources based on that data. Only then will it be a meaningful assessment. As the Group Long-Term Vision continues to take shape, the allocation of management resources must be carried out decisively.

## Higaki

This is my fifth year as an outside director at the Company. In my first two years, T&D Holdings appeared to do nothing more than just tabulate Group company earnings. My impression is that things only started to happen in the last two years from 2020 when discussions about formulating the Group Long-Term Vision got underway. As Mr. Ohgo mentioned, I get the feeling that the Company has just started to discuss business performance with the use of key metrics like ROE in the past 12 months or so. Even though the Company was aware of what it had to do for the purpose of achieving growth of the Group, it used to have a strong tendency to do only what it could. So, the key point now is whether or not the Company can accomplish the goals set out in the Group Long-Term Vision. The role of the holding company is to press on with reforms while managing the interests of each Group company, but somehow the reforms have not proceeded well. Be that as it may, finding ways to solve the issue of little progress made on reforms thus far will present the biggest challenge for the Group this year.

## Watanabe

I believe "awareness" is key to the Group Long-Term Vision. For example, when the Group Long-Term Vision is being discussed at Board meetings, we as outside directors can sense when there is a change in the awareness of issues among officers. Going forward, I hope to be able confirm whether the awareness of issues has permeated to other areas of the Company by meeting with front-line managers and the like.

**The most significant challenge is how best to intensively allocate, including from an ROE perspective, the management resources accumulated at Taiyo Life and Daido Life to new businesses.**

— Higaki



## Yamada

In fiscal 2021, the first year of the Group Long-Term Vision after it was formulated in May last year, earnings decreased year on year due to the impact of reinsuring the blocks of Taiyo Life policies in force, as well as the booking of a valuation loss related to Fortitude reflecting higher long-term interest rates in the US. Given that we are in an age of volatility, uncertainty, complexity, and ambiguity, or VUCA, our job is to look ahead five years from now and analyze trends to see whether the Group is heading in the direction of sustainable growth. In that sense, I think the four financial KPIs and the three non-financial KPIs targeted in the Group Long-Term Vision collectively convey a very easy-to-understand message to outside the Company. The financial KPIs are based on either financial accounting or economic value. The economic value-based KPIs currently remain firm. But as I just mentioned, the Company's financial accounts were impacted by extraordinary factors last fiscal year, dragging earnings below year-earlier levels. I believe shoring up the financial accounts will be key because the level of returns the Company can extend to shareholders is restricted by its financial results. More specifically, investors are expecting the Company to aptly and proactively circulate the Group's capital throughout the Group by, for example, investing in growing sectors like Fortitude.

## Taishido

I was only appointed to the Board of Directors from this fiscal year, so I have had no involvement in the formulation of the Group Long-Term Vision, but going forward, as

**As a member of the Board, I intend to closely monitor not just financial KPIs, including capital efficiency, but progress made on the non-financial KPIs that underpin corporate growth, such as customer and employee satisfaction.**

— Taishido



a member of the Board I intend to monitor the progress of the Company's financial KPIs, including capital efficiency. I have learnt that the non-financial KPIs of customer satisfaction and employee satisfaction have improved. The non-financial KPIs that underpin corporate growth are also of extreme importance, so I will be watching how things develop with much anticipation. I believe gaining the trust of customers through the provision of meticulous service is the cornerstone of business and I intend to closely observe whether the Group has established workplace environments where its employees can work with enthusiasm, take pride in their work, and embrace challenges in keeping with the "Try & Discover" motto of the Company's corporate philosophy.

## Ohgo

I'm extremely skeptical about whether having both Taiyo Life and T&D Financial Life conduct the OTC sales business at banks is really the proper course of action in the Group Long-Term Vision that seeks to enhance capital efficiency. There is still much to be discussed before we find an answer to this, but considering that the operating environment is changing at a dizzying pace, there is not enough time for lengthy discussions on the matter, which is why I feel that the time is approaching for the Company to make a bold decision.

## Higaki

This is something that has been a topic of discussion over the last two years. Insurance companies were originally mutual companies, so for them to survive as listed cor-

porations after demutualizing, they must tackle the most important task of enhancing capital efficiency and figuring out how to raise dividend resources. However, as for T&D Insurance Group, I feel very alarmed about the fact that the corporate culture from the days of the mutual companies still remains, even though the Group is finally moving forward in terms of living up to its "Try & Discover" slogan. I have raised this concern over and over again at the meetings of the Board of Directors and the Audit and Supervisory Board. This problem must be cleared up if the stock market is to hold a favorable view of the T&D Insurance Group. Recent efforts to finally develop new business lines and generate resources for dividends are a positive development and certainly commendable. However, the most significant challenge is how best to intensively allocate, including from an ROE perspective, the management resources accumulated at Taiyo Life and Daido Life to new businesses. With that in mind, I think there is tremendous significance in transforming the mindset of both Taiyo Life and Daido Life going forward.

## Improvements in the effectiveness of the Board of Directors

### Watanabe

Although it depends on the subject, I feel it's important that we, as outside directors, exchange opinions with each other to help facilitate Board meeting discussions. Expressing opinions from our own point of view is our basic role, but it would be valuable to have more opportunities in the future to hear each other's ideas through



**I intend to proactively make suggestions on specific agenda items to be discussed at the Nomination and Compensation Committee or at other meetings.**

— Ohgo

dialogue. At the same time, I think it's crucial that we communicate closely with the execution side of the Company, which is why I try to be keenly aware of working towards the same goals with a sense of understanding of the execution side so that my suggestions and advice can trickle down to the Company's field levels.

#### Taishido

I feel that the integrated Group management is a major challenge. Considering that by tradition the Group's subsidiaries have a lot of clout, I have come to recognize that it will be quite a task for the Board of Directors to oversee the Group from an overall perspective. I intend to offer my advice from the viewpoint of how best to engage in discussions about total optimization, including the optimal deployment of Group resources and personnel. Also, as a general observation, I have noticed that outside directors with wide-ranging experience and knowledge quite often voice their opinions without offering any concrete solutions. It is important that the Board closely examines which management issues are of top priority for the Company and unceasingly checks if the Company is continuously implementing consistent measures to address them or not. From that standpoint, having a shared awareness of what the issues are is key, which is why I think it's really important for us outside directors to talk to each other and share our awareness. I'm looking forward to such opportunities in the future.

#### Ohgo

If you were to ask me whether the Board is truly functioning effectively, I would have to be honest and say there

are many points of concern. Specifically, I feel there to be many agenda topics that we don't discuss enough. These proposals are basically resolved unanimously with everyone from each Group company agreeing in the absence of any conflicts. I wonder if this is alright, because I get the feeling something is fundamentally wrong with this process. In terms of a solution to this problem, unless the outside directors specify the agenda items for Board meetings, the Board will struggle to engage in material discussions. I intend to proactively make suggestions on specific agenda items to be discussed at the Nomination and Compensation Committee or at other meetings going forward. We can then take discussions forward in light of opinions in favor for, or against, the proposal. Given that this is how a Board of Directors should normally function, I certainly hope we can break free of the situation where all agenda items are always approved unanimously.

#### Higaki

I completely agree with Mr. Ohgo. As outside directors, we should inform the Company's execution side of the topics that should be discussed throughout the year, and I would like to see the Board take enough time to discuss them. I serve as chairperson of the Audit and Supervisory Board, so I also intend to discuss the same issues there. Another thing I should mention is that it's worth establishing a system under which the Company's execution side can lay bare various issues for discussion without hiding anything. One role of the Board of Directors is to check whether the Company possesses a sound awareness of risk. It's been said that corporate governance rests on a company's outside directors, so I think it's imperative that

we create a culture of disclosing actual business circumstances, including inconvenient truths, in order to properly discuss them.

#### Yamada

The transition to a company with an Audit and Supervisory Board has led to stronger corporate governance because audit and supervisory functions are being executed from the standpoint of the Company's directors. Even though we five outside directors are inherently different from each other, I would like to see more opportunities for discussion on a regular basis because we can pool our collective knowledge on those occasions. On top of that, I think it's key that we all attend Board meetings with the same information on hand.

One role of T&D Holdings, as a listed company, is to take responsibility for disclosing financial results to the public. The Company has a system for evaluating the performance of operating companies. And based on the evaluation results of the extraordinary factors such as Taiyo Life's reinsurance, the Board of Directors discussed and made some final adjustments. As the framework of the performance evaluation system—which is basically akin to a report card for each operating company—has been used since the Group Long-Term Vision was launched in fiscal 2021, I think it should probably remain in its current format during the period of the Long-Term Vision. Going forward, these are the kinds of issues we outside directors hope to discuss among ourselves before deliberating on them at Board meetings.

As a pure holding company, T&D Holdings must demonstrate its leadership despite having a limited number of employees, which is precisely why I think it needs to work harder to raise the level of awareness of the Group's brand. Both Taiyo Life and Daido Life have been around for more than a century and their brand names are a valuable part of their business operations, but from the Group's perspective, it's disappointing that the unifying force of those brands is not visible yet.

#### How to fulfill the role as an outside director with a view to enhancing corporate value

#### Higaki

I observed many different corporations in my time as a banker, so I believe I can be supportive of non-insurance businesses and those on the fringes of the insurance industry. Looking at the people that work at insurance companies sheltered by regulations, many of them appear to

have little understanding of business outside of insurance. I hope to play my role of enhancing the Group's corporate value by steadily offering advice and opinions about the business world. From my experience as a banker, I know fully well that companies in regulated industry sectors are nothing like ordinary business corporations. I hope to be able to utilize my knowledge of various case examples in any capacity possible. I believe that will be in line with the "Try & Discover" motto and should help to improve the Group's overall corporate value.

