

Audit and Supervisory Board chair

Message from outside director Seiji Higaki

Following our transition to a company with an Audit and Supervisory Board in June 2020, this is a message from the chair of the Audit and Supervisory Board.



Outside director
Seiji Higaki

Transition to a company with an Audit and Supervisory Board

T&D Holdings was established 16 years ago, but we expect the management of insurance companies to become much more difficult in future, as aging population with fewer children, globalization, and other factors are expected to produce a long-term decline in customer numbers. It is the unanimous perception of all the members of the Board of Directors that carrying on with business as usual won't work if we are to practice the kind of management that can win through such a situation and meet the expectations of shareholders. That was a major motivation for the recent change in our governance system.

Discussion in the Board of Directors

We, outside directors, discussed whether the motivations and objectives of the change in governance system were sound, and how the Company should operate in future to follow such objectives. We were keenly aware that changing the form of a company does not automatically change its content, so we focused our discussion on how to make the content follow the change.

Transitioning to a company with an Audit and Supervisory Board makes a clear distinction between supervision and execution. The change underlines the importance of expediting management decision-making and the Board's proper involvement in medium to long-term management decisions such as strategy formulation.

I think the utmost difficulty for the Board of Directors is to select what really must be discussed right now, and that is also the most important role for the Board. The Company has discussed a considerable number of proposals in its Board of Directors, but I think the current transition will make the Board of Directors into more of a forum for discussion focusing on a medium to long-term perspective.

For example, in June 2020, we acquired a 25% stake in Fortitude, an American reinsurance holding company.

It was the first time our Group had taken such action, and it was preceded by some robust argument, as well as many reports and preliminary briefings. The auditor and other outside directors under the Company with Board of Auditors system all had the idea that we must not shirk from what is not business as usual, and we reached the decision to go forward after a process of careful debate that addressed all concerns. From now on, more matters will be entrusted to the Executive Management Board and matters to be discussed by the Board of Directors will be narrowed down and focused to forward-looking discussions enabling more depth and speed in decision-making process.

As Audit and Supervisory Board chair

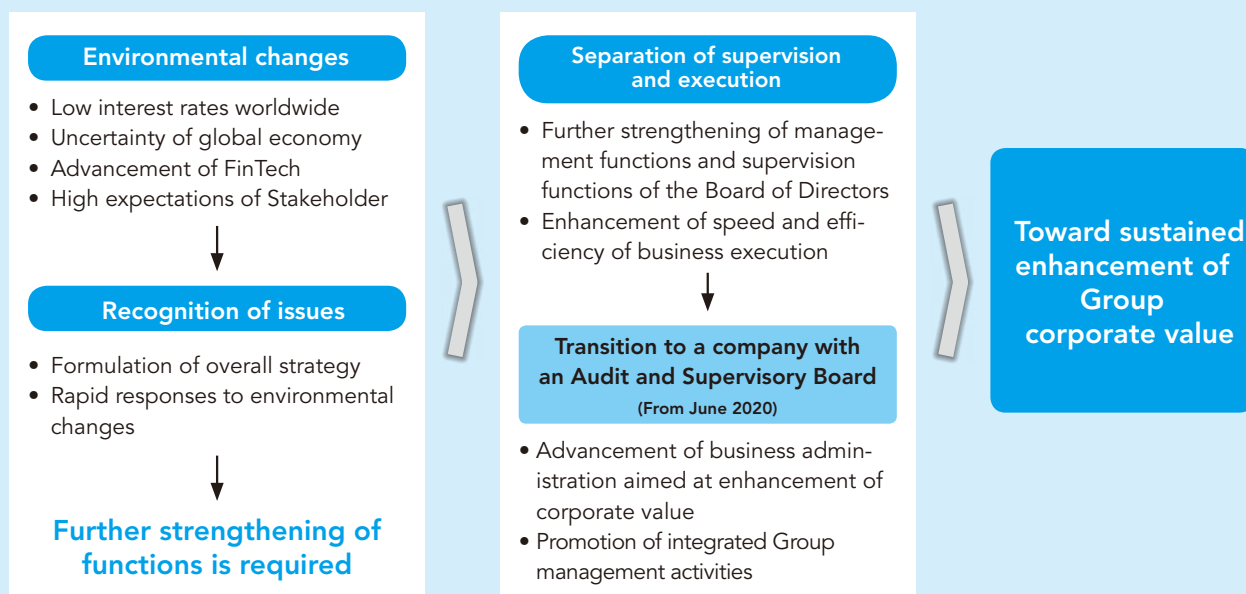
I think the essential difference between an Audit and Supervisory Board and an auditor is that a Board acts as an organization. In our case, I think the most important thing is for the five Audit and Supervisory Board members to discuss using the same information and facing the same direction to some degree, so as Board chair, I would like to work to ensure that kind of operation. Having seen a variety of companies, I think the common characteristic of growing companies is that they are organizations with good internal communication. Our Audit and Supervisory Board is a gathering of people with different opinions and careers, so once we've confirmed that we're on the same page, I would like the Board to be a forum that respects the opinions and career of each member, and fosters unreserved exchange of views.

Promotion of Integrated Group Management

Sixteen years have now passed since the establishment of T&D Holdings, but during that time, the operating environment surrounding the Group has continued to change. In particular, interest rates worldwide have trended lower, while FinTech has evolved even further.

Considering the need to further enhance the capabilities of the Group in order to steadily grow corporate value in this business environment, one of the basic strategies in our medium-term management plan is promoting integrated Group management. To this end, we are working to bring together the Group's managerial resources, demonstrate synergies within the Group, and drive home the Group's corporate culture.

Strengthen corporate governance to further promote integrated Group management.



› Transition to a company with an Audit and Supervisory Board

Especially in the last few years, the pace of change in the business environment has accelerated. It therefore became necessary that we further reinforced the Group's functions in order to formulate an overall strategy and swiftly respond to environmental changes. In June 2020 we transitioned to a company with an Audit and Supervisory Board with the goal of separating management/oversight from business execution, strengthening the Board of Directors' management and oversight functions, and enhancing the flexibility and efficiency of business execution.

Themes of Integrated Group Management Measures

› New marketing strategy for the DX era

- Merging of face-to-face and non-face-to-face, and development of new customers among the millennial generation

› Strengthening of asset management capabilities of the Group life insurance companies

- Seeking enhancement and improvement of efficiency of alternative investment

› New work styles in the post-COVID-19 era

- Realizing diverse work styles that are effective and efficient, and improve productivity



Tripartite talk between outside directors

Three outside directors came together to discuss corporate governance issues that T&D Holdings faces, the role of outside directors, management in a post COVID-19 world, and more.

Working for a new level of growth by applying our new form of governance.



Outside director
Kensaku Watanabe

On taking the position of outside director

Yamada Belonging to an audit company, I have been auditing mega banks for over 10 years. I would like to contribute by applying my experience in auditing financial institutions. My impression of the T&D Insurance Group is that it is built around a core of life insurance companies with history and tradition, but it also is a lively corporate group that aims for a new dimension in insurance, by creating value through its approach of “Try & Discover,” contributing to the SDGs, and engaging in ESG investment.

Watanabe I used to be with T&D Financial Life as an outside auditor for four years.


The T&D Insurance Group holds roundtable discussions with the outside officers of each core company which I have participated on a number of occasions. Originally I saw my role as an outside auditor supervising T&D Financial Life, a life insurance company centered on over the counter sales in banks, but by participating in the Group’s study groups, I came to have a broader awareness of integrated Group management. In taking the position of outside director for T&D Holdings now, I would like to bring such an approach to a next level.

Challenges and changes in T&D governance


Higaki I think the Company is rather weak in its integrated management as a Group. The three life insurance companies came together through Group integration, but the result has come out only as 1+1+1=3, or maybe about 3.1. The market is looking for 1+1+1=4 or 4.5. In that sense, I had a strong feeling

that the Group wasn’t fully utilizing its valuable management resources, and I have been mentioning this concern to the Board of Directors.

I have been in the Board of Directors for two years, and I’ve been heartened to see that the Board engages in spirited de-

A portrait of Seiji Higaki, an older man with glasses, wearing a dark suit and a patterned tie. He is gesturing with his right hand.

Outside director
Seiji Higaki

A portrait of Shinnosuke Yamada, a man with glasses, wearing a dark suit and a blue tie. He is gesturing with both hands.

