

Foundations Supporting the Creation of Shared Value



Chair of the Nomination and Compensation Committee

Interview with Outside Director Haruka Matsuyama

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The strengthening of monitoring refers to the evaluation of business execution and results, which can be said to be the essence of the Nomination and Compensation Committee.

Outside Director Haruka Matsuyama



Q1. It is becoming increasingly important to strengthen governance in order to enhance sustainable corporate value. Could you tell us about the current role of the Nomination and Compensation Committee?

While the two functions of management and monitoring are sought after in governance, there is currently a particular need for the strengthening of monitoring functions. The strengthening of monitoring refers to the evaluation of business execution and results, which can be said to be the essence of the Nomination and Compensation Committee.

Because outside directors are not necessarily familiar with a company's business or internal circumstances, they are generally not suitable for management that decides matters regarding the execution of important business. Rather, I believe that they should play the role of strengthening monitoring functions or processes related to the appointments, dismissals, and compensation of directors, Audit & Supervisory Board members, and executive officers, as outside directors with independent viewpoints.

The Nomination and Compensation Committee plays the role of strengthening monitoring functions through its independent involvement in nomination and compensation decision processes, from a position in which outside directors comprise the majority.

Q2. Could you tell us about the matters you keep in mind as the chair of the Nomination and Compensation Committee?

I took office as the chair of the Nomination and Compensation Committee in July 2018. T&D Holdings (the "Company") has remained ahead of other companies in terms of its initiatives, such as by establishing the Nomination and Compensation Committee in January 2015.

In 2002, the system of a Company with Committees (the current system of a Company with a Nominating Committee, etc.) was introduced in Japan. Initially, this system was not very popular, possibly due to resistance against discussing nominations or compensation with

external persons. Subsequently, with the establishment of Japan's Corporate Governance Code, there has been a gradual rise in the number of companies that have established Nomination and Compensation Committees. However, due to the lack of available model cases, companies have had to proceed by trial and error, with regard to what matters should be discussed.

Information regarding the nomination process represents some of the most confidential information for any company. Such information is not disseminated even internally, and naturally, information regarding other companies is also unavailable.

While I think that each company has its own balances and rules, which have been shaped over many years, these are not written down, as might be expected.

It is most important for us to share information in the Nomination and Compensation Committee through frank discussions to some extent about the topics which have not been openly talked about in the past. Otherwise, discussions would not progress beyond mere statement of public stances.

As the chair of the Committee, I strive to ensure that its discussions have an atmosphere that is conducive to the participants expressing their true opinions, rather than mere formalities. I believe that the members of the T&D Holdings Nomination and Compensation Committee all share their thoughts frankly.

Q3. Specifically, what kind of discussions take place at the Nomination and Compensation Committee?

We are discussing the current challenges faced by T&D Holdings, specifically the vision that we should aim for over the next few years based on the medium-term management plan, and how to choose or nurture the right people to undertake this vision.

Above all, regarding the succession of top management, if the current president does not properly develop a successor, it will result in a situation in which the

Company lacks a suitable candidate available at the time of succession. The president has many important duties; however, developing a successor and ensuring that business can be transferred smoothly are significant tasks for the president. We are holding discussions from the earliest possible stage, and proceeding while taking advice from external persons with experience in management.

Japanese companies follow the custom of life-long employment, and since officers are often appointed from among employees, there is a gap between internal and external parties with respect to information regarding candidates. As this situation is not conducive to discussions, it is necessary to share information, to some extent, with persons outside of the company. However, as it is difficult to share all information, I think that perhaps every company is currently concerned about how and what kind of information they should receive and discuss.

Regarding the roles of the Nomination and Compensation Committee, I believe that it is essential to properly seek explanations regarding how candidates are evaluated internally and what is considered in the selection of such candidates, in addition to checking to confirm that there are no irrationalities in such explanations.

The most recent change of president that I was involved in, as a member of the Nomination and Compensation Committee, was the April 2018 succession from the former President Kida to the current President Uehara. When making that decision, I believe that we were able to engage in frank discussions, while hearing about what kind of ideas each candidate had, and what kind of experienced human resources will be required to steer

Nomination and Compensation Committees are organizations that hold discussions with transparency. We will continue to develop, while making changes to meet the needs of the times.



T&D Holdings going forward.

Many meetings of the Nomination and Compensation Committee are held from the beginning of autumn to the following May. Since the Committee discusses the appointments of directors, Audit & Supervisory Board members, and executive officers of direct subsidiaries, in addition to those of the Company, numerous meetings are held. While many companies have held Nomination and Compensation Committee meetings annually or semi-annually up until now, I believe that companies should invest their time accordingly, if nominations and compensation are to be practically discussed.

Q4. The Nomination and Compensation Committee of the Company has reached its fifth anniversary. Could you please tell us your evaluation of the current Nomination and Compensation Committee, and your opinions on how this Committee should be, going forward?

I feel that there has been an earnest inclination at T&D Holdings to invigorate the Nomination and Compensation Committee, with succession for top management being discussed in meetings from an early stage.

However, going forward, new themes and issues can be expected to appear rapidly, as Nomination and Compensation Committees in Japan have finally reached their formative stage.

For example, while Nomination and Compensation Committees must monitor results in order to perform their role, it appears that Japanese companies have not performed rigorous performance evaluations up until now. Such evaluations include grading management regarding the year's business management, reflecting these evaluations in the amount of each person's compensation, and asking those with good results to remain in their positions for the following year. However, as officers of Japanese companies are promoted from among fellow employees, it is probably difficult to highly evaluate some while negatively evaluating others. There is the impression that nearly everyone is likely to be assigned a B, when people are asked to grade others from A to D.

However, while it may be a high hurdle, the proper evaluation of the results of each individual is essential in the monitoring processes, and I believe that this is where we have to start changing.

As Nomination and Compensation Committees are organizations that hold discussions with transparency, I believe there are many things that should change. While the Company is also working hard, the way that Nomination and Compensation Committees ought to be will change along with transformations in society. Accordingly, we will continue to develop our Nomination and Compensation Committee, while making the necessary changes in line with such transformations.

Corporate Governance

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

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

*Please see the Company’s website for more detail of the Basic Policy on Corporate Governance.

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

Promoting Group Management

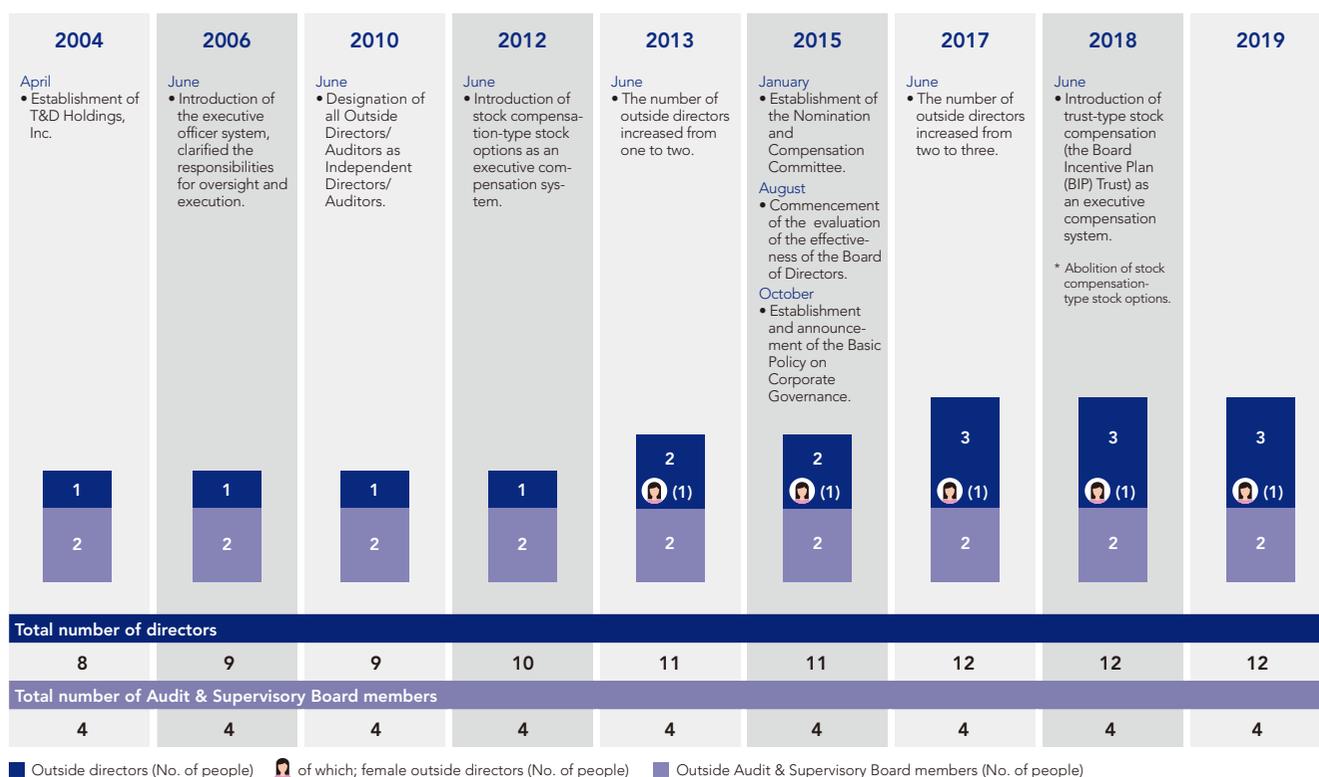
The Company, as a holding company, fulfills the roles of deciding on the strategy of the T&D Insurance Group (the “Group”), appropriately allocating the Group’s business resources and formulating capital strategies. Along with this, the Company shall strive to establish a Group business management system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

Asset Management and Pet & Family Insurance.