#### Yamada

Of the non-financial KPIs, I think employee satisfaction at a life insurance company is different from that of an ordinary company. There are traditionally two types of employment at a life insurer—administrative personnel and sales representative—so consideration must be afforded to both. Particularly for sales representatives, the COVID-19 pandemic forced changes in the way they work, so we need to think how to support them attentively from the standpoint of the execution side. I intend to look at how other industries have gone about instigating workstyle reforms and present my opinions from a third-party perspective with regard to what I think is the best model for a life insurance company. Also, because the relationship between the Company and each life insurance policyholder tends to be long, the policyholders usually look for the stability of the Group. On the other hand, the Company's shareholders harbor expectations for growth from a sustainability point of view. Although striking the right balance between stability and growth potential is difficult, I intend to be outspoken with my comments so that the T&D Insurance Group can continue to win as many fans as possible as a group endowed with integrity.

#### Watanabe

I intend to communicate deeply from multiple angles with the other outside directors, and with the Company's execution side. In addition, if I were to broach the topic of compliance again, once a scandal breaks, the damages to the Company will be significant and recovering from such an incident will take a lot of time and effort, not to mention that restoring the credibility of the Group's brand will be extremely difficult. For these reasons, I believe we can contribute to enhancing corporate value by checking, from an outsider's point of view, whether any root causes of misconduct have become entrenched in the corporate climate or culture and whether the Company's execution

side is analyzing such causes and employing measures to prevent them from reoccurring.

### Taishido

Governance comes in two forms: proactive and defensive. It's difficult for just one person to implement both. Passion can sometimes plunge people forward. As such, someone must have their foot on the accelerator, while someone else must control the brake. As a lawyer, compliance and risk management, or defensive governance, is my field of expertise. Defensive governance is not supposed to shackle the company. Rather, it encourages appropriate risk taking by the management team and supports the sound growth of the group. I hope to contribute to the achievement of the Group's sound growth through my participation at the meetings of the Board of Directors and the Audit and Supervisory Board. I also think one of our roles as outside directors is to make sure there are no situations where common practices of the Company are considered unthinkable in society. I have experienced many cases where a company's unique culture leads to biased decision making, despite the best efforts of the management team to run the company judiciously. I hope to contribute with an outsider's perspective, in order to ensure that no issues society would likely disapprove of have occurred.

### Ohgo

As I have worked as a consultant, I first would like talk to the Company about strategic matters and the rearrangement of its business portfolio. As for digital businesses

and the like, I have personally experienced a lot of adversity over the past five years or so to start a new business, so I would like to convey "how to uncover new value" to the Company. I also think it's important to build a management team. The Company's current officers are more or less the representatives of the Group's core companies, but I hope to contribute to the building of a management team that can truly take on the responsibility of allotting roles by discussing the issue with the Nomination and Compensation Committee and then at Board meetings.

### Message to stakeholders

#### Watanabe

Considering that the Company has made the decision to be publicly listed and seek growth on the stock market, it's important that it continues to pursue bold reforms as outlined in the Group Long-Term Vision. Also, employees are the driving force of corporate growth, and they are doing their utmost to live their happy lives. That, I think, will give rise to exceptional services. In terms of stakeholders, the management team developing an environment in which employees can work comfortably and with enthusiasm will be key.

#### Taishido

The Company is calling for the creation of shared value and I take the message of pursuing both financial value and social value very positively. To achieve this, the Company will have to deliver benefits to customers with mainly insurance products that help solve social issues in keep-



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— Watanabe

**We will endeavor to create opportunities for constructive dialogue by disclosing as much accurate information as possible through IR and SR activities.**

— Yamada



ing with the needs of the times and give its employees every opportunity to take pride in their work and achieve self-fulfillment by taking part in activities that contribute to society. These are the kinds of activities that can boost earnings and prompt the capital markets to view the Company in a favorable light. In this ideal scenario, a virtuous cycle emerges in which each stakeholder of the Company will benefit. As an outside director, I will make every effort to contribute as much as possible to the realization of this ideal.

#### Ohgo

How well the Company can fulfill its obligations to customers and shareholders is probably key. When I look at the Group, I get the feeling it's still spending a lot of time and energy on sorting things out internally. The Group's biggest challenge is whether it can reach a stage where it can boldly destroy what it has built thus far for the sake of its customers and shareholders. Accordingly, I intend to give advice to the Company's execution side and officers on how our customers and shareholders view the Company.

#### Higaki

The Company must practice a management approach that brings out the best result for all stakeholders. That goes for shareholders, policyholders, customers, employ-

ees, and even society. From that point of view, it is regretful that the Company's management is not yet reaching its maximum potential, so as an outside director I intend to play my role shrewdly. In various aspects, how profit is generated, for example, is just as important as superficial results, in my view. I hope to help bring the Company's management to a higher level to earn a passing score from all stakeholders.

#### Yamada

I believe the Group is addressing accountability in an extremely proactive manner. Given its many stakeholders, I commend its efforts to disclose financial and non-financial information in a timely manner on multiple fronts. For example, two years ago it started disclosing its annual securities report ahead of its shareholder meetings. There are still few companies that do this. The Company has started doing this relatively early and I think it is commendable that it releases documents legally required to be disclosed ahead of shareholder meetings. We will endeavor to create opportunities for constructive dialogue by disclosing as much accurate information as possible through IR and SR activities, so your continued support will be much appreciated.

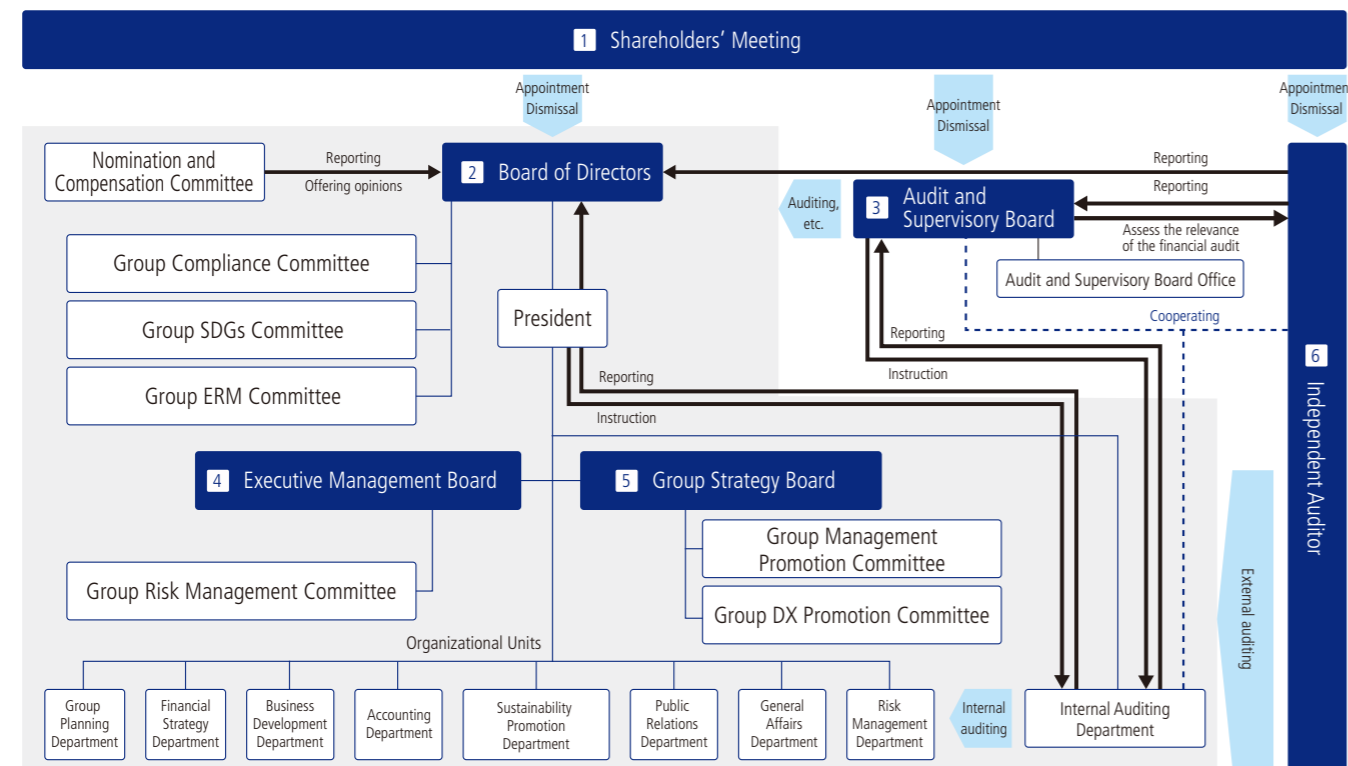
# Corporate Governance

T&D Holdings has been enhancing its corporate governance by using a basic approach that involves 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, which applies to listed companies, and, in addition to accepting all the code's principles, we have established the Basic Policy on Corporate Governance as an initiative in response to its major principles.