Outside director
Shinnosuke Yamada

bate, and that the outside directors, including myself, express some harsh opinions. The insurance industry has entered a harsh environment, and in a situation such as today's, which calls for new growth, I think there is a strong awareness, par-

ticularly among the outside directors, questioning whether we can go on without changing. As a result, I see diverse opinions expressed by the internal directors too.

The role demanded of outside directors in a company with an Audit and Supervisory Board

Yamada "Company with an Audit and Supervisory Board" includes supervision, and that covers what is called appropriateness auditing, not just auditing for legal compliance in auditor auditing. I think we are expected to exert our supervisory functions fully over all aspects of management.

From the perspective of those audit functions, I think it's important to start by getting to know the T&D Insurance Group.

Watanabe I agree with the point that we must have a mindset of monitoring execution. From my own position as a lawyer, it's easier to have opinions about risks, but if we talk about the risks of every little thing, there is little room left for any discussion. The outside directors are facing in the same direction of aiming to enhance corporate value. I want to thoroughly understand the content of the Company's business, and raise more specific opinions so that discussions can be more stimulated.

Yamada I believe our stakeholders also expect that the outside directors serve to stimulate debate in the Board of Directors.

For example, the question of which standards to choose among accounting systems contains elements of the individual company's strategy. On such points, I want to use my knowledge of accounting to provide advice that will foster the sustainable growth of the T&D Insurance Group, and enhance its corporate value in the medium to long-term.

Tripartite talk between outside directors

Expectations of T&D Holdings President Uehara

Higaki I believe Mr. Uehara has settled ideas on things like his sound sense of crisis and his vision for the future, and I would like to give him my active support. I'm having high expectations of Mr. Uehara to use his sound sense of crisis to create many ambitious followers, and to flesh out the details of that sense. He actually has many supporting followers, so I want him to manage this Group as the leader of those people.

Yamada When I consider what the most important thing for improving corporate governance is, I think the attitude at the top is vital. Earlier, Mr. Higaki talked about integrated Group management, and I think it's very important for all the personnel of the T&D Insurance Group to face the same direction, with common management philosophy and vision, and work together to enhance corporate value.

I think adopting a new Group brand message themed on a progressive and innovative spirit is one expression of that. I would like Mr. Uehara to stand in the vanguard of the Group,

exerting dynamism and centripetal force, and to meet the expectations of stakeholders by aiming for a highly efficient and transparent management organization.

Watanabe When we discuss governance, depending on the corporate culture, I also think the message from the leader is vitally important.

I think that in the end, the personal message from the leader is hugely important in setting the direction of the personnel's mindset and raising their motivation. There are now endless problems including responses to COVID-19, and I'd like to see a strong message going out, that also touches on those aspects as well.

Management in a post COVID-19 world

Yamada I think the unprecedented situation of COVID-19 highlights the vital importance of risk management. In the Company too, it needs to carefully observe risk in many aspects, such as sales activities, underwriting insurance, and asset management.

The Group needs to discuss how to evaluate risk, and how to prepare for such risk.

Higaki I think the spread of COVID-19 infection will cause a variety of changes in society. In that kind of context, I think the question is whether leaders can provide the employees with proper management.

For example, as the infection spreads, employees are taking a risk in commuting, or going out on sales visits, so is that ac-

ceptable and appropriate? I think what's asked of us now is not to just follow how the world is shifting, but rather, how detailed and precisely we can counteract to the changes in society.

Watanabe For sales activities too, in these COVID-19 times we must revisit the customer-oriented approach the Group has been putting importance on until now. I see this as a good opportunity to think about what methods are positive for the customers too, and generate value for them. In the spirit of "Try & Discover," I want the whole Group to put its wisdom together and do its utmost to get through this difficult time.



Towards further growth of the T&D Insurance Group

Yamada I think this transition to a company with an Audit and Supervisory Board has built a more highly transparent management organization. The Audit and Supervisory Board, in which I and the other outside directors are the majority, has a neutral and independent position as it monitors whether the Board of Directors' decision making on business execution is appropriate and efficient. Also, the Audit and Supervisory Board members are in close liaison with the Internal Audit Department and the accounting auditor, as we strive to fully exert our management monitoring functions. Through these measures, we aim to achieve an insurance group that grows sustainably, together with society.

Watanabe The new organization is in place, so the next thing is for the participating members to have a stronger awareness of soundness and transparency in governance as they tackle operations. I think that kind of mindset will ultimately lead to higher corporate value enhancement and growth.

Higaki I want to make the most of the new form of governance to work for higher corporate value and stepped-up growth, as a corporation that can contribute to society. It's not that things have been bad until now, but they weren't earning full marks either. I want us to aim to level up in our actions for all stakeholders, including society and employees, as was mentioned earlier, rather than just focusing on corporate value.

Corporate Governance

T&D Holdings 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, which applies to listed companies, and has established the Basic Policy on Corporate Governance* as an initiative in response to the 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/>

Promoting Group Management

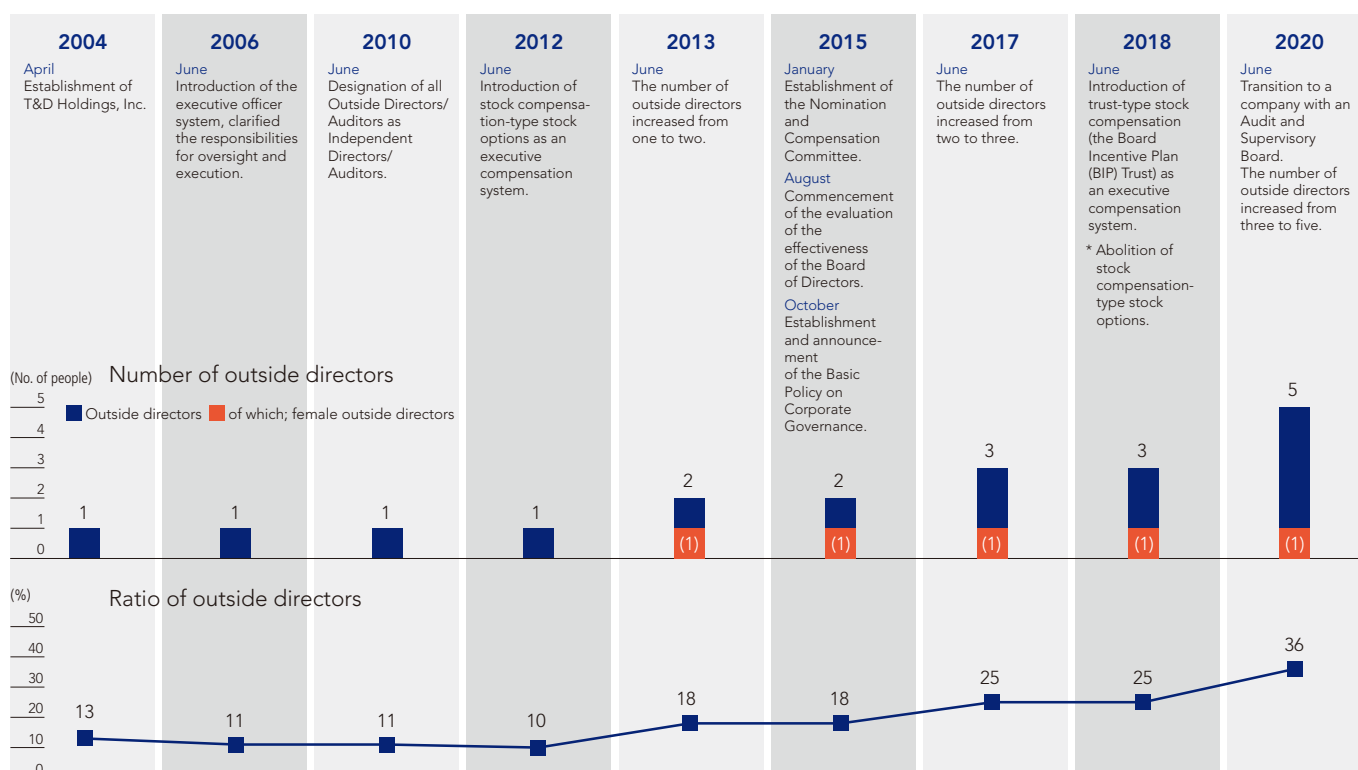
T&D Holdings, as a holding company, fulfills the roles of deciding on the strategy of the T&D Insurance Group (the "Group"), appropriately allocating the Group's business resources and formulating capital strategies. Along with this, the Company shall strive to establish a Group business management system 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 Asset Management, Pet & Family Insurance

and T&D United Capital.