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

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

History of T&D Holdings’ Corporate Governance



Corporate Governance System

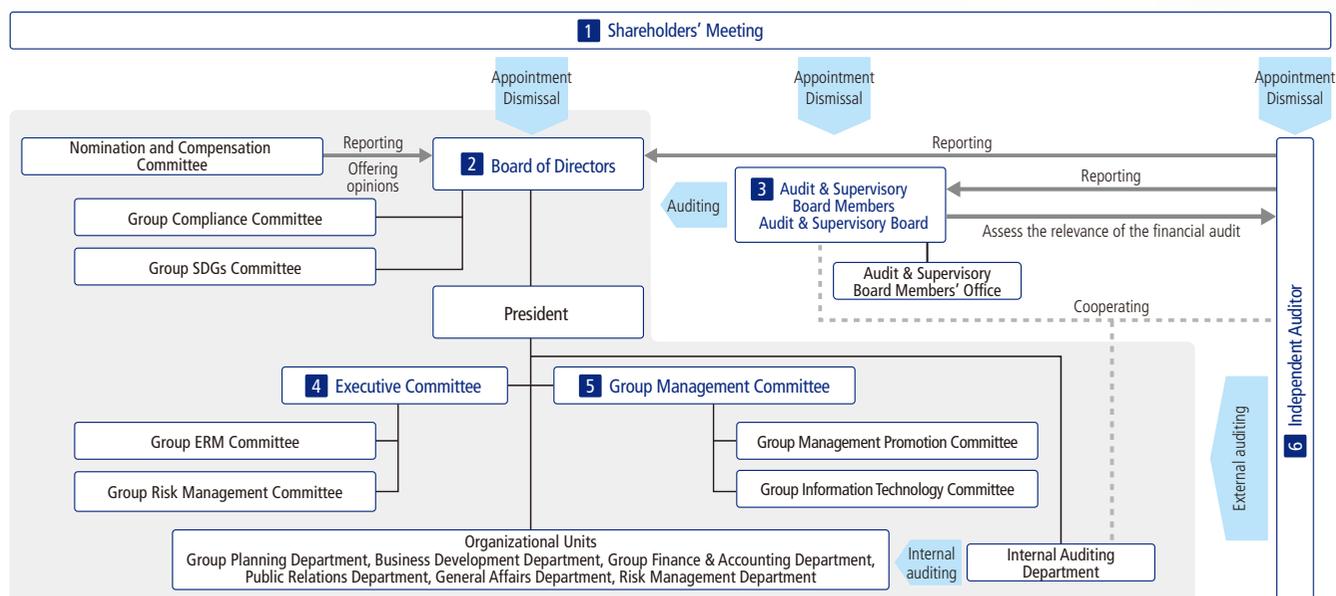
The Company makes decisions on important business matters and oversee the execution of business through its Board of Directors. The Company is a “Company with Board of Auditors.” Accordingly, the Company shall audit the performance of directors’ duties through its Audit & Supervisory Board and Audit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

In addition, the Company has introduced an executive officer system for the purpose of bolstering its business execution capabilities. By sharply delineating responsibilities

for oversight and execution, the Company strengthens the governance function of the Board of Directors.

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

Corporate Governance Framework



1 Shareholders' Meeting

The Shareholders' Meeting is the highest decision-making entity of the Company. At the meeting, reports are made on the Group's business and consolidated/non-consolidated financial statements, and resolutions are made on important issues, which are stipulated in laws and ordinances and the Articles of Incorporation, such as the appropriation of retained earnings and election of officers. The Ordinary General Meeting of Shareholders is held once a year.

2 Board of Directors

Number of meetings held: 20
The Board of Directors makes resolutions on important issues related to the business execution of the Company, and oversees the performance of directors and executive officers.

3 Audit & Supervisory Board Members Audit & Supervisory Board

Number of meetings held: 17
The Audit & Supervisory Board members audit the performance of duties by directors, and give proposals, advice, and suggestions to directors and the Board of Directors to ensure the sound management of the Company. The Audit & Supervisory Board reports on important issues regarding audits performed by each Audit & Supervisory Board member, which are then deliberated and resolved.

4 Executive Committee

Number of meetings held: 57
The Executive Committee consists of the chairman, the president and executive officers. The Executive Committee discusses important issues such as strategies related to the business management of the Group.

5 Group Management Committee

Number of meetings held: 19
The Group Management Committee consists of members including the president of the Company and the presidents of the three life insurance companies. The Group Management Committee discusses important issues such as the Group's cross-sectional strategies.

Committees

Committees discuss the strategies and matters of the Company or those common to the Group.

6 Information related to the Independent Auditor (FY2018)

Category	Remuneration for audit certification services (¥ millions)	Remuneration for non-audit services (¥ millions)
Submitting company	188	16
Consolidated subsidiaries	208	13
Total	396	30

Corporate Governance

Roles of the Board of Directors

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

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

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

Composition of the Board of Directors

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

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

with bolstering Group-wide governance.

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



Effectiveness Evaluation of the Board of Directors

To ensure the effectiveness of the Board of Directors, the Company conducts an annual performance review of the Board of Directors as a whole based on the self-evaluations of individual directors. The performance review examines whether the Board of Directors is functioning appropriately and producing results, and how the Board

of Directors is contributing to increasing the Company's corporate value over the medium- to long-term.

Based on the assessment of effectiveness and other information, the Company will work to further improve the supervisory functions and the decision-making process of the Board of Director.

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

1. Evaluation procedures	The Company conducted an analysis and assessment of the effectiveness of the Board of Directors as a whole in fiscal 2018, based on self-evaluations (questionnaires) and interviews of the directors and Audit & Supervisory Board members.
2. Evaluation items (5 items)	(i) Function of the Board of Directors (ii) Composition of the Board of Directors (iii) Operation of the Board of Directors (iv) Provision of information to Outside Directors/Audit & Supervisory Board members (v) Overall assessment
3. Overall assessment	The Company considers the Board of Directors of the Company is generally performing its roles and responsibilities effectively as a whole, through the enforcement of advance measures prior to actual discussions at the Board of Directors and the improvement of the operation of the Board of Directors, etc.
4. Improvement status of issues recognized in the previous evaluation	Issues recognized in the evaluation for fiscal 2017 (dealing with the time restrictions of discussions at the Board of Directors [the necessity of setting up a forum for discussions other than the meetings of the Board of Directors], further improvement of meeting materials, devising the contents of the report and so forth) have generally been improved.
5. Issues and initiatives going forward	<p>Issues: Regarding the development of a framework for enhancing the effectiveness of the Board of Directors, the Company continues to recognize the necessity for improvement.</p> <p>Initiatives: <ul style="list-style-type: none"> • The Company will further reinforce its monitoring functions as a holding company in group management. • The Company will improve and devise the explanations of the contents of deliberations at the Nomination and Compensation Committee, and in order to deepen and activate the deliberations at the Board of Directors, improve and devise the meeting materials and explanations. </p>

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

Outside directors and outside Audit & Supervisory Board members engage in activities including periodic “exchanges of opinions with the representative directors,” “exchanges of opinions with an independent auditor,” “exchanges of opinions with the heads of each department,” “exchanges of opinions with the directors and executive officers of the major subsidiaries,” “exchanges of opinions with the outside directors and outside Audit & Supervisory

Board members of the major subsidiaries,” and “visits to the business offices of the major subsidiaries.”

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

Nomination and Compensation Committee

A non-mandated Nomination and Compensation Committee was established as an advisory body to the Board of Directors for the purpose of discussing the fairness and appropriateness of the appointment/dismissal and compensation of directors, Audit & Supervisory Board members, and executive officers as well as ensuring the transparency of management

and enhancing accountability (established in January 2015).

The Committee comprises the president and outside directors, with the majority of its members appointed from among outside directors, with a view toward ensuring independence and neutrality. In addition, the Committee is chaired by an outside director elected from among its members.