Please refer to the Company's website for more details of the Basic Policy on Corporate Governance.  
<https://www.td-holdings.co.jp/en/company/governance/>

Corporate Governance Framework



<b>1</b> 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.												
<b>2</b> Board of Directors	The Board of Directors is composed of all directors and makes important management decisions while overseeing the execution of business in accordance with laws and ordinances, the Articles of Incorporation, and the Company's relevant rules. In addition, as a company with an Audit and Supervisory Board, some important business execution decisions are delegated from the Board of Directors to the directors themselves by resolution of the Board of Directors in accordance with the provisions of the Articles of Incorporation.												
<b>3</b> Audit and Supervisory Board	The Audit and Supervisory Board is composed of Audit and Supervisory Board members, the majority of whom are outside directors. As an independent body entrusted by the Company's shareholders, the Audit and Supervisory Board fulfills its roles and responsibilities, including auditing the execution of duties by directors (excluding directors serving as Audit and Supervisory Board members) in accordance with laws and ordinances, the Articles of Incorporation, and the Company's relevant rules.												
<b>4</b> Executive Management Board	The Executive Management Board deliberates and passes resolutions on important matters concerning the Company's management and the corporate management of the Group.												
<b>5</b> Group Strategy Board	The Group Strategy Board deliberates on items mainly concerning Group growth strategies and important matters pertaining to those items from a Group-wide perspective in order to achieve sustained improvement in the Group's corporate value.												
Committees	Committees discuss management-related strategies and issues of the Company or those common to the Group.												
<b>6</b> Information related to the Independent Auditor (FY2021)	<table border="1"> <thead> <tr> <th>Category</th> <th>Remuneration for audit certification services (¥ millions)</th> <th>Remuneration for non-audit certification services (¥ millions)</th> </tr> </thead> <tbody> <tr> <td>Submitting company</td> <td>199</td> <td>6</td> </tr> <tr> <td>Consolidated subsidiaries</td> <td>231</td> <td>15</td> </tr> <tr> <td>Total</td> <td>431</td> <td>21</td> </tr> </tbody> </table>	Category	Remuneration for audit certification services (¥ millions)	Remuneration for non-audit certification services (¥ millions)	Submitting company	199	6	Consolidated subsidiaries	231	15	Total	431	21
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## Promoting Group Management

As a holding company, T&D Holdings is responsible for making decisions on Group strategies, allocating Group management resources appropriately, and formulating capital strategies. Along with this, the Company accurately grasps the management risks faced by its six Group companies, including Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company (the "three life insurance companies") in particular as well as T&D United Capital, T&D Asset Management, and Pet & Family Insurance (the "directly owned subsidiaries") and works to build a Group business man-

agement system that ensures thorough risk-return management for the Group as a whole.

Meanwhile, 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 overall management by clarifying the respective roles and responsibilities of the Company and its directly owned subsidiaries.

## Corporate Governance System

Our Board of Directors oversees important management decisions and business execution, while our Audit and Supervisory Board—which is independent of the Board of Directors—conducts audits that cover the performance of duties by our directors, etc.

In addition, we have introduced an executive officer system to enhance our business execution ability, and we are striving to clarify oversight and execution responsibilities in order to enhance the governance functions of the Board of Directors.

We have also established the Nomination and Compensation Committee as an advisory body to the Board of Directors in order to deliberate on the fairness and appropriateness of the

appointment, dismissal, and compensation of officers (including succession planning) as well as to ensure the transparency of management and improve accountability.

In addition, we have established the Executive Management Board to deliberate on important matters related to the management of both the Company and the Group and to pass associated resolutions. In parallel with this, we have also established the Group Strategy Board to deliberate on important matters mainly concerning Group growth strategies and important matters pertaining to those items from a Group-wide perspective in order to achieve sustained improvement in the Group's corporate value.

## Composition of Directors and the Board of Directors

The number of directors (excluding directors who are Audit and Supervisory Board members) of the Company shall be no more than nine, and the number of directors who are Audit and Supervisory Board members shall be no more than five, as stipulated by the Articles of Incorporation. The Board of Directors is 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, which is the core business of the Group.

Moreover, the Company appoints two or more directors (excluding directors who are Audit and Supervisory Board mem-

bers) who concurrently serve at the Company and its directly owned subsidiaries. This shall be done from the standpoint of facilitating adequate communication and rapid decision making within the Group while bolstering Group-wide governance.

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



## Composition of the Audit and Supervisory Board

The number of Audit and Supervisory Board members of the Company is limited to five as stipulated in the Articles of Incorporation, and the majority of them are outside Audit and Supervisory Board members. In addition, members include

persons with appropriate knowledge of finance and accounting. The Audit and Supervisory Board consists of all the Audit and Supervisory Board members.

## Details of discussions at the Board of Directors meeting

As a company with an Audit and Supervisory Board, we delegate some important business execution decisions from the Board of Directors to the directors by resolution of the Board of Directors pursuant to the provisions of the Articles of Incorporation. By doing so, the Company aims to separate management and oversight from business execution and further strengthen

the management functions (deciding on management policies and overall strategy) and oversight functions of the Board of Directors. The Board of Directors is now able to allocate more time to the deliberation of important agenda items such as the Group's management policies and overall strategy.

Key themes discussed at the fiscal 2021 Board of Directors meeting

Management Strategy and Growth Strategy	<ul style="list-style-type: none"> <li>Formulation and monitoring of the Group Long-Term Vision</li> <li>Planning and monitoring of investment in new businesses</li> <li>Monitoring and future planning of subsidiary businesses</li> <li>Sustainability initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Revision of the Basic Group Policy on Human Resources</li> <li>Review of strategic shareholdings and the reduction policy and plans</li> <li>Formulation of the Group Digital Vision</li> </ul>
Finance and Account Settlement	<ul style="list-style-type: none"> <li>Budget planning and monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Verification of appropriateness of financial results</li> </ul>
Shareholder Returns and Dialogue with Shareholders	<ul style="list-style-type: none"> <li>Dividends and share buybacks</li> </ul>	<ul style="list-style-type: none"> <li>Status of investor relations and shareholder relations activities</li> <li>Formulation of operating policies for Shareholders' Meeting</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Matters related to officers (selection of representative directors, appointment of officers of directly owned subsidiaries, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation of the effectiveness of the Board of Directors</li> <li>Summary of discussions of the Nomination and Compensation Committee</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>Impact of the spread of COVID-19 and countermeasures</li> <li>Operating status of the internal control system</li> </ul>	<ul style="list-style-type: none"> <li>Internal audit policy and verification of results</li> <li>Compliance status of the Group</li> </ul>

## Effectiveness Evaluation of the Board of Directors

To ensure the effectiveness of the Board of Directors as a whole (including the voluntary Nomination and Compensation Committee), 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 con-

tributing to increasing the Company's corporate value over the medium to long term. In addition, in fiscal 2021, we also had an independent institution conduct a performance review to ensure objectivity and transparency. Based on this effectiveness evaluation, we will work on further enhancing the oversight functions and the decision-making process of the Board of Directors.

Summary of the evaluation of the effectiveness of the Board of Directors as a whole in fiscal 2021

1. Evaluation procedures	Based on a questionnaire (self-evaluation) targeting directors—which was anonymously conducted by an independent institution in order to ensure objectivity and transparency—as well as interviews, we analyzed and evaluated the overall effectiveness of the Board of Directors (including the voluntary Nomination and Compensation Committee) in fiscal 2021.
2. Evaluation method	<ul style="list-style-type: none"> <li>Regarding the questionnaire items below, we checked the effectiveness based on responses to multiple-choice questions as well as essay-style feedback.</li> </ul> <p>The (1) composition of the Board of Directors, (2) operations of the Board of Directors, (3) discussions by the Board of Directors (management functions), (4) oversight functions of the Board of Directors, and (5) the performance of the Board of Directors.</p> <ul style="list-style-type: none"> <li>Through interviews, we confirmed the evaluation judgement basis of the questionnaire responses as well as issues of the Board of Directors.</li> </ul>
3. Overall assessment	Based on the results of our analysis and evaluation, we confirmed the items below and therefore determined that the Board of Directors is more or less functioning effectively in terms of its expected role. <ul style="list-style-type: none"> <li>The composition of the Board of Directors is diverse.</li> <li>During the process leading up to a discussion by the Board of Directors, advance explanations and other suitable information are provided.</li> <li>The proceedings and agenda item selection of the Board of Directors are suitable.</li> <li>Discussions proceed based on an awareness of the business portfolio and capital costs.</li> <li>There is sufficient feedback related to the details of dialogues with investors.</li> </ul>
4. Improvement status of issues recognized in the previous evaluation	We recognize that steps and steady improvements have been made in relation to issues recognized during the fiscal 2020 evaluation (enhancing the functions of the Nomination and Compensation Committee, considering the composition of the members of the Board of Directors, creating/devising easy-to-understand materials, achieving more efficient operations of the Board of Directors, etc.).
5. Issues and initiatives going forward	We have confirmed that there is still room for improvement in terms of fleshing out and deepening discussions concerning the Group's management strategy, further promoting integrated Group management, and organizing/creating materials that briefly summarize discussion points to facilitate better discussions by the Board of Directors. By responding to issues identified as a result of our effectiveness evaluation, we will continue striving to improve the effectiveness of the Board of Directors.