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

Our general shareholders' meeting on June 25, 2020 resolved to change our Articles of Incorporation, to transition to a company with an Audit and Supervisory Board.

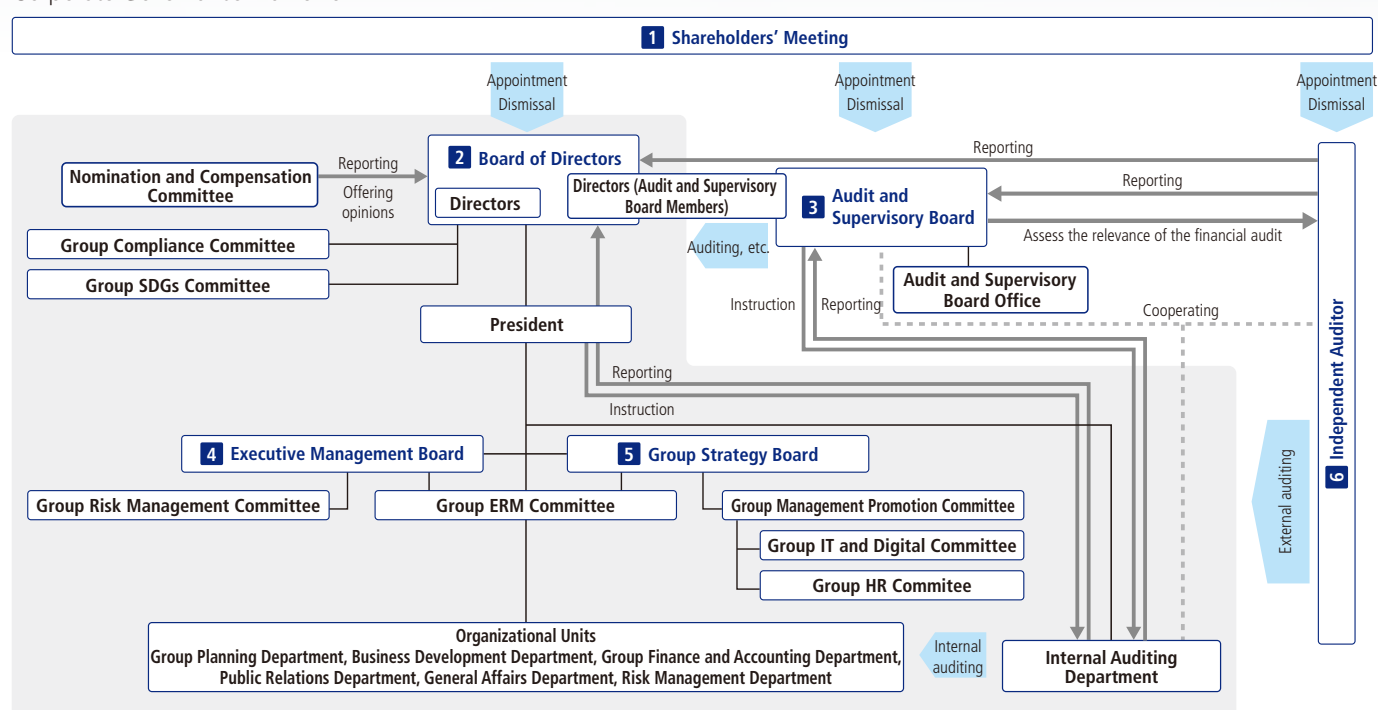
The objectives of this transition are to greatly strengthen the managerial functions (determining management policies and overall strategy) and oversight functions of the Board of Directors, and to further raise the agility and efficiency of business execution.

The Audit and Supervisory Board, which includes a majority of outside directors, will audit business execution. In addition, it will exert highly independent auditing and oversight functions, because members of the Audit and Supervisory Board, who are not involved in business execution, have voting rights on the Board

of Directors. Furthermore, by clarifying the functions and roles of various meeting bodies, and performing swift and effective scrutiny etc. based on the roles of each body, the Board of Directors focuses its efforts on the oversight of business execution, to greatly strengthen the corporate governance of the Group as a whole.

Since 2015, the Company has also had the Nomination and Compensation Committee as an advisory body to the Board of Directors. The purpose of this committee is to scrutinize the fairness and appropriateness with which directors are appointed and dismissed, and of directors' compensation and other matters, in order to ensure transparency and enhance accountability in management.

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 | 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 and Supervisory Board | The Audit and Supervisory Board, which is comprised of a majority of outside directors as members, audits the performance of directors' (excluding directors that are also Audit and Supervisory Board members) duties from a neutral and independent standpoint. | | |
| 4 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. | | |
| 5 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 the strategies and matters of the Company or those common to the Group. | | |
| 6 Information related to the Independent Auditor (FY2019) | Category | Remuneration for audit certification services (¥ millions) | Remuneration for non-audit services (¥ millions) |
| | Submitting company | 188 | 16 |
| | Consolidated subsidiaries | 226 | 13 |
| | Total | 414 | 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.

Owing to our transition to a company with an Audit and Supervisory Board and in accordance with the provisions of the Articles of Incorporation, decisions on some important business execu-

tions are delegated from the Board of Directors to the directors themselves pursuant to a resolution of the Board of Directors. This separates management oversight from business execution, thereby further strengthening the management functions (deciding on management policies and overall strategy) and oversight functions of the Board of Directors. It also drives improvement in the flexibility and efficiency of business execution.

Composition of the Board of Directors

The Articles of Incorporation stipulate that the Board of Directors shall have no more than nine members (excluding directors that are also Audit and Supervisory Board members) and no more than five directors that are also Audit and Supervisory Board members. The personnel that make up the Board of Directors are equipped with the right balance of knowledge, experience, and capabilities, as well as diversity, well-suited to the wide range of business domains in the life insurance business, the core business of the Group.

Also, to facilitate sufficient communication and swift decision-making throughout the Group, and from the viewpoint of

strengthening corporate governance, we appoint presidents from our three life insurance companies and directors (excluding directors that also serve as Audit and Supervisory Board members) who concurrently serve subsidiaries and the Company.

Furthermore we appoint five outside directors in order to suitably reflect into the Group’s management policies, internal controls, and business execution oversight, the opinions of individuals from outside the Company who hold extensive experience and insight, such as corporate managers, legal experts, and accounting professionals.



Role of Audit and Supervisory Board

As an independent organization tasked with carrying out the mandate of the Company’s shareholders, the Audit and Supervisory Board is responsible for monitoring the execution of directors’ duties in accordance with the provisions set forth in laws, regulations, the Articles of Incorporation, and Company rules.

Composition of the Audit and Supervisory Board

The Articles of Incorporation stipulate that the Audit and Supervisory Board shall have no more than five members, the majority of which shall be outside Audit and Supervisory Board members. The members also possess adequate knowledge of finance and accounting. To further enhance independence, the Board chair is selected from among the external Audit and Supervisory Board members.

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 this effectiveness evaluation and in light of our transition to a company with an Audit and Supervisory Board, we will work on further enhancing the oversight functions of the Board of Directors and the decision-making process.

Summary of the evaluation of the effectiveness of the Board of Directors as a whole in fiscal 2019

| | | |
|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Evaluation procedures | Based on mainly self-evaluations (questionnaire) of directors and Audit & Supervisory Board members, as well as interviews, we analyzed and evaluated the overall effectiveness of the Board of Directors in fiscal 2019 (including the voluntary Nomination and Compensation Committee). | |
| 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 | The items recognized as issues in the fiscal 2018 evaluation have, for the most part, been improved. Those items included the strengthening of monitoring functions in Group management in order to bolster governance, as well as improvement of explanations concerning the discussions of the Nomination and Compensation Committee and further improvement of materials and explanations to deepen and invigorate deliberations at Board of Directors meetings. | |
| 5. Issues and initiatives going forward | 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. |
| | Initiatives | <ul style="list-style-type: none"> • Further enhancement of discussions concerning mainly Group management strategies from the view point of Group-wide management • Further examination of discussion items by the Nomination and Compensation Committee • Development of concise and easy-to-understand materials and improved explanations |

Nomination and Compensation Committee

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, Audit and Supervisory Board members, and executive officers among other related issues, as well as for ensuring the transparency of

management and enhancing accountability.

This Committee consists of the President and Outside Directors, and the majority of the members are assigned from Outside Directors to ensure independence and neutrality. Furthermore, the chair of the Committee is chosen out of Outside Directors by mutual vote of the Committee's members.