Nomination and Compensation Committee (held seven times in fiscal 2018)

Fiscal 2018 Nomination and Compensation Committee	Deliberation and reporting matters
1st Nomination and Compensation Committee	<ul style="list-style-type: none"> • Introduction of a stock compensation system for directors and executive officers • Amendment to the Articles of Incorporation, in conjunction with a shortening of the directors’ term of office
2nd Nomination and Compensation Committee	<ul style="list-style-type: none"> • Appointment of directors, Audit & Supervisory Board members, and substitute Audit & Supervisory Board members • Changes of officers at directly owned subsidiaries
3rd Nomination and Compensation Committee	<ul style="list-style-type: none"> • Evaluation of the effectiveness of officers for fiscal 2017 • Establishment of company officer regulations concerning executive compensation
4th Nomination and Compensation Committee	<ul style="list-style-type: none"> • Succession plan • Measures associated with the revision of the Corporate Governance Code
5th Nomination and Compensation Committee	<ul style="list-style-type: none"> • Changes of officers at directly owned subsidiaries
6th Nomination and Compensation Committee	<ul style="list-style-type: none"> • Appointment of executive officers • Changes of officers at directly owned subsidiaries
7th Nomination and Compensation Committee	<ul style="list-style-type: none"> • Amendment to company officer regulations concerning executive benefit • Disclosure of information such as the executive compensation system, in line with the amendment to the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.

▣ Involvement in the appointment/dismissal of the Representative Director and President, and other senior management staff

The Committee deliberates on the results of individual officer evaluations of the Representative Director and other senior management staff, based on an evaluation of corporate performance and the evaluation of a division in charge. As for the appointment/dismissal (reappointment or non-reappointment) of the Representative Director and other senior management staff, individual officer evaluations as well as qualifications are reviewed and deliberated. The results of the deliberation are reported to the Board of Directors along with the Committee’s recommendations, as necessary.

▣ Involvement in succession planning for the Representative Director and President

As for succession planning, the Committee deliberates on matters such as the validity of the plan and the periodical review of candidates. The results of the deliberation are reported to the Board of Directors along with the Committee’s recommendations, as necessary.

Corporate Governance

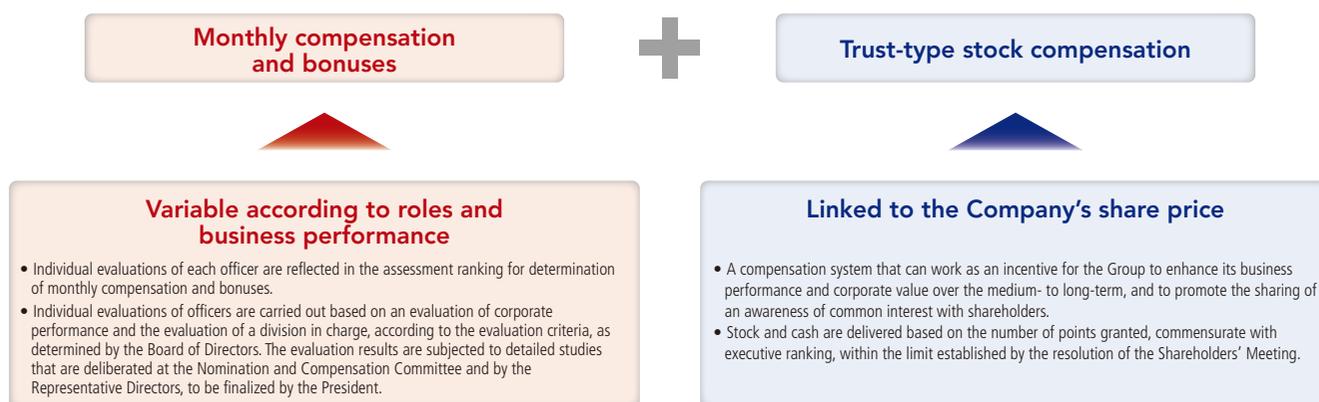
Determination of compensation

▣ Policies on determining compensation

The Company's executive compensation system has been designed to function as a sound incentive for the Group to enhance its performance and corporate value over the medium- to long-term. The system is deliberated at the Nomination and Compensation Committee, to be finalized at the Board of Directors.

Compensation for directors (excluding part-time

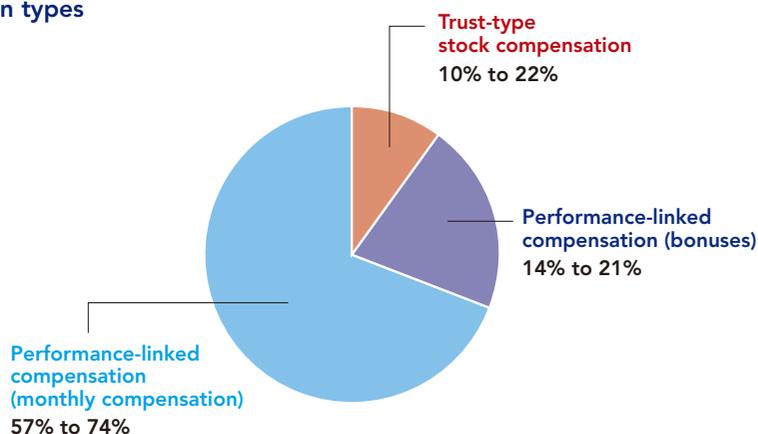
directors, such as outside directors) comprises three parts: 1) monthly compensation, 2) bonuses, and 3) trust-type stock compensation (excluding non-residents of Japan), which uses a trust to deliver the Company's shares, etc. to directors. Compensation for part-time directors, including outside directors comprises monthly compensation.



▣ Policies on determining the ratios of the compensation types

The ratio between performance-linked compensation (monthly compensation and bonuses) and trust-type stock compensation is established, based on the responsibilities of each executive position.

Performance-linked compensation varies according to the individual officer's performance evaluation, by using the standard performance evaluation as a benchmark (within the range from approximately +5% and -5% for monthly compensation, and from approximately +40% and -40% for bonuses).



▣ Reasons for the selection of indicators for determining performance-linked compensation, and method for determining the amount of compensation

The evaluation of corporate performance is determined based on the key performance indicators established under the Group's medium-term management plan, in order to ensure a clarified evaluation commensurate with the actual progress toward achieving targets. Specifically, it is determined based on the points calculated by multiplying a number of performance indicators including corporate value (EV), value of new business, and consolidated

adjusted net income, along with the share price fluctuation rate by a factor commensurate with the target achievement rate.

As for the evaluation of a division in charge, an evaluation regarding the progress of the execution plan at each division is carried out, and points are calculated based on the achievement against divisional targets.

■ Total compensation by officer category and type of compensation

Category	Monthly compensation		Reserve for bonuses		Trust-type stock compensation, the Board Incentive Plan (BIP) Trust		Total compensation	
	Number receiving compensation	Amount (¥ millions)	Number receiving compensation	Amount (¥ millions)	Number receiving compensation	Amount (¥ millions)	Number receiving compensation	Amount (¥ millions)
Directors (excluding outside directors)	11	184	6	55	6	58	11	299
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	3	56	0	—	0	—	3	56
Outside directors	4	28	0	—	0	—	4	28
Outside Audit & Supervisory Board members	2	19	0	—	0	—	2	19
Total	20	289	6	55	6	58	20	403

(Notes) 1. The annual compensation limit established at a shareholders' meeting is ¥500 million for directors and ¥130 million for Audit & Supervisory Board members. Bonuses are included in the amount for directors. Apart from the above annual compensation limit for directors, the maximum aggregate amount of trust fund to be contributed for the trust-type stock compensation is ¥500 million for the three fiscal years from the fiscal year ended March 31, 2019 to the fiscal year ending March 31, 2021. The total number of points to be granted to directors each year shall not exceed 215,000 points (one point is equivalent to one share in the Company).

2. The abovementioned payments include three directors and one Audit & Supervisory Board member who stepped down from their posts, as of the close of the fourteenth Ordinary General Meeting of Shareholders held on June 27, 2018. As of March 31, 2019, the Group had twelve directors and four Audit & Supervisory Board members.

■ Indicator targets and actual achievements with respect to the performance-linked compensation for the most recent fiscal year

The key performance indicator targets and actual achievements with respect to the performance-linked compensation are as follows. Apart from the indicators in the table below, share price fluctuation rate (rate of fluctuation of the Company's share price, as well as the rate of its deviation from the rate of price fluctuation of the shares in the listed life insurance companies), along with the evaluations of corporate performance at the Group companies are also used as indicators.

Key performance indicator targets and actual results for fiscal 2018

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

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

■ Activities of the Board of Directors and the Nomination and Compensation Committee in the process of determining amounts of compensation

Main deliberations at the Nomination and Compensation Committee

The Nomination and Compensation Committee deliberated on matters such as the "Introduction of the trust-type stock compensation system for officers" at the Company and its direct subsidiaries, which is intended as an incentive to enhance corporate value and to promote the sharing of an awareness of common interest with shareholders, and the "Evaluation results of directors and executive officers for fiscal 2017," which serves as the basis for determining the compensation of individual officers.