## TOPIC Discussions with outside directors

### 1. Information communicated by outside directors

Our outside directors offer effective, unreserved communication and opinions related to risks based on their big-picture understanding of the Group's management issues and changes in the internal and external environment. More specifically, they help us to utilize the Group's management resources more efficiently, build and develop more suitable management and oversight systems for our business investment targets, etc.

When we formulated the Group Long-Term Vision for fiscal 2021, our outside directors communicated information based on the perspectives of ordinary business companies and expressed valuable opinions regarding the necessity to create new sources of revenue in order to provide value to our shareholders and pursue independent initiatives aimed at the resolution of issues that became apparent during dialogues with society and investors and must be addressed to further improve the governance of the Group as a whole.

Regarding the SDG's "good health and well-being," our outside directors express their opinions regarding how our sales systems should be as well as how to develop work environments to facilitate remote work, etc. from the perspective of managing the safety and preventing the infection of our customers—especially policyholders—and our employees, and they provided such advice

since the beginning of the COVID-19 pandemic.

As described above, our outside directors represent our shareholders from an independent position, and they maintain a suitable level of tension with and distance from our internal directors as they strive to achieve communication suitable for helping to further improve the oversight functions and effectiveness of our Board of Directors while also facilitating the growth of the Company and improving our corporate value.

### 2. Meetings with outside directors

We hold the following meetings to improve the effectiveness of the Board of Directors and flesh out its discussions.

Advance Board of Directors explanations	We hold advance explanations and Q&A sessions for outside directors in relation to important agenda items, etc.
Discussion sessions between Audit and Supervisory Board members and outside directors	We hold discussion sessions intended to give our Audit and Supervisory Board members and outside directors (excluding Audit and Supervisory Board members) the opportunity to share information on management issues, risks faced by the Company, etc.

## Nomination and Compensation Committee

The Nomination and Compensation Committee was established in January of 2015 as a voluntary advisory body to the Board of Directors to deliberate on the fairness and appropriateness of the appointment, dismissal, and compensation of officers (including succession planning) as well as to strengthen the corporate governance system of the Company and the Group by ensuring the transparency of management and en-

hancing accountability.

The Committee consists of the President and at least three outside directors, and the majority of the members are assigned from among outside directors to enhance independence, objectivity, and accountability. Furthermore, the chair of the Committee is chosen from among outside directors based on a mutual vote of the Committee's members.

Nomination and Compensation Committee — Main topics of discussion/reporting in fiscal 2021

1st	<ul style="list-style-type: none"> <li>Utilization of the Board of Directors skills matrix</li> </ul>
2nd	<ul style="list-style-type: none"> <li>Selection and appointment of director candidates not serving as Audit and Supervisory Board members as well as director candidates serving as substitute Audit and Supervisory Board members</li> <li>Selection and appointment of director candidates and Audit &amp; Supervisory Board member candidates at directly owned subsidiaries</li> <li>Selection of outside directors to serve on the Nomination and Compensation Committee</li> </ul>
3rd	<ul style="list-style-type: none"> <li>Results of the fiscal 2020 evaluation of directors and executive officers</li> <li>Results of the fiscal 2020 evaluation of representative directors of directly owned subsidiaries</li> </ul>
4th	<ul style="list-style-type: none"> <li>Selection of the chair of the Nomination and Compensation Committee</li> </ul>
5th	<ul style="list-style-type: none"> <li>Consideration of the trust-type stock compensation system</li> </ul>
6th	<ul style="list-style-type: none"> <li>Succession plan</li> </ul>
7th	<ul style="list-style-type: none"> <li>Consideration of the officer appointment process</li> </ul>
8th	<ul style="list-style-type: none"> <li>Reviews of succession plan operations</li> </ul>
9th	<ul style="list-style-type: none"> <li>Succession plan</li> </ul>
10th	<ul style="list-style-type: none"> <li>Consideration of the officer appointment process</li> </ul>
11th	<ul style="list-style-type: none"> <li>Consideration of the officer appointment process</li> </ul>
12th	<ul style="list-style-type: none"> <li>Selection and appointment of executive officers</li> <li>Selection and appointment of executive officers at directly owned subsidiaries</li> </ul>
13th	<ul style="list-style-type: none"> <li>Certain changes to the Articles of Incorporation</li> <li>Formulation of Group management personnel training programs</li> </ul>

## Board of Directors Skills Matrix

The Company will ensure a balance of the necessary expertise and experience in terms of the three main functions of the Board of Directors (the overall strategy formulation, oversight, and business management functions) to enable the Board of Directors to perform its functions more effectively.

The Company ensures a balance of expertise and experience

on the Board of Directors as a whole. For this reason, we select and appoint outside directors who have experience in corporate management, finance, legal affairs, and other areas outside the Group, and we appoint internal directors who have expertise and experience appropriate to the broad business domains of the life insurance business, which is the Group's core business.

	Name	Position at the Company	Nomination and Compensation Committee	Expertise and experience particularly anticipated			
				Corporate management	Capital and financial markets	Finance and accounting	Legal affairs and risk management
Outside directors	Naoki Ohgo	Director	●	●	●		
	Kensaku Watanabe	Director	●				●
	Seiji Higaki	Director (Audit and Supervisory Board Member)		●	●		
	Shinnosuke Yamada	Director (Audit and Supervisory Board Member)				●	
	Atsuko Taishido	Director (Audit and Supervisory Board Member)					●

	Name	Position at the Company	Nomination and Compensation Committee	Expertise and experience particularly anticipated				
				Planning and business strategy	Sales and marketing	Asset management	Finance and accounting	Legal affairs and risk management
Internal directors	Hirohisa Uehara	Representative Director and President	●	●	●	●		
	Kanaya Morinaka	Representative Director and Executive Vice President		●	●			
	Masahiko Moriyama	Director and Senior Managing Executive Officer		●	●			
	Naoki Soejima	Director		●	●	●		
	Mutsurou Kitahara	Director		●	●	●		
	Takashi Ikawa	Director (Full-time Audit and Supervisory Board Member)				●	●	●
	Takashi Tojo	Director (Full-time Audit and Supervisory Board Member)					●	●

\* The Company intends to utilize knowledge from outside the Company through such initiatives as inviting talent with expertise and experience in areas other than the above to advisory committees in each field (e.g. digital and SDGs), which will be established as necessary.

## Determination of compensation

### Policies on determining compensation

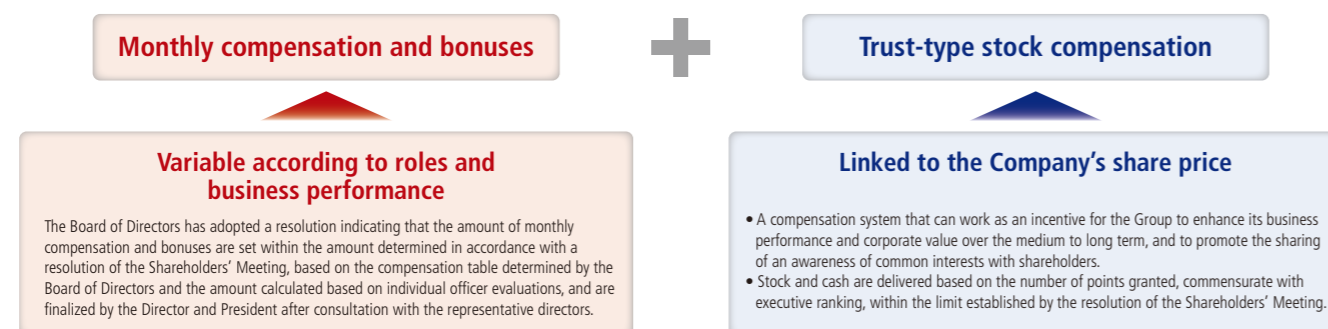
The Company's policy on executive compensation is set out in our Basic Policy on Corporate Governance.

### Composition of executive compensation

Our executive compensation system is designed to function as a sound incentive geared towards boosting the Group's medium- to long-term earnings and enhancing corporate value.

Compensation for directors (excluding outside directors, part-time directors, and directors serving as Audit and Supervisory Board members) has three components: (1) monthly

compensation, (2) bonuses, and (3) trust-type stock compensation (non-residents of Japan are excluded). Both (1) and (2) vary depending on role and performance, while (3) utilizes a trust scheme. Compensation for part-time directors and directors serving as Audit and Supervisory Board members, including outside directors, is comprised of monthly fixed compensation.



### Individual officer evaluations

Individual evaluations of officers are based on an assessment of the Company's performance and an evaluation of the division the officer is in charge of, in accordance with the evaluation criteria decided on by the Board of Directors, the Nomination and Compensation Committee deliberates on these evaluations, and the Director and President determines the results after consultation with the representative directors.

### Calculation method

Assessment of Company performance	<ul style="list-style-type: none"> <li>To clarify the assessment according to how much progress has been made on achieving Company targets, total shareholder return (TSR) is used as a benchmark to assess the Company's performance, alongside a number of other performance indicators based on the Company's medium- to long-term management strategy.</li> <li>For performance indicators, a coefficient according to the achievement rate for each item is multiplied to yield a score.</li> </ul>
Evaluation of the division the officer is in charge of	<ul style="list-style-type: none"> <li>A score is calculated for each division based on how much progress has been made on the achievement of the execution plan for the division the officer is in charge of.</li> </ul>

The evaluation weightings of the Company performance assessment and the evaluation of the division the officer is in charge of are set according to the responsibilities of each officer in accordance with the criteria established by the Board of Directors and used to compute a weighted average. Note that the representative director's evaluation weighting for the Company

performance assessment is 100%.