Nomination and Compensation Committee — Main topics of discussion/reporting in fiscal 2019

| Main topics of discussion/reporting | |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1st | <ul style="list-style-type: none"> • Selection and appointment of director candidates and substitute Audit & Supervisory Board member candidate • Selection and appointment of director candidates, Audit & Supervisory Board member candidates, and executive officers at direct subsidiaries |
| 2nd | <ul style="list-style-type: none"> • Results of fiscal 2018 evaluation of directors and executive officers • Results of fiscal 2018 evaluation of representative directors of direct subsidiaries • Selection and appointment of director candidates, Audit & Supervisory Board member candidates, and executive officers for soon-to-be established subsidiaries • Company officer regulations concerning executive benefits at directly owned subsidiaries |
| 3rd | <ul style="list-style-type: none"> • Executive compensation for directors for soon-to-be established subsidiaries • Company officer regulations concerning executive compensation for soon-to-be established subsidiaries |
| 4th | • Succession plan |
| 5th | • Sorting out points of discussion concerning the strengthening of governance frameworks |
| 6th | <ul style="list-style-type: none"> • Selection and appointment of executive officers • Selection and appointment of executive officers at direct subsidiaries |
| 7th | • Amendment to company officer regulations concerning executive benefits |

Corporate Governance

Determination of compensation

▣ Policies on determining compensation

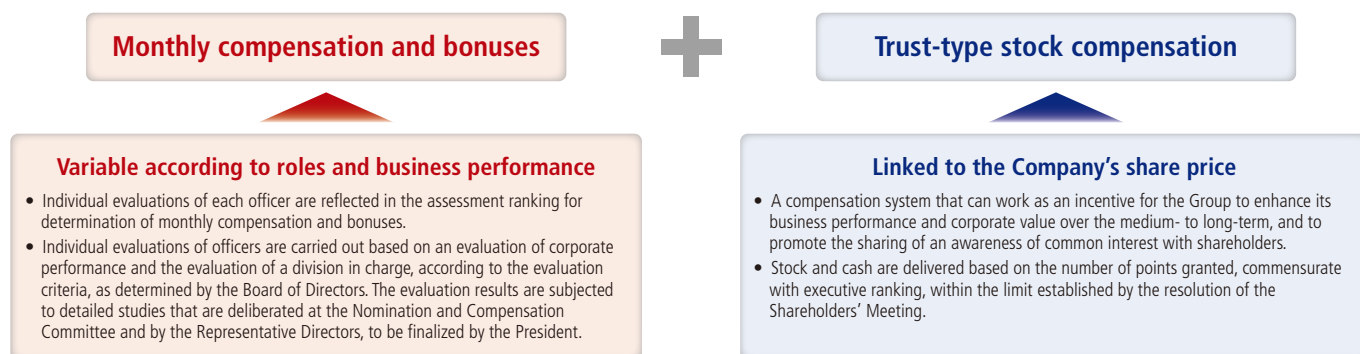
The Company's policy on executive compensation is set out in our Basic Policy on Corporate Governance.

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 and part-time directors) has three components: (1) monthly com-

pensation, (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, 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.

▣ Calculation method

| | |
|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Assessment of Company performance | <ul style="list-style-type: none"> 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 outlined in the Group's Medium-Term Management Plan. For performance indicators, a coefficient according to the achievement rate for each item is multiplied to yield a score. For TSR, the 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. |
| Evaluation of the division the officer is in charge of | <ul style="list-style-type: none"> An evaluation of business execution in each division compared to its execution plan is carried out to calculate a score for the division the officer is in charge of, based on how much progress has been made on achieving divisional targets. |

A weighted average is taken for the scores for both the Company performance assessment and the evaluation of the division the officer is in charge of, based on evaluation weightings set according to responsibilities for each role. 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 president following consultation with the representative directors.

Key performance indicators of Company performance (FY 2019)

| | Actual | Target | Achievement ratio |
|-----------------------------------------|-----------------|-----------------|-------------------|
| Value of new business | ¥ 115.8 billion | ¥ 135.0 billion | 85.8% |
| Consolidated adjusted net income (Note) | ¥ 67.1 billion | ¥ 64.0 billion | 104.8% |

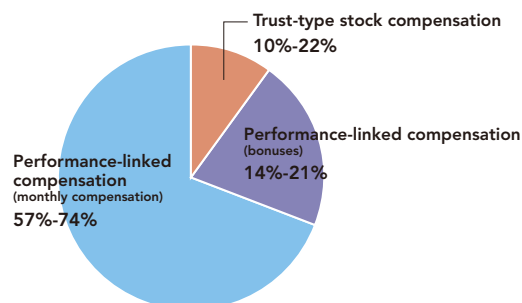
(Note) Consolidated adjusted net income is calculated by adding net income and additional internal reserves in excess of the legal standard requirements related to reserves for contingency and price fluctuations (after taxes).

Payment ratios by type of compensation

In terms of the compensation structure for directors, we assign ratios to performance-linked compensation (monthly and bonuses) and the 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% on the basis of a standard assessment according to the individual officer evaluation. For bonuses, the ratio fluctuates either negatively or positively by roughly 40%

on the basis of a standard assessment according to the individual officer evaluation.



■ Total amounts of compensation by officer category and compensation type (FY 2019)

| 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 (excluding outside directors) | 11 | 190 | 6 | 62 | 6 | 62 | 11 | 315 |
| Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members) | 2 | 54 | 0 | — | 0 | — | 2 | 54 |
| Outside directors | 3 | 28 | 0 | — | 0 | — | 3 | 28 |
| Outside Audit & Supervisory Board members | 2 | 19 | 0 | — | 0 | — | 2 | 19 |
| Total | 18 | 292 | 6 | 62 | 6 | 62 | 18 | 418 |

(Notes) 1. The abovementioned payments include portions for two directors who stepped down from their posts, as of the close of the fifteenth Ordinary General Meeting of Shareholders held on June 26, 2019. As of March 31, 2020, the Group had 12 directors and four Audit & Supervisory Board members.

2. 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, an individual evaluation based on the

assessment of Company performance and the evaluation of the division the officer is in charge of is carried out to determine the individual amounts, which are based on a compensation table decided on by the Board of Directors following discussion by the Nomination and Compensation Committee.

Executive compensation after transition to a company with an Audit and Supervisory Board

Compensation for directors not serving as Audit and Supervisory Board members

Compensation for directors (excluding outside directors and part-time directors) not serving as Audit and Supervisory Board members is the same as that described above from "Composition of executive compensation" through to "Payment ratios by type of compensation." However, at the Ordinary General Meeting of Shareholders held on June 25, 2020, it was decided that considering the duties of directors not serving as Audit and Supervisory Board members, as well as various other circumstances such as the recent economic situation, the amount of annual compensation for directors that are not Audit and Supervisory Board members will be limited to ¥450 million (of which, the amount for outside directors shall be no more than ¥40 million). Outside directors (including part-time directors) that do not serve as Audit and Supervisory Board members are independent of the Company's business

execution and therefore receive a fixed monthly amount as compensation linked to Company performance would not be suitable.

Compensation for directors serving as Audit and Supervisory Board members

At the Ordinary General Meeting of Shareholders held on June 25, 2020, it was decided that considering the duties of directors serving as Audit and Supervisory Board members, as well as various other circumstances such as the recent economic situation, the amount of annual compensation for directors that are also Audit and Supervisory Board members will be limited to ¥150 million.

Compensation for directors that serve as Audit and Supervisory Board members is a fixed monthly amount because they are independent of the Company's business execution and compensation linked to Company performance would not be suitable.