Main resolutions at the Board of Directors

The Board of Directors has resolved matters such as "Guidelines for implementing the corporate performance evaluation system for fiscal 2018" and "Results of the corporate performance evaluation for fiscal 2017." The Board of Directors has also resolved agendas concerning compensation, including the "Introduction of the trust-type stock compensation system for officers" and "Determination of amounts of executive bonuses for fiscal 2017, as well as the monthly compensation for fiscal 2018 of directors and executive officers." All of these matters were resolved based on recommendations made by the Nomination and Compensation Committee.

Corporate Governance

Cross-shareholdings

At the Group, Taiyo Life and Daido Life engage in cross-shareholdings. As of March 31, 2019, the balance* of such holdings was ¥266.1 billion (41 stocks) at Taiyo Life and ¥254.4 billion (176 stocks) at Daido Life. The companies will continue to work on a planned reduction of these holdings.

* Balance sheet amount of investment stocks stated in the "YUHO Report," held for purposes other than pure investment

▣ Purpose of Cross-shareholdings

- Maintaining and expanding long-term, stable business relationships
- Maintaining and strengthening business partnerships
- Reaping medium- to long-term benefits by an increase in equity value and receiving dividends and so forth

▣ Verification of the property and Reduction of Cross-shareholdings

The Boards of Directors of the Company and each Group company with cross-shareholdings are verifying shareholdings by specifically scrutinizing each individual cross-shareholding annually in regard to (1) the suitability of the purpose for the holdings and (2) whether the benefits or risks concerned with the holdings are worth the cost of capital. Sale is considered for cross-shareholdings that are deemed to be less significant as a result of this verification. The verifications' content is disclosed annually.

* Taiyo Life and Daido Life exercise voting rights in regard to cross-shareholdings similarly to stocks held for purely investment purposes, based on the Japanese version of the Stewardship Code.

● Please see page 81 for initiatives regarding the Principles for Responsible Institutional Investors (the Japanese version of the Stewardship Code).

Risk Management

In light of the important social role played by its life insurance business, the Group considers the accurate assessment and control of risk to be one of the top management priorities for ensuring sound and appropriate management. Under the supervision of the Company, each Group company carries out appropriate risk management based on the principle of self-responsibility. Furthermore, the Group conducts integrated risk management through such means as utilizing risk management indicators based on economic value, which values assets and liabilities on a mark-to-market basis.

The following risks are considered to be significant in regard to the businesses of the Company and the Group.

Business risks

- Underwriting risk
- Investment risk
- Liquidity risk
- Operational risk
- Reputational risk
- Affiliate and other entity risk

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 expanding scope of operations
- Risk related to regulatory changes

The Company is responding to risks as a holding company as described on the following page (that gives examples of initiatives).

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 of any of the three life insurance companies change, and/or the 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 on the performance of the three companies, together with monitoring budget variance management and progress of the medium-term management plan.
- The diversification of business portfolio is promoted as a pillar of the growth strategy in the medium-term management plan.

Risk Related to Expanding Scope of Operations

The Group is considering expanding the scope of its operations outside of the life insurance business by leveraging the advantages of its holding company structure within legal and regulatory boundaries. The Group may have little or no experience in such operational expansion. If expansion does not progress or if the operations concerned are unprofitable, the Group's performance and financial condition could be adversely affected.

(Responses)

- When expanding the scope of operations, areas that have an affinity with the life insurance business are targeted. Businesses are also promoted through alliances and collaboration with organizations and companies with experience in the relevant business.
- The implementation plan is verified in advance and monitored as necessary following implementation, and adequate risk control is conducted.

* Please see the Company's website for more detail of the risk management.

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

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

*Please see the Company's website for more detail of the Compliance Promotion System.

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

Basic Policy for Responding to Antisocial Forces

In its Group Compliance Code of Conduct, the Group defines its policy toward antisocial forces as to "reject and stringently respond to any antisocial forces which threaten the order and safety of the civil society." In accordance with this policy, the Group has formulated "T&D Insurance Group Basic Policy for Responding to Antisocial Forces," and has announced this on the Company's website.

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

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

Accountability

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

In specific terms, the Company strives to provide easy-to-understand disclosure based on the fair disclosure rules of timeliness, fairness and accuracy in order to maintain and reinforce trust among all of its stakeholders, including customers, shareholders, employees, insurance agents, business partners, and local communities, and to increase the level of management transparency.

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

Furthermore, the Company is actively engaged in IR activities based on its IR Policy (see page 73), while ensuring that briefings are provided by members of senior management, in principle.

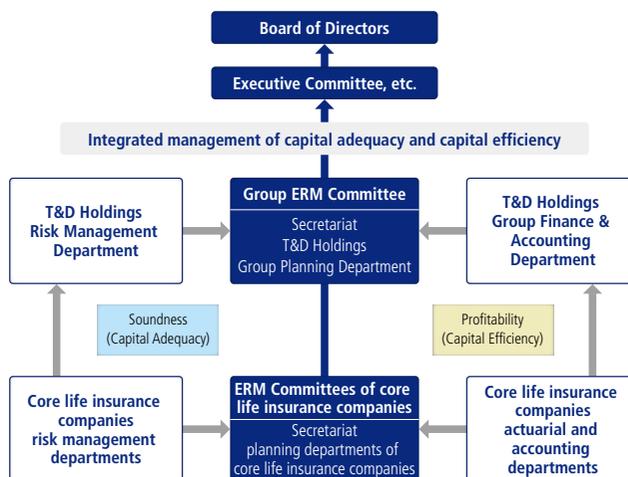
ERM (Enterprise Risk Management)

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



Organizational Structure

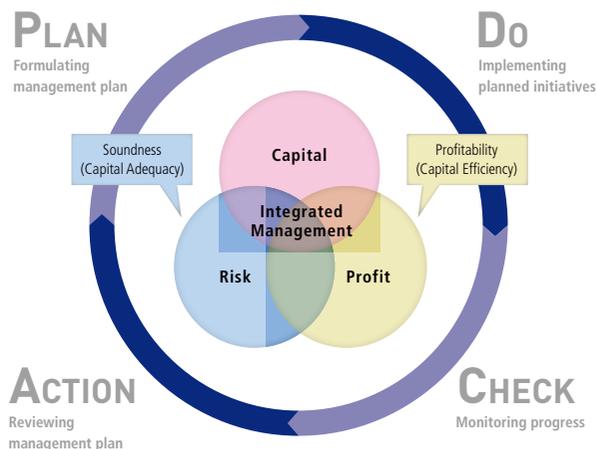
The Group has organized the Group ERM Committee to conduct ERM on a Groupwide basis. The committee leads efforts to promote ERM throughout the Group, aiming to improve its soundness while achieving stable and sustainable increases in corporate value.



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 ERM through the above PDCA cycle in order to meet the Group Risk Appetite.



Group risk appetite standard

Soundness	Minimum level of ESR	133% and above
Profitability	Neutral level of ESR	Around 185%
	ROEV	7.5% and above (in the medium- to long-term)
	Core ROEV	5.0% and above (in the medium- to long-term)

* UFR has been applied to the ESR measurement model and to the MCEV calculation, beginning with the medium-term management plan.
 * ESR = Surplus (capital) ÷ EC (risk)
 * ROEV = Annual increase in EV (less capital movements) / Annual average of EV (Group basis)
 * Core ROEV = (Embedded value of new business + Expected existing business contribution from risk free rate) / Annual average of EV (total for three core life insurance companies)

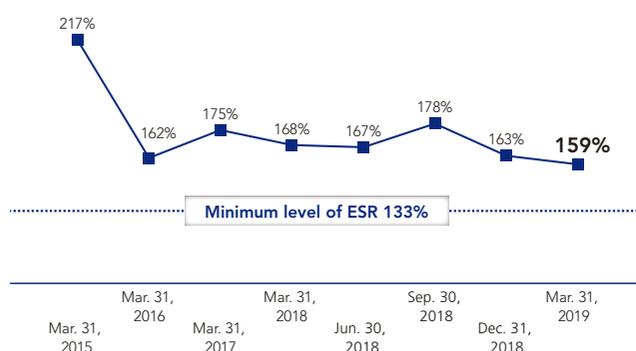
Achieve a Balance of Both High Soundness (Capital Adequacy) and Profitability (Capital Efficiency)

Soundness Indicator: ESR

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

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

Status of ESR

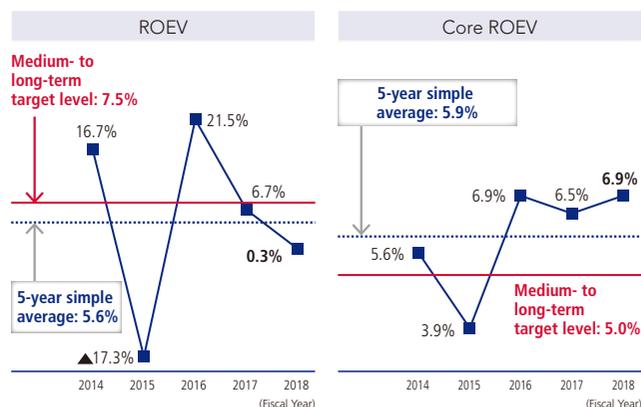


ESR is calculated by dividing net assets based on economic value (surplus) by the risk volume (EC: economic capital) quantified using an internal model.