The individual evaluations of each officer, as calculated above, are discussed by the Nomination and Compensation Committee and finalized by the Director and President following consultation with the representative directors.

### Key performance indicators of Company performance evaluations (FY 2021)

#### 1. Single-year evaluation items

The achievement ratios of single-year targets are evaluated to help achieve our fiscal 2025 targets.

	Fiscal 2025 target
Group adjusted profit	¥130 billion
Value of new business	¥200 billion

	Single-year target	Actual	Achievement ratio
Group adjusted profit	¥73 billion	¥39.2 billion	53.7%
Value of new business	¥147.1 billion	¥166.9 billion	113.5%

#### 2. Medium- to long-term evaluation items

The progress is evaluated as evaluation criteria to help achieve our fiscal 2025 targets.

	Fiscal 2025 targets
Adjusted ROE	8.0%
ROEV	7.5%

Our actual ROE is 2.7%, while our actual ROEV is 7.0%.

#### 3. Market evaluation items

	Evaluation criteria, etc.
TSR	The TSR* score is calculated based on the rate of divergence between the Company's figure and those of listed life insurance companies set as the benchmark. * TSR: total shareholder return

The actual TSR performance is 117.4% over five years.

Note: The TSR is calculated as described below.

• Five years: (share price on the last day of fiscal 2021 + total dividend amount per share for the period from fiscal 2017 to fiscal 2021) / share price on the last day of fiscal 2016

#### 4. ESG evaluation items

In addition to the financial performance indicators above, the non-financial performance indicators below are also evaluated.

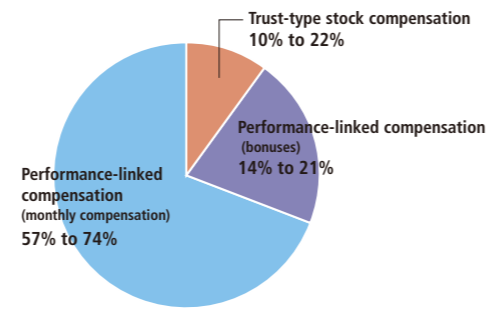
	Evaluation criteria, etc.
Customer satisfaction	The achievement situation is evaluated by using the levels of the previous fiscal year as evaluation criteria.
Employee satisfaction	
CO <sub>2</sub> emission reduction	

In terms of our actual customer satisfaction and employee satisfaction, we have reached or exceeded the levels for the previous fiscal year. In addition, we have reduced our CO<sub>2</sub> emissions by 1.3% compared to last year.

### Payment ratios by type of compensation

In terms of our compensation structure for directors, we assign ratios to performance-linked compensation (monthly and bonuses) and trust-type stock compensation so the system can function as a sound incentive geared towards boosting the Group's medium- to long-term earnings and enhancing corporate value.

For monthly compensation, the ratio fluctuates either negatively or positively by roughly 5% based on a standard assessment according to the individual officer evaluation. For bonuses, the ratio fluctuates either negatively or positively by roughly 40% based on a standard assessment according to the individual officer evaluation.



### Total amounts of compensation by officer category and compensation type (FY 2021)

Category	Monthly compensation		Reserve for bonuses		Trust-type stock compensation, the Board Incentive Plan (BIP) Trust		Total compensation	
	Persons receiving compensation	Amount (¥ millions)	Persons receiving compensation	Amount (¥ millions)	Persons receiving compensation	Amount (¥ millions)	Persons receiving compensation	Amount (¥ millions)
Directors not serving as Audit and Supervisory Board members (excluding outside directors)	8	126	3	35	3	38	8	200
Directors serving as Audit and Supervisory Board members (excluding outside directors)	2	58	0	—	0	—	2	58
Outside directors not serving as Audit and Supervisory Board members	2	20	0	—	0	—	2	20
Outside directors serving as Audit and Supervisory Board members	3	37	0	—	0	—	3	37
<b>Total</b>	<b>15</b>	<b>242</b>	<b>3</b>	<b>35</b>	<b>3</b>	<b>38</b>	<b>15</b>	<b>316</b>

- Monthly compensation and reserve for bonuses for directors (excluding part-time directors including outside directors, and directors serving as Audit and Supervisory Board members) are performance-linked compensation, and trust-type stock compensation is non-monetary compensation. For directors not serving as Audit and Supervisory Board members (excluding part-time directors including outside directors: four directors), the total amount of performance-linked compensation is ¥139 million, and the total amount of non-monetary compensation is ¥38 million.
- The number of persons receiving compensation and the amount of compensation shown above include those for three directors who retired at the conclusion of the 17th Ordinary General Meeting of Shareholders held on June 25, 2021. As of March 31, 2022, the Company had seven directors not serving as Audit and Supervisory Board members and five directors serving as Audit and Supervisory Board members.
- The amount of trust-type stock compensation shows the recorded amount of expenses related to the points granted during the fiscal year ended March 31, 2022, based on the executive compensation system.
- Compensation for individual officers is not stated because no officer received total consolidated compensation of ¥100 million or more.

### Process for determining compensation

The Nomination and Compensation Committee discusses important decisions and changes concerning benefits and the like for officers of the Company and its directly owned subsidiaries, reports the results of those discussions to the Board of Directors, and offers its opinions when necessary. For monthly

compensation and bonuses, individual amounts are determined in accordance with individual officer evaluations based on deliberations by the Nomination and Compensation Committee and the compensation table decided on by the Board of Directors.

### Appropriateness of compensation levels

The amount of compensation for directors is determined based on consideration of the responsibilities of directors as well as various other circumstances, such as the recent economic situation.

With regard to the level of compensation, the Company participates in several surveys on executive compensation conducted by external research organizations to verify the appropriateness.

### Maximum amount of compensation for directors after the transition to a company with an Audit and Supervisory Board

The maximum amount of compensation for directors was determined at the 16th Ordinary General Meeting of Shareholders held on June 25, 2020, as shown below.

Maximum amount of compensation	Amount	Number of persons*
Directors not serving as Audit and Supervisory Board members	¥450 million per year	9
Outside directors included in the above	¥40 million per year	2
Directors serving as Audit and Supervisory Board members	¥150 million per year	5
Maximum amount of funds to be contributed to the trust for trust-type stock compensation (determined based on a resolution of the Ordinary General Meeting of Shareholders passed every three fiscal years)	Amount	Number of persons*
Directors not serving as Audit and Supervisory Board members	¥500 million	4
Maximum total number of points to be granted under trust-type stock compensation	Points	Number of persons*
Directors not serving as Audit and Supervisory Board members	215,000 points per fiscal year	4

\* Number of eligible directors as of the end of the 16th Ordinary General Meeting of Shareholders

### Risk Management

#### Integrated risk management (ERM)

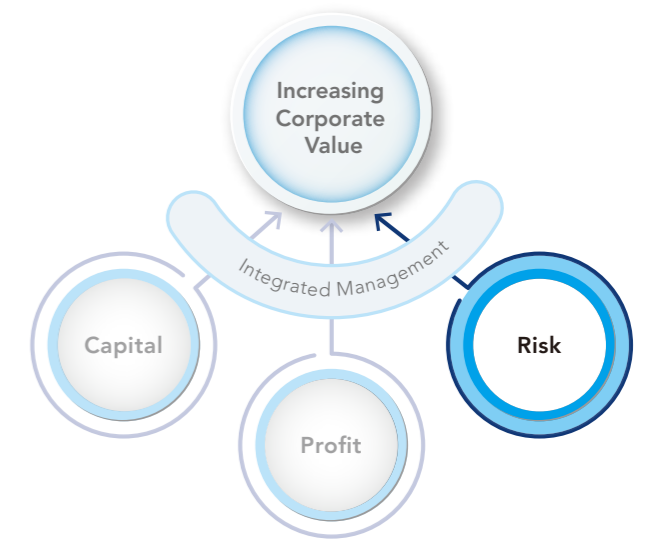
The T&D Insurance Group has established the ERM structure to integrally manage capital, profit, and risk in order to boost stable revenues while grasping the status of its risks and ensuring management soundness.

Among them, the Group manages risks as follows.

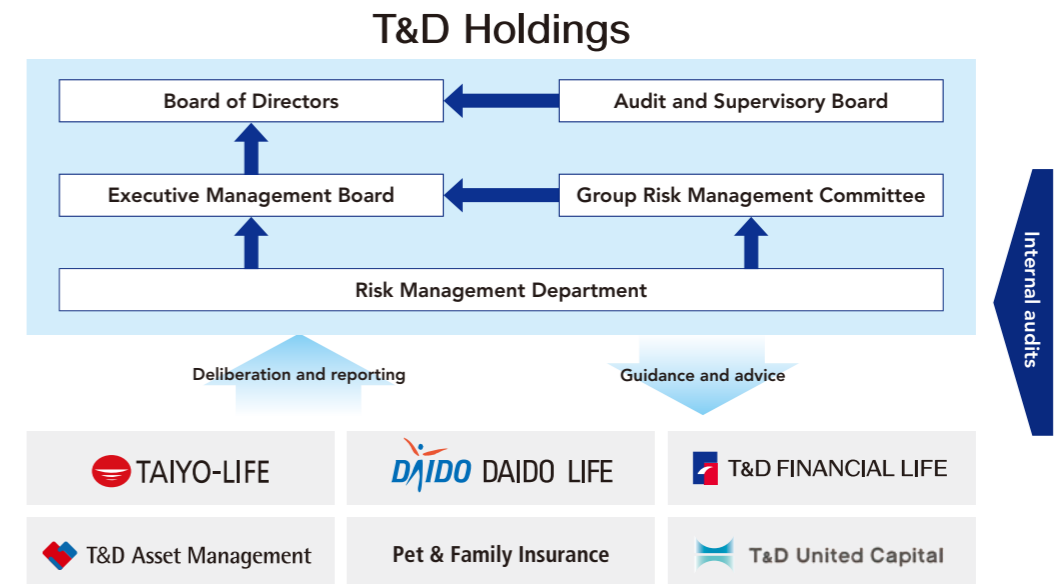
#### Basic concept for risk management and risk management systems

At the T&D Insurance Group, T&D Holdings has formulated a Group Risk Management Policy that sets forth the Group's basic approach to risk management and, based on this policy, its directly owned subsidiaries have developed risk management systems that cover their affiliates as well.