Corporate Governance

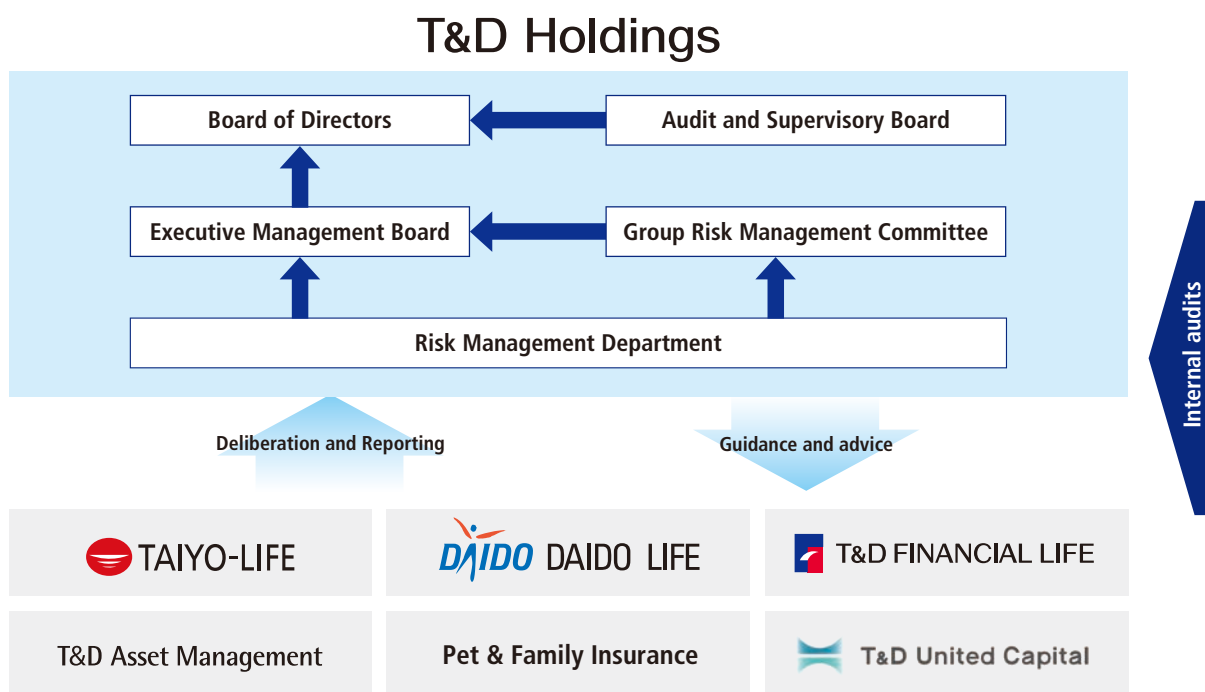
Risk Management

Basic concept for risk management

At the T&D Insurance Group, T&D Holdings has formulated a Group Risk Management Policy setting forth the Group's basic approach to risk management and, based on this policy, the direct subsidiaries have developed their risk management system that covers 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 direct subsidiaries, in order to identify and manage the various types of risks faced by 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 Group companies as necessary, thereby ensuring that proper risk control is implemented at each company and strengthening the risk management system for the entire Group.



As of June 25, 2020

Risk management

In light of the social and public nature of the life insurance business, the T&D Insurance Group views risk management as a key priority issue in order to ensure sound and adequate business management. Under overall control by the holding company, T&D Holdings, each Group company implements the necessary risk management suited to their respective business model based on the principle of self-responsibility.

The T&D Insurance Group classifies major management risks as shown below. 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 expanding scope of operations
- Risk related to regulatory changes

Business risks

- Underwriting risk
- Investment risk
- Liquidity risk
- Operational risk*

- Reputational risk
- Affiliate and other entity risk

* Operational risks are classified into sub-categories, i.e. administrative risk (including personal information leakage risks), system risk, legal risk, labor and personnel risk, and hazard risk, and are managed separately.

▣ Risk awareness and assessment (risk profile)

The T&D Insurance Group uses a risk profile* to comprehensively categorize risks surrounding the Group, in order to respond to increasingly diverse and complex risks. We comprehensively identify risks by category, ascertain and assess them, and use them to prioritize initiatives in light of comprehensive factors including severity, impact, and the degree to which they are under control. The risks are reflected in management planning as necessary. 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 Board of Directors.

* Risk profile is a general risk management tool to characterize risks from various factors such as nature and magnitude.

▣ Cyber security initiatives

The T&D Insurance 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, 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 both frequency and sophistication. We have also established the cross-organization 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.

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.

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 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 policies to block relationships with 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.

* T&D Insurance Group Basic Policy for Responding to Antisocial Forces

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

▣ 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.

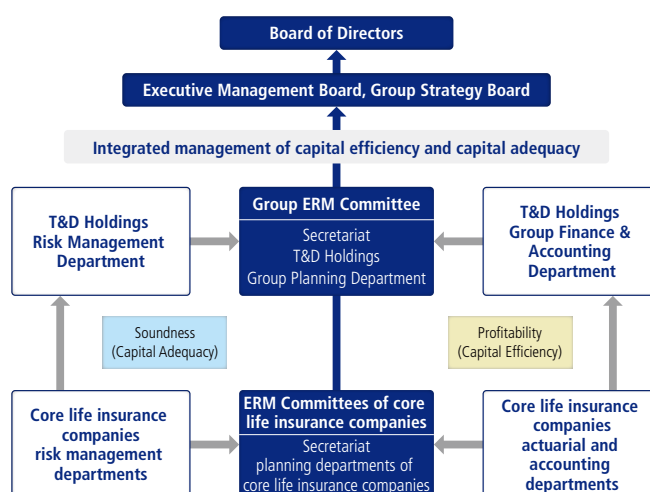
ERM (Enterprise Risk Management)

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 Systems

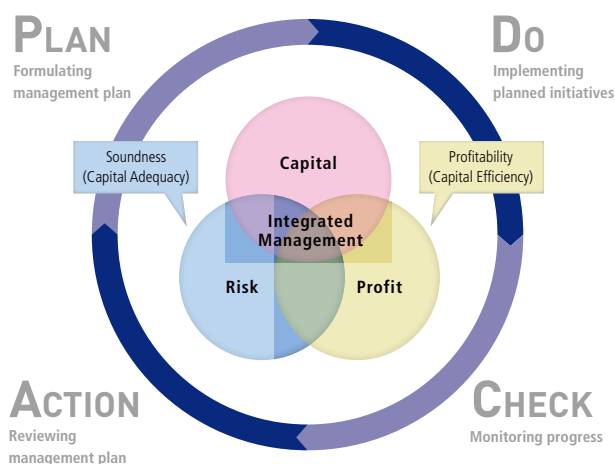
The Group has organized the Group ERM Committee to conduct ERM on a Groupwide basis. The committee leads efforts to promote ERM throughout the Group, aiming to improve its soundness while achieving stable and sustainable increases in corporate value.



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 preference standards

| | | |
|---------------|-----------------------|------------------------------------------|
| Soundness | Required level of ESR | At least 133% |
| Profitability | Neutral level of ESR | Around 185% |
| | ROEV | At least 7.5% in the medium to long term |
| | Core ROEV | At least 5.0% in the medium to long term |

* Starting with this Mid-term Plan period, Ultimate Forward Rate is applied to the ESR Measurement Model and to MCEV Calculation.
 * ESR = surplus (capital) ÷ EC (risk)
 * ROEV = Amount of EV increase (excluding increases or decreases in capital etc.) ÷ Average EV balance (Group basis)
 * Core ROEV = (value of new business + expected earnings on the risk free rate) ÷ Average EV balance (total of three life insurance companies)

Action on Integrated Risk Management

Our Group categorizes and quantifies various risks that surround the Group, and identifies the impact of loss. It also practices appropriate control of risks in the business as a whole, including unquantified risks, in order to tackle integrated risk management that leads to attainment of management goals.

1. Risk quantification

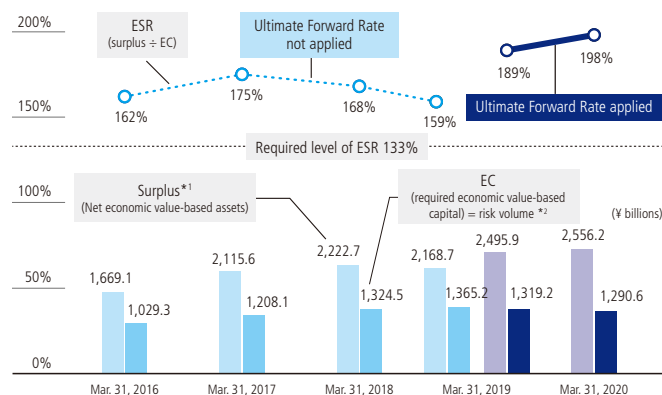
Our Group employs internal models to gauge asset management risks, insurance underwriting risks, and operational risks. Specifically, we use "value at risk" as an indicator for these risks, and

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.

2. Risk control

We ensure financial soundness and capital adequacy by controlling the risks quantified as above (economic capital) within a certain range of the net assets (surplus) found by subtracting liabilities from economic value-based assets, while also applying then current finance supervision system concerning soundness.

The required level of ESR 133% is necessary to cover the risk volume of 99.93% confidence level.