Profitability Indicator: ROEV and Core ROEV

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

Profitability (Capital Efficiency) Indicator

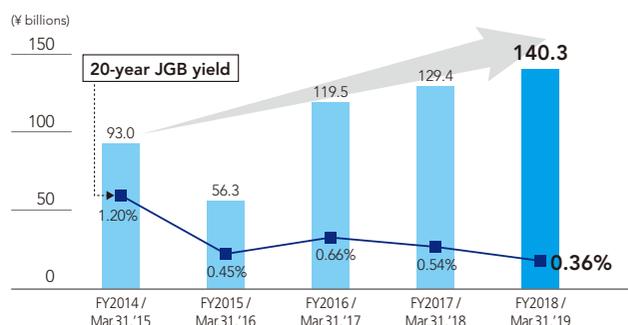


Results of ERM Management:

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

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

Trends in Value of New Business



New business margin*

Total of all products	6.3%	8.5%	7.1%
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* New business margin = Value of new business ÷ Present value of new business premiums

Application of Ultimate Forward Rate (UFR)

Starting from the current medium-term management plan, the UFR has been applied to the ESR measurement model and to the MCEV calculation. This was based on international capital regulation discussions and the comparability of disclosure, and it aims to further enhance measurement models to be able to further contribute to management decisions from a medium- to long-term perspective. In addition, indicator values are as shown on the right when UFR is applied to fiscal 2018 and the fiscal year-end.

Indicator values with UFR¹ applied

	Fiscal 2018 and the fiscal year-end ²
Group MCEV	¥2,605.1 billion
MCEV	¥2,577.2 billion
Value of New Business	¥162.1 billion

ESR ³	189%
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*1 The applied UFR has been set referring to the Insurance Capital Standard (ICS) which the International Association of Insurance Supervisors (IAIS) is considering as an international capital regulation for insurance companies. Forward rates from 31-year onwards are extrapolated to converge to the level of UFR of 3.8% at 60-year.

*2 Not reviewed by third party specialists.

*3 Subordinated debt was included in surplus, in addition to application of UFR.

Management Organization

Board of Directors (as of July 1, 2019)



Representative Director and Chairman

Tetsuhiro Kida

Personal history

Apr. 1976 Joined Daido Life
 Mar. 1999 General Manager of Planning Department of Daido Life
 Jul. 2000 Director of Daido Life
 Apr. 2003 Managing Director of Daido Life
 Jun. 2006 Managing Executive Officer of Daido Life
 Apr. 2007 Director of T&D Financial Life,
 Director of T&D Asset Management,
 Managing Executive Officer of T&D Holdings
 Jun. 2007 Director and Managing Executive Officer of T&D Holdings
 Apr. 2008 Director and Senior Managing Executive Officer of T&D Holdings
 Apr. 2010 Representative Director and President of Daido Life,
 Director of T&D Holdings
 Apr. 2015 Representative Director and Chairman of Daido Life,
 Representative Director and President of T&D Holdings
 Apr. 2018 Representative Director and Chairman of T&D Holdings
 (current)
 Jun. 2019 Director of Daido Life (current)

Significant concurrent positions

Director of Daido Life

Number of the Company's share held*	28,003
Attendance to the Board of Directors' meetings	20 / 20



Representative Director and President

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 and President of T&D Holdings (current)

Number of the Company's share held*	20,216
Attendance to the Board of Directors' meetings	20 / 20



Director and Senior Managing Executive Officer

Koichi Seike

Personal history

Apr. 1980 Joined Daido Life
 Apr. 2003 General Manager of Profit Management and Actuarial Department of Daido Life
 Jun. 2006 Executive Officer of Daido Life
 Apr. 2010 Managing Executive Officer of Daido Life
 Jun. 2011 Director and Managing Executive Officer of Daido Life
 Apr. 2014 Managing Executive Officer of T&D Holdings
 Jun. 2014 Director and Managing Executive Officer of T&D Holdings
 Apr. 2016 Director and Senior Managing Executive Officer of Daido Life (current), Director and Senior Managing Executive Officer of T&D Holdings (current)

Significant concurrent positions

Director and Senior Managing Executive Officer of Daido Life

Number of the Company's share held*	23,782
Attendance to the Board of Directors' meetings	20 / 20



Director and Senior Managing Executive Officer

Mitsuhiro Nagata

Personal history

Apr. 1985 Joined Daido Life
 Apr. 2008 General Manager of Profit Management and Actuarial Department of Daido Life
 Apr. 2011 Executive Officer of Daido Life
 Apr. 2015 Managing Executive Officer of Daido Life
 Jun. 2015 Director and Managing Executive Officer of Daido Life
 Apr. 2017 Managing Executive Officer of T&D Holdings
 Apr. 2018 Director of Daido Life (current),
 Senior Managing Executive Officer of T&D Holdings
 Jun. 2018 Director of T&D Financial Life (current),
 Director and Senior Managing Executive Officer of T&D Holdings (current)
 Jul. 2019 Director of T&D United Capital (current)

Significant concurrent positions

Director of Daido Life
 Director of T&D Financial Life
 Director of T&D United Capital

Number of the Company's share held*	16,651
Attendance to the Board of Directors' meetings	15 / 15



Director and Managing Executive Officer

Yasuro Tamura

Personal history

Apr. 1987 Joined Taiyo Life
 Jul. 2009 General Manager of Planning Department of Taiyo Life
 Apr. 2014 Executive Officer of Taiyo Life
 Jun. 2015 Director and Executive Officer of Taiyo Life
 Apr. 2017 Director and Managing Executive Officer of Taiyo Life (current)
 Apr. 2018 Managing Executive Officer of T&D Holdings
 Jun. 2018 Director and Managing Executive Officer of T&D Holdings (current)

Significant concurrent positions

Director and Managing Executive Officer of Taiyo Life

Number of the Company's share held*	5,405
Attendance to the Board of Directors' meetings	15 / 15



Director and Managing Executive Officer

Yoshihisa Tanaka

Personal history

Nov. 1989 Joined Taiyo Life
 Apr. 2011 General Manager of Public Relations Department of Taiyo Life
 Apr. 2014 Director of T&D Financial Life,
 Director of T&D Asset Management,
 General Manager of Group Planning Department of T&D Holdings
 Apr. 2015 Executive Officer and General Manager of Group Planning Department of T&D Holdings
 Apr. 2019 Director of Pet & Family Insurance, Managing Executive Officer of T&D Holdings
 Jun. 2019 Director of T&D Financial Life (current),
 Director of Taiyo Life (current),
 Director and Managing Executive Officer of T&D Holdings (current)
 Jul. 2019 Director of T&D United Capital (current)

Significant concurrent positions

Director of T&D Financial Life
 Director of Taiyo Life
 Director of T&D United Capital

Number of the Company's share held*	4,320
Attendance to the Board of Directors' meetings	—



Outside Director

Haruka Matsuyama

Personal history

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

Significant concurrent positions

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

Reasons for selection

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

Number of the Company's share held*	2,488
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Attendance to the Board of Directors' meetings	19 / 20
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Outside Director

Naoki Ohgo

Personal history

Apr. 1985 Joined McKinsey & Company, Inc.
Jul. 1999 Partner of McKinsey & Company, Inc.
Jul. 2005 Executive Officer of GE Consumer Finance K.K. (current Shinsei Financial Co., Ltd.)

Aug. 2008 Representative Director of Root F Co., Ltd. (current)
Jun. 2017 Director of T&D Holdings (current)

Significant concurrent positions

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

Reasons for selection

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

Number of the Company's share held*	636
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Attendance to the Board of Directors' meetings	20 / 20
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Outside Director

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 (current)

Reasons for selection

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

Number of the Company's share held*	384
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Attendance to the Board of Directors' meetings	15 / 15
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Director

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 share held*	15,007
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Attendance to the Board of Directors' meetings	—
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Director

Minoru Kudo

Personal history

Apr. 1978 Joined Daido Life
Apr. 2005 General Manager of General Marketing Department of Daido Life

Jun. 2005 Director of Daido Life
Jun. 2006 Executive Officer of Daido Life
Apr. 2008 Managing Executive Officer of Daido Life
Jun. 2009 Director and Managing Executive Officer of Daido Life
Apr. 2011 Director and Senior Managing Executive Officer of Daido Life

Apr. 2014 Representative Director and Executive Vice President of Daido Life

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

Significant concurrent positions

Representative Director and President of Daido Life

Corporate Auditor of Ezaki Glico Co., Ltd.