T&D Holdings has established a Group Risk Management Committee and manages risks within the Group. The Committee receives reports, regularly and as required, on risks assessed using uniform economic value-based risk management indicators, from the directly owned subsidiaries, in order to identify and manage the various types of risks faced by the Group companies. Based on the report received, T&D Holdings reports on these risks to the Board of Directors and provides guidance and



advice to the directly owned subsidiaries as necessary, thereby ensuring that proper risk control is implemented at each company and strengthening the risk management system for the entire Group.





**Risk awareness and assessment (risk profiles)**

The T&D Insurance Group uses risk profiles\* to comprehensively categorize risks surrounding the Group in order to respond to increasingly diverse and complex risks. We comprehensively identify risks, ascertain and assess them, and use them to prioritize initiatives in light of comprehensive factors that include severity, impact, and the degree to which they are under control. The risks are reflected in management planning as neces-

sary. As a rule, we review our risk profiles twice a year in order to accurately recognize and ascertain emerging severe risks as well as major changes to previously recognized risks and the gap between in-house/ the industry's customs and the world. We report our findings to the Group Risk Management Committee and the Board of Directors.

\* Risk profiles are a general risk management tool to characterize risks in terms of various factors, such as their nature and magnitude.

**Risk classification and responses**

The T&D Insurance Group classifies various management risks as shown below, including disruption in financial markets, large-scale disasters, pandemics, climate change, and cyber attacks. Risk management policies have been established for each of these risks, and efforts are made to prevent these risks from occurring or to confine them within certain acceptable levels.

The risks we see as important in connection with our Group's business are as follows:

**Risks as a holding company**

- ✓ Risk related to reliance on the performance of the life insurance business
- ✓ Risk related to dividend income
- ✓ Risk related to our expanding scope of operations
- ✓ Risk related to regulatory changes

Examples of efforts

**✓ Risk related to reliance on the performance of the life insurance business**

The Group is heavily reliant on the performance of its three life insurance companies. Therefore, if the business circumstances, roles, or positions of any of the three life insurance companies change, the Group's performance and financial condition could be adversely affected.

(Responses)

- The Board of Directors gives the necessary advice and support related to the performance of the three companies, together with monitoring budget variance management and the progress of the management plan.
- The diversification and optimization of the business portfolio is promoted as a pillar of the growth strategy in the Group Long-Term Vision.

Business risks

	Risk taking policies	Risk management policies
<b>(1) Insurance underwriting risk</b>	Based on an awareness of the major impact that the life insurance underwriting of a life insurance company has on business over the long term, the Group fully analyzes and checks risk profiles as well as risk and return characteristics, both of which differ depending on products, thereby formulating product strategies.	Based on an awareness of the major impact that life insurance underwriting has on business over the long term, the Group determines, analyzes, and assesses the insurance underwriting risk and carries out appropriate controls.
<b>(2) Investment risk</b>	To make sure to pay insurance claims in the future, the Group sufficiently secures assets with optimal characteristics (current maturity, liquidity, and others) and develops asset management strategies by fully considering liability characteristics and risk tolerance. • Interest rate risks have a significant impact on the change of surplus due to the long-term nature of insurance liabilities; therefore, the Group strives to reduce such risks given their financial accounting-based and economic value-based effects.	Investment risks are classified as market risks (fluctuations in interest rates, share prices, and exchange rates), credit risks (deterioration of the financial conditions of an entity to which credit is provided), and real estate investment risks (decreases in profits and price related to real estate). Optimal risk controls are taken in accordance with the characteristics of each asset.
<b>(3) Operational risk</b>	The Group strives to prevent risks from occurring and reduce them so as not to harm its corporate value.	A system to control operational risks, such as administrative and system risks, is established.
<b>(4) Affiliate and other entity risk</b>	The Group analyzes and checks the soundness, profitability, and risk and return characteristics of the business while also assessing the appropriateness and reasonableness of investment. Then, the Group develops business investment strategies by considering their financial accounting-based and economic value-based effects.	Risks are properly controlled by assessing the income/expenditure situation as well as the potential for the occurrence of various risks at subsidiaries, affiliates, and business investment targets.
<b>(5) Liquidity risk</b>	The Group secures a certain level of liquidity and establishes a structure that enables a smooth securitization of assets in order to respond to liquidity risks.	The status of financing is categorized depending on its severity level. By determining a controlling method according to each category, the Group secures a certain level of liquidity and establishes a structure that enables the smooth securitization of assets for fund preparation.
<b>(6) Reputational risk</b>	The Group strives to prevent risks from occurring and reduce them so as not to harm its corporate value.	Information related to reputational risks is collected, and responses to reputational risks and a reporting system are clarified.

**Action on integrated risk management**

The Group categorizes and quantifies various risks that surround the Group and then controls them using the Economic Solvency Ratio (ESR), a risk indicator based on economic value. It also

**1. Risk quantification**

The Group employs internal models to gauge investment risks, insurance risks, and operational risks. Specifically, we use "value at risk" as an indicator for these risks, and, with a measurement period of one year and a confidence level of 99.5%, we calculate the loss value, which is considered as the risk volume.

practices appropriate control of risks in the business as a whole, including unquantified risks, in order to tackle integrated risk management that leads to the attainment of management goals.

(Unit: billion yen)

	As of March 31, 2021	As of March 31, 2022	Change
Insurance risk (domestic)	907.3	924.4	+17.0
Counterparty risk	1.3	6.8	+5.5
Investment risk	1,323.1	1,338.7	+15.5
Operational risk	85.5	87.6	+2.0
Insurance risk (overseas)*1	137.9	144.3	+6.3
Subsidiaries and affiliates risk	27.4	28.5	+1.1
Variance effect, etc.	(1,026.5)	(1,050.2)	(23.6)
Total risk volume*2	1,456.1	1,480.2	+24.0

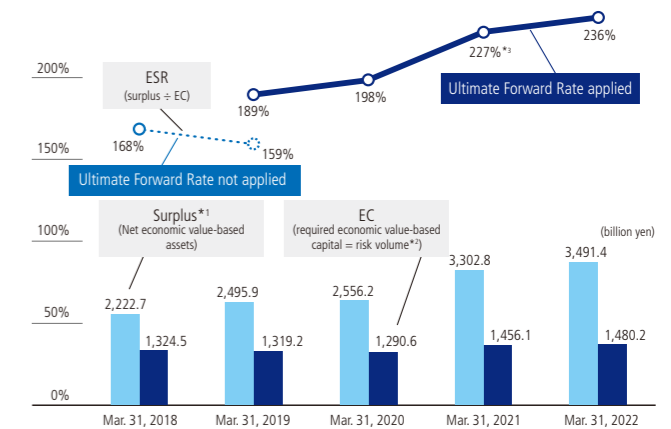
\*1 Recorded as business investment risks that include insurance risks related to overseas insurance companies subject to investments (internally booked as subsidiaries and affiliates risk)

\*2 The economic value-based risk volume (after the variance effect) calculated by using the internal model (measurement period: 1 year, VaR: 99.5%)

\*3 The figures in the above table are the result of retroactively applying accounting associated with the restructuring of Fortitude announced on October 1, 2021.

**2. Risk control**

The Economic Solvency Ratio (ESR), a risk indicator based on economic value, is calculated by dividing the net assets (surplus) found by subtracting liabilities from economic value-based assets by the risks quantified as above (economic capital, or EC). We ensure financial soundness and capital adequacy by controlling the EC within a certain range of the surplus, while also applying the current finance supervision system concerning soundness. The ESR is managed monthly and reported to the Group Risk Management Committee and the Board of Directors along with other risk reviews.



\*1 The difference between assets and liabilities evaluated based on economic value. The evaluation of assets and liabilities is calculated using basically the same assumptions as for MCEV. The capital cost rate used as the risk margin is set as 5%. In addition to applying the Ultimate Forward Rate since the end of March 2019, subordinated debt is added to the surplus.

\*2 The economic value-based risk volume (after the variance effect) calculated by using the internal model (measurement period: 1 year, VaR: 99.5%). The necessary capital for MCEV is evaluated by using the same internal model.

\*3 The figures above are the result of retroactively applying accounting associated with the restructuring of Fortitude announced on October 1, 2021.