*1 Difference between assets, evaluated on an economic value basis, and liabilities. 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 at 5% since the end of March 2017, with reference to the insurance capital standard (ICS) which is being studied by the IAIS (International Association of Insurance Supervisors). In addition to applying the Ultimate Forward Rate since the end of March 2019, subordinated debt is added into the surplus (¥170 billion at the end of March 2020).

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

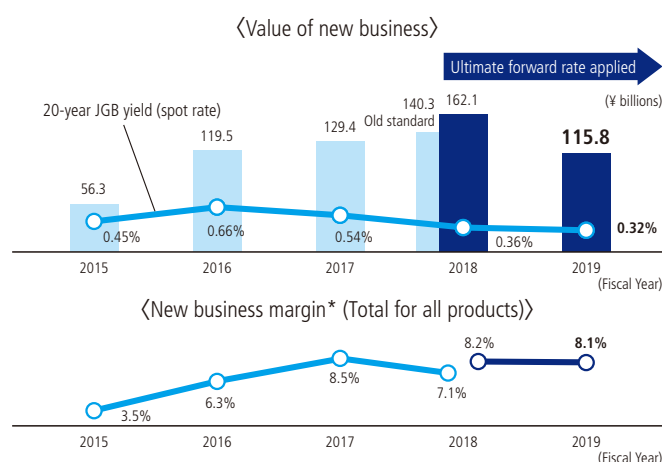
3. Stress test implementation

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 which 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.

Results of ERM Management: Maintaining high level of new business margin with product portfolio reforms

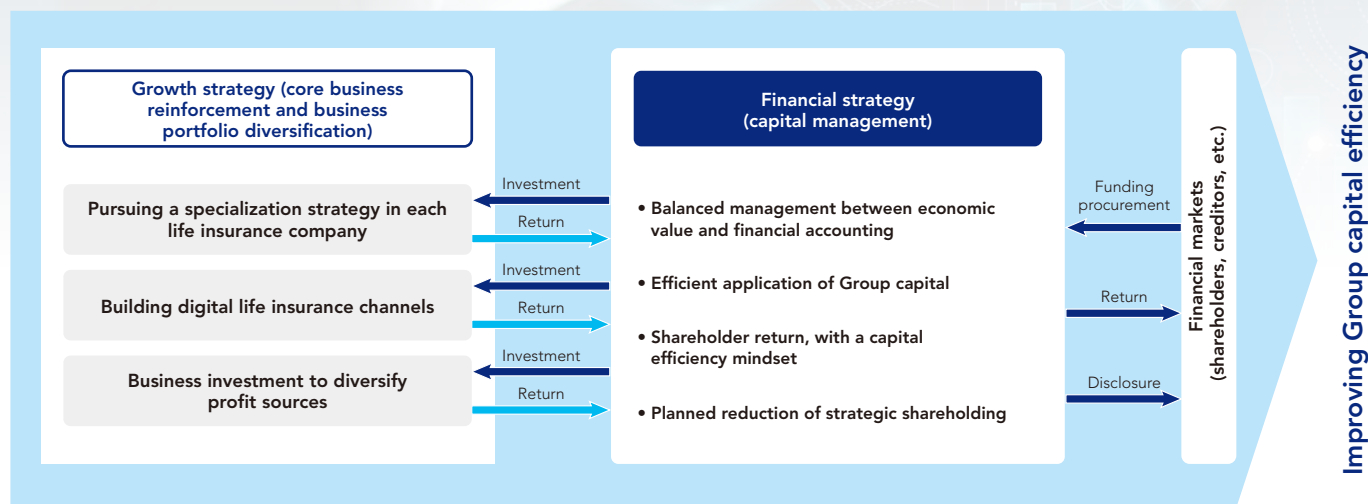
As the external environment changes, such as diversification of customer needs and revision of the standard yield rate and standard mortality table, we strategically utilized ERM to flexibly manage capital, profit and risk for the Group as a whole. Although the value of new business decreased year on year pertaining mainly to sales reduction, the new business margin was maintained at a high level even in a low interest rate environment.



* New business margin = value of new business ÷ present value of new business premiums

Financial Strategy

T&D Insurance Group promotes ERM across the whole group, and practices business operation that positions Embedded Value (EV) expansion as fundamental while balancing it against financial accounting. We make efficient use of capital through the combination of use of Group capital and optimum selections of external capital, to advance business portfolio diversification.



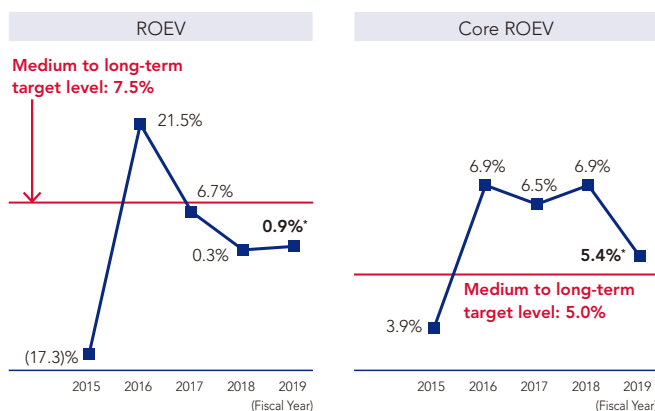
Securing Profitability

Profitability indices: ROEV, core ROEV, adjusted ROE

As indices of profitability (capital efficiency), we manage ROEV (Return on Embedded Value), core ROEV which takes as its numerator the increase within EV attributable to new contracts, and adjusted ROE* (adjusted profit ÷ shareholder's equity) which is based on profit in financial accounting.

* Movements in our adjusted ROE are shown on the next page.

Profitability (capital efficiency) indices



* Ultimate Forward Rate is applied from fiscal 2019.

Strategic Shareholding

Our Group has strategic shareholdings that are mainly held by Taiyo Life and Daido Life. The balance of such holdings at the end of March 2020 is ¥204.3 billion in 40 stocks held by Taiyo Life and ¥216.6 billion in 170 stocks held by Daido Life. We are working on a planned and ongoing reduction of strategic shareholdings. We will continue that reduction process, with reference to stock market conditions and other factors.

Purpose of strategic shareholding

- The maintenance and expansion of stable trading relationships that are profitable in the long term.
- The maintenance and reinforcement of business partnerships
- Earnings in the medium to long-term through equity value appreciation and the receipt of dividends etc.

Validation of the appropriateness of strategic shareholding

The Board of Directors of T&D Holdings and those of Group companies which have strategic shareholdings engage in specific study, on an annual basis, of (1) the appropriateness of the purpose of holding the shares, (2) whether the benefits and risks of the shareholdings are proportionate to the capital cost, and other issues, concerning each individual strategic shareholding, to validate the appropriateness of such holdings.

In fiscal 2019, we sold or partially sold our holdings of 21

stocks, on the basis of validation findings. We will continue to consider the sale of strategic shareholdings held by the Group which the Board of Directors deems lacking in significance.

* Taiyo Life and Daido Life exercise voting rights associated with strategic shareholdings in the same way as for shares held purely as investments, in line with the Japanese Stewardship Code.

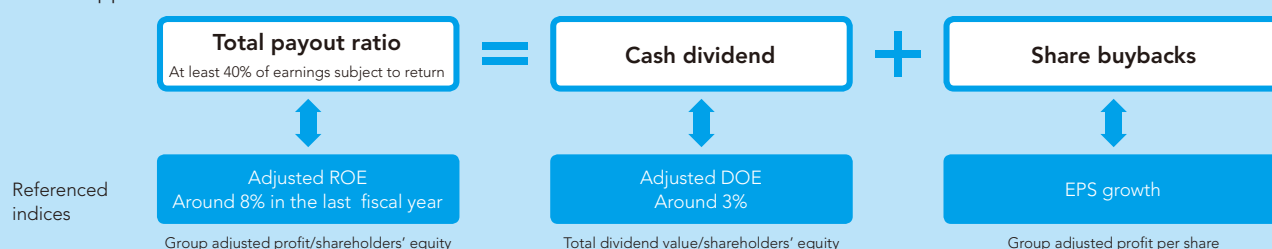
Policies on Return to Shareholders

T&D Insurance Group's basic policy is to strive to raise shareholder value and provide stable profit returns, while maintaining neces-

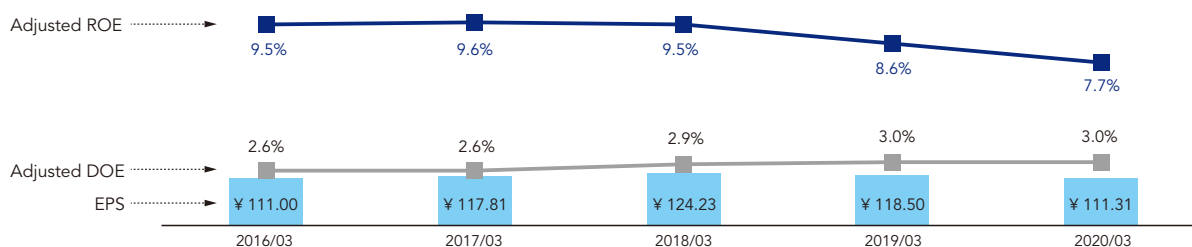
sary internal reserves for the Group, with reference to maintaining the sound management of the Company and Group companies.