Number of the Company's share held*	42,886
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Attendance to the Board of Directors' meetings	20 / 20
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Director

Masafumi Itasaka

Personal history

Jun. 2004 Joined Daido Life
Sep. 2007 General Manager of Business Development Department of T&D Financial Life

Apr. 2011 Executive Officer of T&D Financial Life
Apr. 2015 Managing Executive Officer of T&D Financial Life
Jun. 2015 Director and Managing Executive Officer of T&D Financial Life

Apr. 2017 Representative Director and President of T&D Financial Life (current)

Jun. 2017 Director of T&D Holdings (current)

Significant concurrent positions

Representative Director and President of T&D Financial Life

Number of the Company's share held*	4,271
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Attendance to the Board of Directors' meetings	20 / 20
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*As of May 31, 2019

Management Organization

Audit & Supervisory Board Members (as of July 1, 2019)



Audit & Supervisory Board Member

Junichi Yanai

Personal history

Apr. 1984 Joined Taiyo Life
 Apr. 2017 Deputy General Manager of General Affairs Department of Taiyo Life
 Jun. 2017 Audit & Supervisory Board Member of Taiyo Life (current), Audit & Supervisory Board Member of T&D Holdings (current)

Significant concurrent positions

Audit & Supervisory Board Member of Taiyo Life

Number of the Company's share held*	3,716
Attendance to the Board of Directors' meetings	20 / 20
Attendance to Audit & Supervisory Board meetings	17 / 17



Audit & Supervisory Board Member

Yasuo Teraoka

Personal history

Oct. 2000 Joined Daido Life
 Apr. 2011 General Manager of Market & Alternative Investment Department of Daido Life
 Apr. 2013 Executive Officer of Daido Life
 Apr. 2015 Executive Officer of T&D Holdings
 Jun. 2018 Audit & Supervisory Board Member of Daido Life (current), Audit & Supervisory Board Member of T&D Holdings (current)
 Jul. 2019 Audit & Supervisory Board Member of T&D United Capital (current)

Significant concurrent positions

Audit & Supervisory Board Member of Daido Life
 Audit & Supervisory Board Member of T&D United Capital

Number of the Company's share held*	19,855
Attendance to the Board of Directors' meetings	20 / 20
Attendance to Audit & Supervisory Board meetings	10 / 10



Outside Audit & Supervisory Board Member

Shigekazu Iwai

Personal history

Apr. 1972 Registered as an Attorney
 Apr. 1991 Vice President of the Tokyo Bar Association
 Apr. 2004 President of the Tokyo Bar Association, Vice President of the Japan Federation of Bar Associations
 Jun. 2012 Audit & Supervisory Board Member of Daido Life, Audit & Supervisory Board Member of T&D Holdings (current)

Significant concurrent positions

Attorney at Law

Reasons for selection

Mr. Shigekazu Iwai has deep, special knowledge and extensive insight as an attorney at law, holding vital responsibilities in the legal community, including president of the Tokyo Bar Association and vice president of the Japan Federation of Bar Associations. He has been selected as an Outside Audit & Supervisory Board Member because he can be expected to capitalize on this knowledge and experience to serve his role as an Outside Audit & Supervisory Board Member in auditing the execution of duties of Directors from a perspective of protecting general shareholders.

Number of the Company's share held*	3,024
Attendance to the Board of Directors' meetings	20 / 20
Attendance to Audit & Supervisory Board meetings	17 / 17



Outside Audit & Supervisory Board Member

Yuichi Ozawa

Personal history

Apr. 1969 Registered as an Attorney
 May 1985 Organizer, Commercial Law Subcommittee of the Legislative Council of the Ministry of Justice
 Apr. 1991 Professor of Legal Training and Research Institute, Supreme Court of Japan (Defense of Civil Cases)
 Jan. 1998 Member of National Bar Examination Committee (Commercial Law)
 Jun. 2007 Audit & Supervisory Board Member of Taiyo Life
 Jun. 2013 Audit & Supervisory Board Member of T&D Holdings (current)

Significant concurrent positions

Attorney at Law

Reasons for selection

Mr. Yuichi Ozawa has deep, special knowledge and extensive insight as an attorney at law. He has been selected as an Outside Audit & Supervisory Board Member because he can be expected to capitalize on this knowledge and experience to continue to serve his role as an Outside Audit & Supervisory Board Member in auditing the execution of duties of Directors from a perspective of protecting general shareholders.

Number of the Company's share held*	17,277
Attendance to the Board of Directors' meetings	20 / 20
Attendance to Audit & Supervisory Board meetings	17 / 17

*As of May 31, 2019

IR Activities

T&D Holdings, Inc. (the “Company”) strives to promote investor relations (IR) activities based on the core principles of timeliness, fairness, and accuracy, with the aim of garnering the trust of and proper evaluation from shareholders, investors, and so forth. In this section, we highlight the Company’s FY2018 major initiatives and outline its IR policy.

Major Initiatives

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

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

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



Scenes from an IR meeting for institutional investors and analysts

Meetings held in FY2018

Financial results meetings for institutional investors and analysts	2
Financial results telephone conferences for institutional investors and analysts	4
Conferences sponsored by securities firms	3
One-on-one meetings	Total 177
Information meetings for individual investors	3

Evaluations by External Assessment Organizations

- 2018 Internet IR Award (Daiwa Investor Relations Co. Ltd.)**
 Evaluated 3,782 listed companies*
 Selected as one of 36 winners of the “Excellence Award” for the second consecutive year Overall ranking 21st
- FY2018 All Japanese Listed Companies’ Website Ranking (Nikko Investor Relations Co., Ltd.)**
 Evaluated all 3,785 listed companies*
 Selected as one of 179 companies with grade AAA websites in the Overall ranking for the second consecutive year Overall ranking 31st

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

T&D Holdings IR POLICY

1. Purpose of IR Activities

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

2. Basic Policy

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

3. IR Information

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

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

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

4. Structure Related to IR Activities

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

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

5. Feedback to Management

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

6. Silent Period

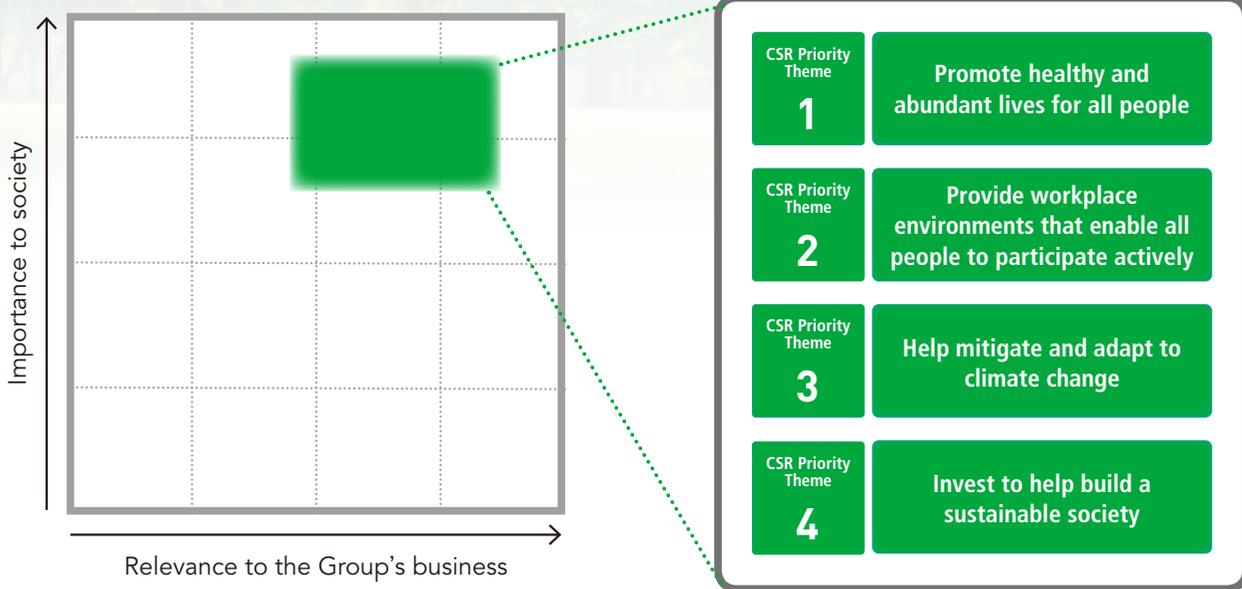
In order to ensure fairness and prevent the unauthorized disclosure of financial information, the Company maintains a “Silent Period” in its IR activities for three weeks prior to the announcement of quarterly financial results. During this period, the Company refrains from commenting on financial results,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