**3. Stress test implementation**

We strive to keep track of a wide range of risks to make sure we can also handle risks not fully grasped by quantification while also controlling quantified risks. We run stress tests to check the impacts of widely identified risks and of severe shocks that exceed expectations, such as major worsening of financial

markets or large-scale disasters. We analyze the results of stress tests and check our countermeasures, etc. in advance, and we build a framework that can maintain our soundness in all kinds of situations.

► **Cyber security initiatives**

The Group recognizes that one of the important tasks of management is properly protecting and managing information assets in compliance with laws and regulations. This specifically involves protecting information assets from increasingly sophisticated cyber threats. To fulfill our social responsibilities as a company engaged in life insurance business and other businesses, 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. Cyber attacks, etc. have the potential to stop systems and impede our operations and to cause leakage of important information.

In particular, in order to provide even safer services to customers, we utilize security tools to conduct round-the-clock monitoring of cyber threats that target financial institutions, which have increased in recent years in terms of both frequency and sophistication. We have also established the cross-organizational Group Computer Security Incident Response Team (CSIRT) along with company-level CSIRT teams, which collect

information, conduct analysis, and implement measures in connection with cyber attacks. In addition, we conduct Group- and company-level drills and participate in industry-wide drills and training. Issues identified through these drills are reflected in our response procedures and manuals to strengthen our practical responsiveness.


Along with conducting multi-layered security measures (entrance, exit, and internal), we regularly receive diagnostic security evaluations from independent institutions and promptly implement the necessary measures. In addition, we bring in outside experts to educate group management on the latest trends in cyber security, and we are working to raise awareness of cybersecurity risks. Executives and employees also receive training on information security and cyber security, and drills are continually conducted on handling suspicious email in order to further raise security literacy.

The Internal Auditing Department verifies whether these systems are functioning effectively and reports the results to the Board of Directors.

**Compliance**


► **Basic compliance policies**

The Group has formulated the T&D Insurance Group CSR Charter, the T&D Insurance Group Compliance Code of Conduct, and the T&D Insurance Group Basic Policy for Strengthening

 Please see the Company's website for more details on the Compliance Promotion System. <https://www.td-holdings.co.jp/en/company/governance/compliance.html>

► **Basic policies to block relationships with antisocial forces**

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

 Please see the Company's website for more details on the Compliance Promotion System. <https://www.td-holdings.co.jp/en/company/governance/compliance.html>

► **Accountability**

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

► **Internal reporting system**

The T&D Insurance Group has created a Group-wide internal reporting system, the T&D Group Help Line, which is intended to serve as a conduit for reports from any executive or Group employee on instances of illegal behavior and other compliance

the Compliance Structure. The Group ensures that executives and employees are conversant with these basic policies and standards to promote rigorous Group-wide compliance efforts.

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

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.

infractions that may damage the Group's credibility or reputation. The system helps to forestall if possible the occurrence of such events and quickly assess and remedy the situation if not.

**Management Organization**



	①	②
③	④	⑤
⑥	⑦	
	⑧	⑨
⑩	⑪	⑫

\*1 As of March 31, 2022

\*2 FY2021

**Director and Senior Managing Executive Officer****③ Masahiko Moriyama****Personal history**

Apr 1989 Joined Daido Life  
 Apr 2015 General Manager of Planning Department of Daido Life  
 Apr 2016 Executive Officer of Daido Life  
 Apr 2019 Managing Executive Officer of Daido Life  
 Apr 2019 Director and Managing Executive Officer of Daido Life  
 Apr 2022 Director of Daido Life (current)  
 Senior Managing Executive Officer of T&D Holdings  
 Jun 2022 Director and Senior Managing Executive Officer of T&D Holdings (current)

**Significant concurrent positions**

Director of Daido Life

**Reasons for selection**

Mr. Masahiko Moriyama has business experience within the Group including sales, products, planning, and systems. He is expected to fulfill the roles mainly of supervising key management decisions and the execution of business by utilizing his extensive management knowledge and experience in the Group's holding company and insurance company, which includes being in charge of corporate planning.

Number of the Company's shares held*1	<b>11,300</b>
Attendance to the Board of Directors' meetings*2	—

**Director (part-time)****⑥ Naoki Soejima****Personal history**

Apr 1981 Joined Taiyo Life  
 Oct 2008 General Manager of Marketing Planning Department of Taiyo Life  
 Apr 2009 Executive Officer of Taiyo Life  
 Apr 2011 Managing Executive Officer of Taiyo Life  
 Jun 2011 Director and Managing Executive Officer of Taiyo Life  
 Apr 2014 Representative Director and Senior Managing Executive Officer of Taiyo Life  
 Apr 2016 Representative Director and Executive Vice President of Taiyo Life  
 Apr 2019 Representative Director and President of Taiyo Life (current)  
 Jun 2019 Director of T&D Holdings (current)

**Significant concurrent positions**

Representative Director and President of Taiyo Life

Number of the Company's shares held*1	<b>21,710</b>
Attendance to the Board of Directors' meetings*2	<b>17 / 17</b>

**Representative Director and President****① Hirohisa Uehara****Personal history**

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  
 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  
 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 (current)

Number of the Company's shares held*1	<b>51,600</b>
Attendance to the Board of Directors' meetings*2	<b>17 / 17</b>

**Director (outside director, part-time)****④ 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.)  
 Aug2008 Representative Director of Root F Co., Ltd. (current)  
 Jun 2017 Director of T&D Holdings (current)

**Significant concurrent positions**Representative Director of Root F Co., Ltd.  
Director of Orient Corporation**Reasons for selection**

Mr. Naoki Ohgo possesses advanced expertise and a wide range of knowledge gained through his tenure as a partner in a foreign consulting firm, followed by his current position of Representative Director of Root F Co., Ltd. where he utilizes his global perspective and high level of insight to provide consulting services mainly in the financial field. He is expected to fulfill the roles mainly of supervising key management decisions and the execution of business from the perspective of protecting general shareholders by utilizing this knowledge and experience.

Number of the Company's shares held*1	<b>3,200</b>
Attendance to the Board of Directors' meetings*2	<b>16 / 17</b>

**Director (part-time)****⑦ Mutsurou Kitahara****Personal history**

Apr 1982 Joined Daido Life  
 Apr 2008 General Manager of Planning Department of Daido Life  
 Apr 2010 Executive Officer of Daido Life  
 Apr 2013 Managing Executive Officer of Daido Life  
 Jun 2013 Director and Managing Executive Officer of Daido Life  
 Apr 2015 Managing Executive Officer of T&D Holdings  
 Apr 2016 Director and Senior Managing Executive Officer of Daido Life  
 Apr 2017 Senior Managing Executive Officer of T&D Holdings  
 Jun 2019 Representative Director and Senior Managing Executive Officer of Daido Life  
 Apr 2020 Representative Director and Executive Vice President of Daido Life  
 Apr 2021 Representative Director and President of Daido Life (current)  
 Jun 2021 Director of T&D Holdings (current)

**Significant concurrent positions**

Representative Director and President of Daido Life

Number of the Company's shares held*1	<b>34,300</b>
Attendance to the Board of Directors' meetings*2	<b>14 / 14</b>

**Representative Director and Executive Vice President****② Kanaya Morinaka****Personal history**

Apr 1984 Joined Daido Life  
 Apr 2010 Executive Officer of Daido Life  
 Apr 2013 Managing Executive Officer of Daido Life  
 Jun 2015 Director and Managing Executive Officer of Daido Life  
 Apr 2017 Director and Senior Managing Executive Officer of Daido Life  
 Jun 2019 Representative Director and Senior Managing Executive Officer of Daido Life  
 Apr 2020 Director of Daido Life (current)  
 Executive Vice President of T&D Holdings  
 Jun 2020 Representative Director and Executive Vice President of T&D Holdings (current)  
 Jun 2021 Director of T&D Financial Life (current)

**Significant concurrent positions**

Director of Daido Life

Director of T&amp;D Financial Life

Number of the Company's shares held*1	<b>28,400</b>
Attendance to the Board of Directors' meetings*2	<b>17 / 17</b>

**Director (outside director, part-time)****⑤ Kensaku Watanabe****Personal history**

Apr 1997 Registered as an Attorney and Joined Okazaki, Ohashi & Maeda (now Tokai Partners)  
 Jan 2006 Partner of Tokai Partners (current)  
 Jun 2016 Audit & Supervisory Board Member of T&D Financial Life  
 Jun 2020 Director of T&D Holdings (current)

**Significant concurrent positions**

Attorney

**Reasons for selection**

Mr. Kensaku Watanabe possesses significant expertise and extensive insight as an attorney at law specialized in corporate legal affairs. He is expected to fulfill the roles mainly of supervising key management decisions and the execution of business from the perspective of protecting general shareholders by utilizing this knowledge and experience.

Number of the Company's shares held*1	<b>700</b>
Attendance to the Board of Directors' meetings*2	<b>17 / 17</b>

	①	②
③	④	⑤
⑥	⑦	
	⑧	⑨
⑩	⑪	⑫

**Director (Audit and Supervisory Board Member) (outside director, part-time)****⑩ Seiji Higaki****Personal history**

Apr 1975 Joined The Daiwa Bank, Ltd.  
 Jun 2003 Executive Officer of Resona Bank, Ltd.  
 Jun 2005 Executive Officer of Resona Holdings, Inc.  
 Jun 2006 Director of Resona Holdings, Inc.  
 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  
 Jun 2020 Director (Audit and Supervisory Board Member) of T&D Holdings (current)

**Reasons for selection**

Having served as a director, president and representative executive officer of a bank holding company and as a representative director and executive officer of a bank, Mr. Seiji Higaki has a wealth of knowledge and experience in corporate management. He is expected to fulfill the roles mainly of auditing and supervising key management decisions and the performance of duties by directors not serving as Audit and Supervisory Board members from the perspective of protecting general shareholders by utilizing this knowledge and experience.