- We determine total payout ratio flexibly, on the basis of capital efficiency (Adjusted ROE). (However, we maintain a level of at least 40% of earnings subject to return)
- We aim for stable, continuing increase in cash dividends, taking Adjusted DOE as our guideline.
- We determine the value of share buybacks on the basis of total payout, while taking the level of EPS into account.

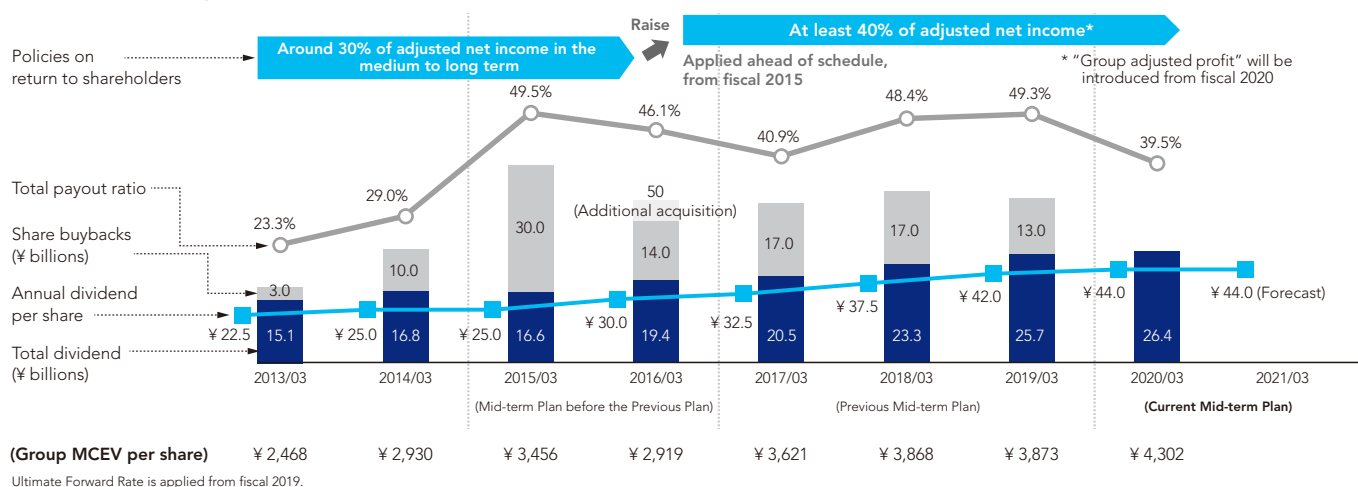
Our basic approach



Referenced indices



Shareholder return performance



Contribution to Climate Change Mitigation and Adaptation — Action for the TCFD —

The T&D Insurance Group has enacted “T&D Insurance Group Environmental Policy,” and we are well aware of the importance of environmental issues in all our corporate activities. We also make sure all our executives and employees behave with concern for protection of the global environment. We have endorsed the declaration of the Task Force on Climate-related Financial Disclosures (TCFD), and we are keen to take action on disclosure of clear environment-related financial information.

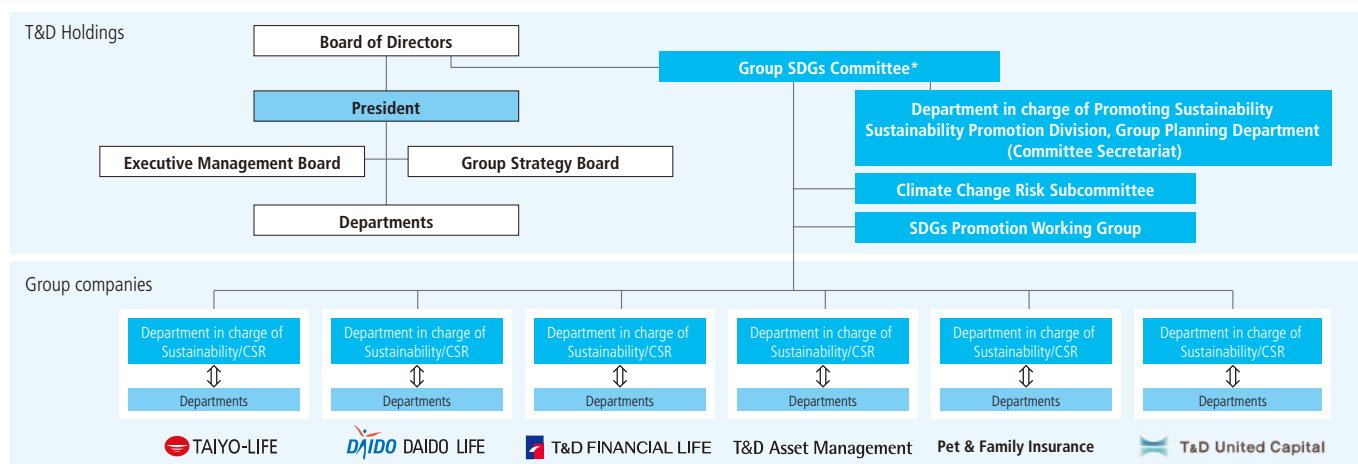
* Please refer to our Sustainability Report for details.

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

Governance

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

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



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

Strategies

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

[Risks]

We expect climate change to bring physical risks ^{*1} and transition risks ^{*2}. We perform scenario analysis to validate these impacts. Please refer to our Sustainability Report 2020 for details of scenario analysis.

^{*1} Business risks associated with natural disasters caused by extreme weather such as typhoons and floods, and those associated with phenomena such as an increase in the average temperature and a rise in the sea level

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

[Opportunities]

- Opportunities to expand insurance earnings by providing and expanding the scope of coverage
If global warming causes changes in disease incidence rates and average lifespans, we expect that to generate needs for coverage (death, pension, medical treatment) against new risks.

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

Risk Management

[Risk identification and assessment process]

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

[Risk management process]

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

○ Management of climate change-related risks

(1) Physical risks

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

(2) Transition risks

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

[Integrated risk management]

Our Group practices ERM (Enterprise Risk Management) for integrated risk management, for unified management of capital, earnings, and risks. We have set ESR (Economic Solvency Ratio), which is an economic value-based risk management indicator, as a specific, quantitative indicator for setting our levels of risk preference and tolerance.

* For details, please refer to the ERM (Enterprise Risk Management) page.

Metrics and Targets

The T&D Insurance Group sets goals related to environmental protection, and takes action during its everyday business activities towards reaching those goals. The three goals are "reduce electricity consumption," "reduce office paper consumption," and "improve the green purchasing ratio." We measure the results semi-annually and disclose them in reports and on the website.

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

- Office paper consumption reduction goal
We reached our five-year goal from fiscal 2014, and are now working towards the five-year goal which we newly set in fiscal 2019.
- CO₂ emission volume
We constantly measure and disclose Scope 1 (our own direct emissions), Scope 2 (indirect emissions from electricity and other purchased energy), and Scope 3 (raw material procurement, transportation, disposal, and other indirect emissions).

TOPIC Action on environmental issues

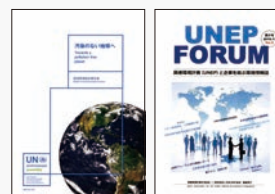
Forest conservation activities

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



Environmental communications and educational activities

T&D Holdings endorses the activities of the Japan UNEP Association which produces the Japanese edition of *UNEP FORUM — Environmental Magazine Tying UNEP to Enterprises*, published by the United Nations Environment Programme (UNEP). This publication is distributed to all companies in the T&D Insurance Group as well as to local elementary and junior and senior high schools, public libraries, and other parties to raise awareness of environmental issues.