Toward building the foundation for creating shared value

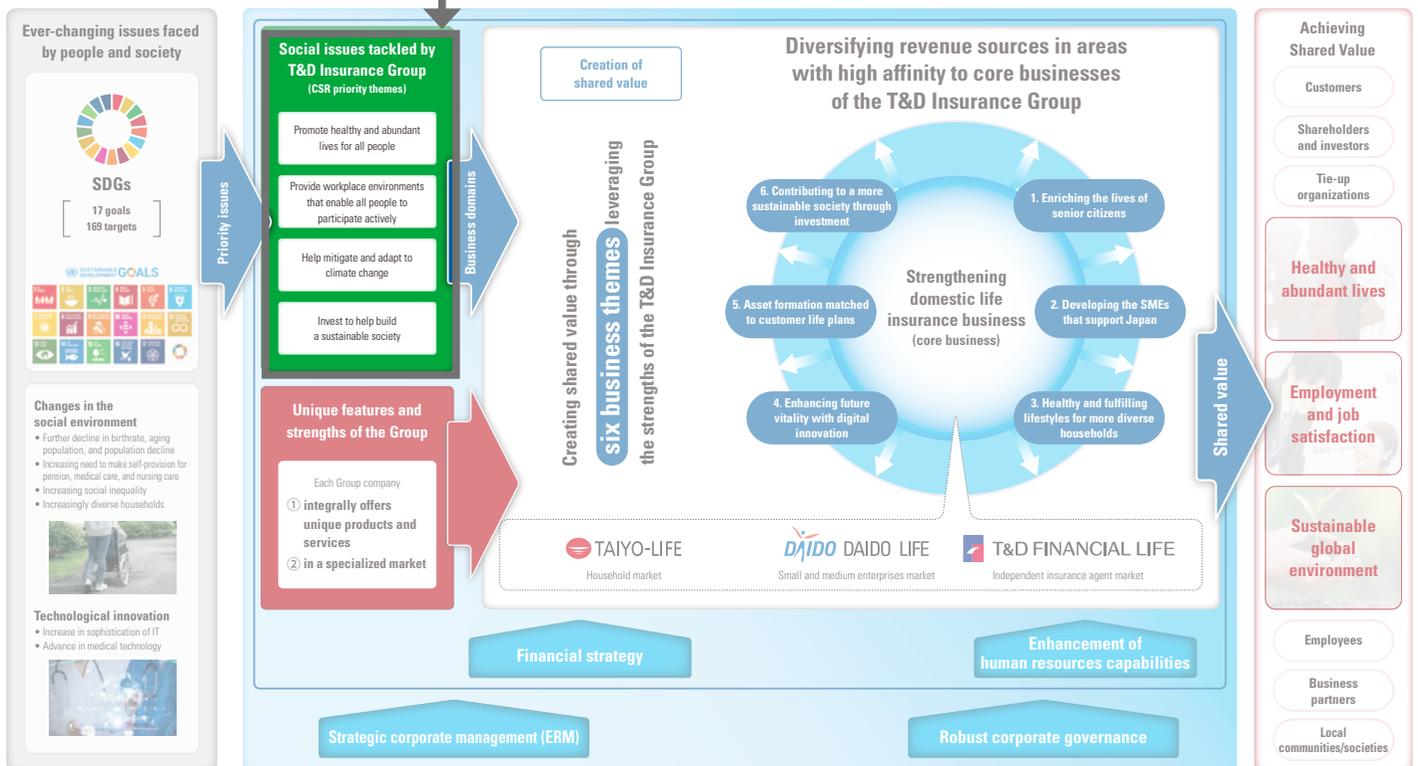
CSR Activity Priority Themes

We are working to create shared value, while mutually linking the six business themes with the CSR activity priority themes.

T&D Insurance Group's CSR Priority Themes



T&D Insurance Group's Value Creation Process



Process for Selecting Priority Themes

Process

1

Categorizing Social Issues with High Relevance to the Group's Business

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

In our considerations, we looked at the SDGs

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

Process

2

Prioritizing Issues

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

a) Importance to society: Evaluation based on ISO26000, assessment agency evaluation items, and items frequently taken up

in administrative reports (white papers of government ministries and agencies)
b) Relevance to the Group's business: Evaluation based on relationship with business themes cited under the Medium-Term Management Plan, and relationship with policies and actions defined in the T&D Insurance Group CSR Charter

Process

3

Selecting Priority Themes

From high-priority social issues, we extracted common themes, and organized each issues into theme groups. Based on those themes,

we selected CSR priority themes, which show how we can create value for society through our businesses.

Process

4

Verifying the Adequacy of Priority Themes

We engaged in dialogue and exchanged views on the selection process of priority themes with a qualified third party, then confirmed the adequacy of social issues to be targeted and the validity of our

priority evaluation. In addition, we received approval from the Group CSR Committee (reorganized to Group SDGs Committee in April 2019) and reported to the Executive Committee and Board of Directors.

Progress Management and Verification of Initiatives

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



Promote healthy and abundant lives for all people

Offering Products and Services That Address Society Needs

The provision of products and services that contribute to solving various risks faced by our customers that arise due to changes in the social environment, such as the declining birthrate and aging population, is the most basic social responsibility that the Group should fulfill, and is regarded as an opportunity for our Group.

Initiatives by Taiyo Life

Japan's rapidly aging society, the so-called "Centenarian Age" is about to get fully underway. Taiyo Life is striving to provide high-quality products and services so that customers in the senior market can enjoy greater peace of mind. In October 2018, Taiyo Life launched *Himawari Dementia Prevention Insurance*, which provides support for the prevention of dementia. In addition, the company is rolling out services such as the *Kaketsuke-Tai Service*,

where office workers with specialized knowledge make personal visits to customers and their families, and provide support for procedures such as benefits claims.



Since its launch in April 2016, the service has been used at least 71,000 times (as of the end of March 2019).

Initiatives by Daido Life

Daido Life assists SMEs in implementing the health and productivity management. The aims are to contribute to creating a society where SMEs and their employees can actively perform and to solving issues faced by Japan's rapidly aging society. The company will endeavor to establish a system through which the health and productivity management can become prevalent and take root in as many companies as possible. For that, it will widen the

circle of collaboration with companies and organizations that provide support for SMEs in practice of the health and productivity management. The company has also developed and provided the Daido Life *KENCO SUPPORT PROGRAM* to SMEs in collaboration with a multitude of companies that possess specialized technology and know-how.



Initiatives by T&D Financial Life

To respond to diversifying customer needs, T&D Financial Life enriches its product lineup and provides products in a timely manner through banks and other financial institutions as well as insurance shops. For senior customers, the company provides wealth-accumulation products to support a comfortable retirement life by preparing for post-retirement expenditures and the need for protection for bereaved families. For customers who are working

and/or raising children, the company offers protection-type products at an affordable price.



Level-premium income protection insurance *Kakei Ni Yasashii Shunyuho* launched in April 2018.

Improving Customer Satisfaction

Systems to Respond to Customer Feedback

Customer feedback collected from daily sales activities

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

System to utilize customer feedback in management

The Group's three life insurance companies have set up dedicated departments and committees with external members in charge of customer satisfaction management. We developed a total system ensuring customer satisfaction at all stages of interaction with customers, from making contracts to payment of insurance claims and benefits, based upon a clearly stated policy for customer satisfaction and specific guidelines for the handling of customer complaints. All the feedback collected from customers is input into a centrally managed database and shared by the relevant units for the development and quality improvement of products and services, as well as for the improvement of business practices.

Initiatives by Taiyo Life

Initiatives for ISO 10002

In March 2008, Taiyo Life declared the introduction of ISO 10002, an international standard for handling complaints as regards quality management, customer satisfaction and guidelines for complaints handling in organizations, and since then has been committed to continually enhancing customer-oriented service and operations by utilizing customer feedback (including complaints). In March 2019,

following on from March 2018, we obtained a third-party opinion on ISO 10002 compliance that recognized our complaint management system as complying with ISO 10002 and functioning effectively. The company has been working to improve its business processes based on ISO 10002 and educate employees through training programs.

Initiatives by Daido Life

Customer Satisfaction Surveys

Conducting surveys is useful in identifying hidden issues related to Daido Life's business that are difficult to uncover by passively receiving customer opinions and requests. Major examples include the new policy procedures survey filled out by new policyholders after the completion of the contract procedures, with a focus on the attitudes of sales

representatives and the understandability of application forms and other documents, as well as customer satisfaction surveys filled out by business owners/managers that inquire about the level of satisfaction provided by our products, services and after-sale services.

Initiatives by T&D Financial Life

Customer Survey

T&D Financial Life conducts a customer satisfaction survey to proactively reflect customer feedback in customer service and operational quality improvements. This survey includes questions about the quality of call handling by

the Customer Service Center staff and understandability of application forms and documents involved in various procedures. Results of customer surveys are available on its website.

CSR Priority Theme

2

Provide workplace environments that enable all people to participate actively



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

Active Participation of Women

The three life insurance companies are working to revise their respective personnel management and treatment systems, as well as introducing various support systems to enhance the work-life balance. By fostering Group-wide collaboration to reduce total working hours and encourage male employees to take childcare leave, we are promoting the creation of workplace environments where everybody is motivated to play an active role.

To steadily advance these measures to promote the active participation of woman, the three life insurance companies formulated their action plans based on their respective business models.