Number of the Company's shares held*1	<b>1,700</b>
Attendance to the Board of Directors' meetings*2	<b>17 / 17</b>
Attendance to Audit and Supervisory Board meetings*2	<b>21 / 21</b>

**Director (Audit and Supervisory Board Member) (Full-Time)****⑧ Takashi Ikawa****Personal history**

Apr 1985 Joined Daido Life  
 Apr 2011 General Manager of Investment Planning Department of Daido Life  
 Apr 2012 Executive Officer of Daido Life  
 Apr 2016 Managing Executive Officer of Daido Life  
 Jun 2017 Director and Managing Executive Officer of Daido Life  
 Apr 2020 Managing Executive Officer of T&D Holdings  
 Apr 2021 Director and Senior Managing Executive Officer of Daido Life  
 Senior Managing Executive Officer of T&D Holdings  
 Jun 2022 Audit & Supervisory Board Member of T&D United Capital (current)  
 Director (Audit and Supervisory Board Member) of T&D Holdings (current)

**Significant concurrent positions**

Audit &amp; Supervisory Board Member of T&amp;D United Capital

**Reasons for selection**

Mr. Takashi Ikawa has business experience within the Group including asset investment and accounting, and he has considerable expertise in finance and accounting. He is expected to fulfill the roles mainly of auditing and supervising key decisions and the performance of duties by directors not serving as Audit and Supervisory Board members by utilizing his extensive knowledge related to business operations and his experience in the Group's holding company and insurance company, which includes being in charge of risk management and internal auditing units.

Number of the Company's shares held*1	<b>21,800</b>
Attendance to the Board of Directors' meetings*2	—
Attendance to Audit and Supervisory Board meetings*2	—

**Director (Audit and Supervisory Board Member) (outside director, part-time)****⑪ Shinnosuke Yamada****Personal history**

Oct 1983 Joined Asahi Accounting Company  
 (current KPMG AZSA LLC)  
 Mar1987 Registered as a Certified Public Accountant  
 Jul 2010 Partner of KPMG AZSA LLC  
 Jul 2010 Executive Board Member of The Japanese Institute of Certified Public Accountants  
 Jun 2020 Director (Audit and Supervisory Board Member) of T&D Holdings (current)

**Significant concurrent positions**

Certified public accountant

Auditor of EXEO Group, Inc.

**Reasons for selection**

Mr. Shinnosuke Yamada possesses significant expertise and extensive insight as a certified public accountant. He is expected to fulfill the roles mainly of auditing and supervising key management decisions and the performance of duties by directors not serving as Audit and Supervisory Board members from the perspective of protecting general shareholders by utilizing this knowledge and experience.

Number of the Company's shares held*1	<b>900</b>
Attendance to the Board of Directors' meetings*2	<b>17 / 17</b>
Attendance to Audit and Supervisory Board meetings*2	<b>21 / 21</b>

**Director (Audit and Supervisory Board Member) (Full-Time)****⑨ Takashi Tojyo****Personal history**

Apr 1986 Joined Taiyo Life  
 Mar 2017 General Manager of Risk Management Department of Taiyo Life  
 Apr 2017 Executive Officer of Taiyo Life  
 Apr 2021 Director of Pet & Family Insurance  
 Executive Officer and General Manager of Risk Management Department of T&D Holdings  
 Jun 2021 Director of T&D United Capital  
 Apr 2022 Executive Officer of T&D Holdings  
 Jun 2022 Director (Audit and Supervisory Board Member) of T&D Holdings (current)

**Reasons for selection**

Mr. Takashi Tojyo has business experience within the Group including asset investment and legal affairs, and he has considerable expertise in finance and accounting. He is expected to fulfill the roles mainly of auditing and supervising key decisions and the performance of duties by directors not serving as Audit and Supervisory Board members by utilizing his extensive knowledge related to business operations and his experience in the Group's holding company and insurance company, which includes being in charge of risk management units.

Number of the Company's shares held*1	<b>12,100</b>
Attendance to the Board of Directors' meetings*2	—
Attendance to Audit and Supervisory Board meetings*2	—

**Director (Audit and Supervisory Board Member) (outside director, part-time)****⑫ Atsuko Taishido****Personal history**

Oct 2001 Registered as an Attorney and Joined Mori Sogo Law Offices (now Mori Hamada & Matsumoto)  
 Jan 2010 Partner of Mori Hamada & Matsumoto (current)  
 Jun 2022 Director (Audit and Supervisory Board Member) of T&D Holdings (current)

**Significant concurrent positions**

Attorney

Audit &amp; Supervisory Board Member of Pigeon Corporation

**Reasons for selection**

Ms. Atsuko Taishido possesses significant expertise and extensive insight as an attorney at law specialized in corporate legal affairs. She is expected to fulfill the roles mainly of auditing and supervising key management decisions and the performance of duties by directors not serving as Audit and Supervisory Board members from the perspective of protecting general shareholders by utilizing this knowledge and experience.

Number of the Company's shares held*1	<b>0</b>
Attendance to the Board of Directors' meetings*2	—
Attendance to Audit and Supervisory Board meetings*2	—

# Stakeholder Engagement

The Group proactively engages in dialogues with all of its stakeholders as set out in the T&D Insurance Group CSR Charter (see "4. Communication"). By taking every possible opportunity to interact, the Company and each Group company collect the opinions of policyholders, sales agents, and other stakeholders and apply them to their respective business management.

## For Shareholders and Investors

Shareholders' Meetings, financial results briefings, one-on-one meetings for institutional investors, publication of shareholder newsletters, etc.

T&D Holdings, Inc. conducts highly communicative investor relations (IR) activities based on the principle that its top management is responsible for all IR statements.

In addition to regular financial results meetings for institutional investors and analysts, the Company holds briefings with a focus on themes that include closed book business and ESG. The Company holds one-on-one meetings with investors in Japan and overseas, and broadly shares views obtained through dialogues with the management and employees of the Group.

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



Scenes from an IR meeting for institutional investors and analysts

## For Customers

Customer feedback, customer surveys, customer meetings, Service Quality Improvement Committee, Service Supervision Committee, etc.

The Group has set up many points of contact with its customers, including sales representatives, agents, call centers, and the Internet as well as a new policy procedure survey that focuses on the attitudes of sales representatives and the understandability of application forms and other documents and customer satisfaction surveys, giving the Group access to a wide range of customer feedback. A committee has also been established to improve customer satisfaction, and the Group incorporates the opinions of outside committee members, including attorneys and experts in consumer issues, into its management.

## For Agents and Tie-up Organizations

Training programs, business partner meetings, proposal of welfare systems for companies and organizations, and other services

High-quality support is provided for agents by giving sales agents their own e-learning materials to help them acquire broad knowledge on the compliance and insurance business, as well as by conducting training for sales staff mainly to enhance sales skills and improve presentation skills. In addition, business reporting meetings are held with tie-up organizations and agents to report the latest business developments and to hear their views on the Group's business operations.

## Meetings Held in FY2021

Financial results meetings for institutional investors and analysts	4
Financial results telephone conferences for institutional investors and analysts	4
Conferences sponsored by securities firms	5
One-on-one meetings	Total 222

## Evaluations by External Assessment Organizations

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

### 2021 Internet IR Award (Daiwa Investor Relations Co. Ltd.)



Evaluated 3,944 listed companies\*

**Selected as one of 103 winners of the Commendation Award**

### FY2021 All Japanese Listed Companies' Website Ranking

(Nikko Investor Relations Co., Ltd.)

Evaluated all 3,888 listed companies\*

**Selected as one of 191 companies with grade AAA websites in the Overall Ranking for the fifth consecutive year**

## For Employees

Education and training, human rights training, employee awareness surveys, dialogues and consultations with labor unions, an internal reporting system, etc.

Education and training are provided through on-the-job training, group training, and support for personal development efforts. The Group also conducts human rights awareness training that addresses discrimination, harassment, and other issues as a way to deepen employees' understanding of the importance of respecting human rights. Awareness surveys are conducted to collect information on employee opinions and requests regarding job satisfaction and enhancing motivation. Through dialogues with its labor unions, the Group has an opportunity to discuss a wide range of subjects, including management policies, wages, working hours, leave, human resource systems, and welfare.

## For Protecting the Environment and Contributing to Local Communities

Participation in the UN Global Compact (UNGC), Principles for Financial Action for the 21st Century, and the Japan Association for the United Nations Environment Programme (UNEP), support for the Japan Down Syndrome Society, working with the Japan Philanthropic Association, implementing Forests of Taiyo Life activities, supporting activities by The Nature Conservation Society of Japan, etc.

The Group participates in the UN Global Compact, Principles for Financial Action for the 21st Century, and other initiatives. It also exchanges views in a wide range of areas through study groups and dialogues



with participating companies. Furthermore, the Group has opportunities to understand stakeholders' expectations toward enterprises and to explore possibilities for the Group's contribution through support for and participation in the activities of NPOs active in each field.