Employment of People with Disabilities

We have put in place several measures designed to create a comfortable workplace for employees with disabilities. As a pre-hire initiative, we encourage the attendance of a placement support worker at job interviews, so that job candidates can go through the screening process without worry. We also hold workplace tours for candidates. After hiring, we strive to provide the employment support in the entire Group, through measures such as preparing a comfortable working environment by introducing dedicated personal computers and considering commuting paths. In addition, work adaptation supporters who specialize in support for employees with disabilities are dispatched to the company, and a placement support worker holds interviews together with the employee and his or her supervisor, and offers advice.

LGBT-friendly

The T&D Insurance Group’s CSR Charter calls for “Respect for Human Rights,” and the Group is striving to develop a workplace environment where each employee can fully demonstrate their abilities. Regarding the LGBT community (a sexual minority) from the perspective of diversity, Group companies are advancing initiatives such as implementing training and establishing consultation desks.

Comfortable Workplace Environment

Work-Life Balance

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

Utilization and Development of Human Resources

Initiatives to Provide Opportunities for Growth

The three life insurance companies conduct education and training, primarily through OJT (on-the-job training), group training, and support for personal development. These companies encourage autonomous career development by each employee, by actively helping them to acquire qualifications and offering a diverse curriculum, including correspondence education. In addition, systematic rotation is implemented to provide employees with a variety of business experience, allowing them to be more capable of carrying out work from a broad, company-wide perspective.

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

	FY2015	FY2016	FY2017	FY2018
Number of employees taking maternity leave (persons)	290	328	333	383
Number of employees eligible to take childcare leave (persons)	432	462	455	483
Men	142	134	122	100
Women	290	328	333	383
Number of employees taking childcare leave (persons)	406	450	444	465
Men	140	133	121	100
Women	266	317	323	365
	FY2015	FY2016	FY2017	FY2018
Number of employees taking nursing care leave (persons)	8	12	20	6
Men	0	0	1	0
Women	8	12	19	6

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

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

Overseas Job Assignments and Overseas MBA Taiyo Life

Taiyo Life is dispatching young employees to a number of companies for approximately three months in order to develop personnel capable of successfully working on a global level. In addition, it dispatches a number of employees to the operational companies overseas to acquire high-level asset management knowledge.

Daido Life

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

Health and Productivity Management

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

Initiatives by Taiyo Life

The company promotes *Taiyo's GENKI Project**, an initiative aimed at energizing and promoting the health of employees, customers and society. This project provides various forms of support to encourage employees to be healthy, with the aim of preventing lifestyle diseases. In addition to conducting in-house anti-smoking campaigns, the company also cooperates with Kaminoyama City in Yamagata Prefecture to offer Kurort Health Walking and

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

Smart Life Stay, accommodation packages that incorporate the government's specified health guidance, through the Kaminoyama Onsen Kurort (health resorts) Program. The company's health and productivity management initiatives have also included an increase in the subsidy for cancer screening since 2017, and MCI screening is performed along with regular health checkups to diagnose the risk of future dementia.

Initiatives by Daido Life

The company introduced the *KENCO SUPPORT PROGRAM* for executives and employees in an effort to promote employee health and improve health literacy. The program provides wearable devices that measure personal status during everyday activities, such as heart rate and number of steps taken, and organizes talks on the company-wide non-smoking policy and other health topics. The company

is strengthening its efforts to reduce working hours, prevent disease, and promote mental health. In addition, by expanding these initiatives on a company-wide basis, under the title, "*DAIDO KOKO-KARA*," the company fosters a corporate culture as a company that practices health and productivity management.

Initiatives by T&D Financial Life

T&D Financial Life has implemented initiatives to promote employee health, with a management initiative of creating a workplace where employees can feel job satisfaction. These include initiatives to reduce working hours, such as establishing a "No Overtime Day" and a "Go Home Early Day," as well as automatically shutting down computers used for work, fully implementing regular health checkups,

conducting stress checks, abolishing in-house smoking areas and prohibiting smoking during working hours, and subsidizing the costs of engaging in sports through in-house club and other activities. In addition, the company is also engaged in specified medical check-ups and provision of health guidance based on Data Health Plans, in collaboration with the Health Insurance Association.



Help mitigate and adapt to climate change

The T&D Insurance Group formulated the T&D Insurance Group Environmental Policy to clarify the Group’s stance on the environment and to publicize the policy among executives and employees. The T&D Insurance Group has announced that its policy is to carry out business activities with full awareness of the importance of environmental concerns and will give sufficient consideration to global environmental protection. Based on the above environmental policy, the Group has set out its Green Purchasing Standards and Detailed Rules and gives priority to the purchase of products and services that help reduce its environmental impact in procurement. While climate change on a global scale is a risk for the continuity of the Group’s business activities, at the same time, the Group considers it to represent an opportunity to undertake new activities.

* Please see our Sustainability Report for more details.
<https://www.td-holdings.co.jp/en/csr/report/>

Disclosure of Climate-related Financial Information Based on the TCFD

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

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

Risks and Opportunities

The Group recognizes the following risks and opportunities relating to climate change.

[Physical risks]

- Financial impacts from the possibility of an increasing frequency and severity of natural disasters (deterioration of underwriting profitability, increased costs of measures for business continuity at Group companies)
- Impact on the morbidity rate and average life expectancy related to insurance accident rates, as a result of an increase in the average temperature
- ➔ An increase in the average temperature and associated changes in the morbidity rate and average life expectancy are likely to progress gradually, over a long period of time. Therefore, it is assumed to be possible to maintain adequately calculated premium rates by accurately evaluating and analyzing the changing data.

[Transition risks]

- Laws, regulations, and technological advances may affect the businesses of investees and borrowers of the Group, and there is a risk that the value of assets related to the Company’s investments and lending may fluctuate.
- Risks of increased investment costs, due to the requirement to improve the environmental performance of real estate for rent
- If the Group’s management framework is inadequate to meet social demands in the form of laws, regulations, and economic policies, the Group may fail to achieve the level of conduct and

information disclosure expected of a leading listed company group. This may give rise to the risk that the Group’s social credibility and brand image may be compromised, adversely affecting its share price, financial results, and business activities.

[Opportunities]

- **Opportunities to increase insurance revenue by expanding and providing a wider scope of protection**

Changes in the morbidity rate and average life expectancy associated with the progress of global warming are expected to give rise to needs for protection (involving death, annuities, and medical care) against emerging risks.

- **Opportunities to enhance the value of investment assets and expand investment returns stably over the long term**

As an institutional investor, it is assumed that we will lend and invest in the expanding clean energy development and energy conservation businesses, and also own and manage real estate with superior environmental performance.

- **Opportunities to expand business domains and increase revenue**

As a business operator, rather than as an institutional investor, it is assumed that we will develop or enter into new business domains related to the mitigation of and adaptation to climate change.



Invest to help build a sustainable society

The T&D Insurance Group operates the life insurance business as its core business, which is highly social and public in nature. Contributing to realizing a sustainable society through investment is one of the most fundamental roles of the Group. The sustainable and stable growth of society is essential in securing long-term stable profit through investment. The Group focuses on the impact that the investment activities of the institutional investors who manage long-term funds have on efforts to realize a sustainable world. The Group will contribute to the realization of a sustainable society through investment activities undertaken in consideration of the environment, society and corporate governance.

Signing the Principles for Responsible Investment

The three companies: Taiyo Life, Daido Life, and T&D Asset Management have become signatories of the Principles for Responsible Investment (PRI)*, which are supported by the United Nations. The status of each Group company's PRI initiatives is reported in PRI Transparency Report.

<https://www.unpri.org/signatories/transparency-reports-2019/4506.article/>

* The Principles for Responsible Investment (PRI) are a code of conduct for the global financial industry that was proclaimed by Kofi Annan, the secretary-general of the United Nations in 2006. A commitment to these principles has been signed by over 2,200 financial institutions worldwide, and by 75 in Japan (as of August 2019).

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

The three companies: Taiyo Life, Daido Life and T&D Asset Management, endorsed and expressed their commitment to the Principles for Responsible Institutional Investors (the Japanese version of the Stewardship Code) in May 2014. Details of each company's basic policies, policy on exercising voting rights and status of exercising voting rights with respect to the Principles for Responsible Institutional Investors are disclosed on the companies' respective websites (Japanese).

Taiyo Life Insurance Company (Japanese only):

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

Daido Life Insurance Company (Japanese only):

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

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

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

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

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

Taiyo Life and Daido Life reject proposals in cases where problems are not rectified despite constructive dialogue, cases where shareholder value is highly likely to be impaired and in certain other circumstances.

The summary of results of voting rights exercised at general meetings of shareholders held by domestically listed companies between July 2018 and June 2019 are as follows.

Type	Taiyo Life					Daido Life				
	Approve	Reject	Abstain	Carte blanche	Total agenda items	Approve	Reject	Abstain	Carte blanche	Total agenda items
Company proposals	177	—	—	—	177	350	5	1	—	356
Shareholder proposals	—	7	—	—	7	—	23	—	—	23
Total	177	7	—	—	184	350	28	1	—	379