Providing Workplace Environments that Enable All People to Participate Actively

In our effort to provide workplace environments that enable all people to participate actively, the T&D Insurance Group respects the dignity and diversity of all people. We also see the necessity of healthful and safe workplace environments, and we are working in various ways to create them.




Action for Diversity

Active participation of women

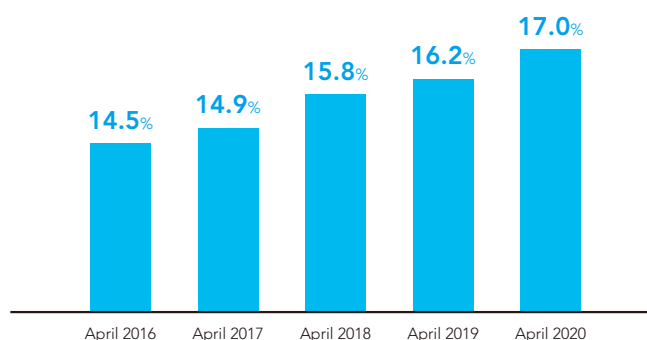
The Group's three life insurance companies are working to revise their respective personnel and compensation systems, as well as introducing various support systems to enhance the work-life balance. By fostering Group-wide collaboration to reduce total working hours and encourage male employees to take childcare leave, we are promoting the creation of work-

place environments where everybody is motivated to play an active role. To steadily advance these measures to promote the active participation of female employees, the Group's three life insurance companies formulated their action plans based on their respective business models.

Action plans

| [Action measures] | Targets for promotion of female employees to management positions | Ratio of female managers (attainment deadline) ↓ |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| |  TAIYO-LIFE Planned development and promotion of female employees with ambition and ability | At least 20% (Attained) |
| |  DAIDO LIFE Promotion of diverse work styles and support for new challenges | Maintain over 15% (March 2022) |
| |  T&D FINANCIAL LIFE Becoming a company in which female employees can work to their full ability with peace of mind | At least 15% (April 2022) |

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



Employment of persons with disabilities

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

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

Empowerment of Seniors

Each of our three life insurance companies has introduced a re-hiring system for people of retirement age. From the standpoint of work-style reform, the Group is working to promote the empowerment of older workers and we are introducing various

systems adapted to each company's circumstances.

Taiyo Life and Daido Life organize life planning seminars for workers nearing retirement age, as an opportunity for them to think about how they will live and work in future.

LGBT-friendly

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

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

Utilization and Development of Personnel

Since the group's foundation, T&D Insurance Group has promoted "Nurture a corporate culture where diverse human resources can feel job satisfaction and reach their potential." Each of the companies under our corporate umbrella is formulating its own unique education and training plans and working to develop and improve employee capabilities. This is in line with the Group policy that aims to raise each company's corporate value by making the most of the originality and expertise of its business strategy.

■ Action to provide growth opportunities

The three life insurance companies provide education and training, based on the main pillars of OJT (on-the-job training), group training, and support for personal development. The companies provide enthusiastic support for acquiring qualifications, and they offer diverse curricula via distance education, e-learning,

and other methods, which help each individual employee to autonomously build their career. The companies also practice planned reassignment (rotation) so that, as each employee accumulates diverse work experience, they raise their ability to complete their work with a company-wide perspective.

■ To provide better services

The Group's three life insurance companies are working to enhance the skills of their customer service staff based on a basic knowledge of life insurance, specialist knowledge and compliance essential to increase customer satisfaction. The three life insurance companies have diverse staff members such as sales representatives, customer service staff, agents and wholesalers

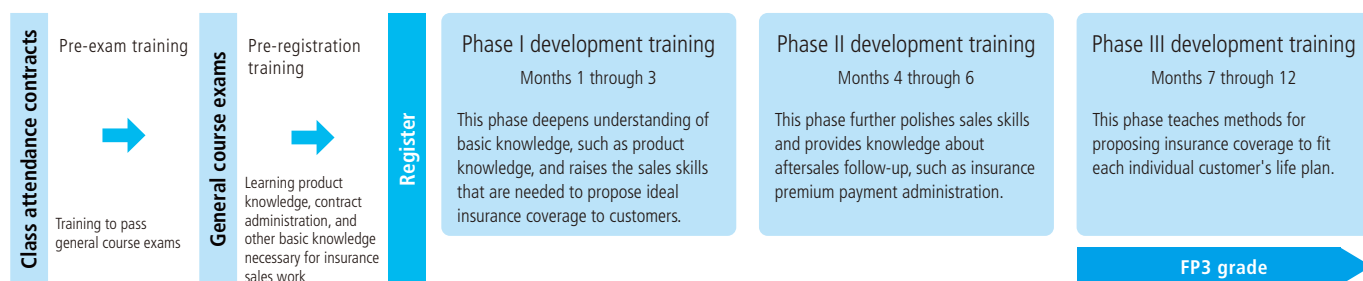
who are engaged in duties to provide the most suitable services to customers depending upon each individual business model. The companies have developed human capital training programs for such diverse staff, and always work to provide their staff members with the best educational and training opportunities.

[New staff education programs (Taiyo Life)]

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

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

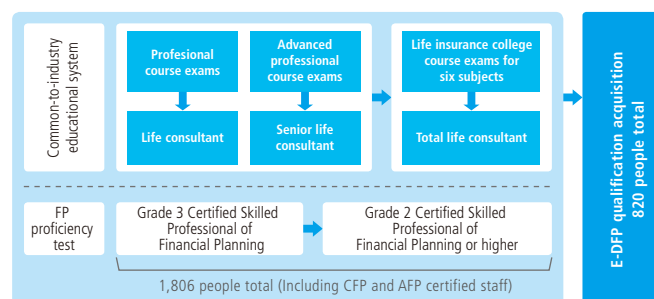
Education systems for newly-hired sales staff (New staff education, FP education)



[E-DFP system (Daido Life)]

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

E-DFP system (As of March 2020)



Initiatives for Health and Productivity Management

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

Initiatives by Taiyo Life

Taiyo Life is advancing Taiyo's GENKI Project*, an effort to make all employees, customers, and society energized and healthy. The project provides various support measures to promote employee health, including Kurort Health Walking using the Kaminoyama Onsen Kurort (health resort) Program in partnership with Kaminoyama City in Yamagata Prefecture, Smart Life Stay (accommodation packages that incorporate the government's specified health guidance), and internal anti-smoking campaigns. Since 2017, Taiyo Life has been working on health management with measures such as increasing the value of the company subsidy for cancer screening, and providing "MCI screening testing," which diagnoses dementia risk, together with health checkups.

* The Taiyo's GENKI Project is promoted by an organization that has the company president as its leader and all operating officers as members.

Initiatives by Daido Life

Daido Life has introduced the KENCO SUPPORT PROGRAM for its personnel, which provides wearable devices that can measure pulse, step count, and other aspects of everyday activities. It has also totally banned smoking within the company, and organizes lectures and other events on health. These efforts are intended to promote employees' health and raise their health literacy. Daido Life is also trying to shorten working hours from conventional lengths, and stepping up its measures for disease prevention and mental health. These efforts are elements in a program called Daido KOKO KARA, which aims to develop within the company and nurture a corporate culture as a company that practices health management.

Initiatives by T&D Financial Life

Having set "Building workplaces for job satisfaction" as a management policy, T&D Financial Life is working to shorten working hours with methods such as "no overtime day" and "go home early day," and automatic shutdowns on work PCs. It performs health checkups on all personnel, runs stress checks to prevent mental health problems, abolished smoking areas in the company and banned smoking during work hours, and subsidizes sports-related costs for club activities in the company. These and other measures are used to promote employee health.

In collaboration with the health insurance society, the company is also working on specified medical check-ups and health guidance based on Data Health Plans.

Certified Health and Productivity Management Organization: White 500

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

By promoting Taiyo's GENKI Project at Taiyo Life and Daido KOKO KARA at Daido Life, we implement various measures to promote employee health, aiming to create workplaces where all employees can work vigorously, both mentally and physically.



Enacting the T&D Insurance Group Human Rights Policy

Our Group declares “respect for human rights” in the T&D Insurance Group CSR Charter, and we are advancing project activities that respect the human rights of all the Group’s personnel and stakeholders.

Recently, we have enacted the “T&D Insurance Group Human Rights Policy” to clearly state our Group’s philosophy on respect for human rights, in line with the “Guiding Principles on Business and Human Rights” which the United Nations Human Rights Council sets as a code of conduct for all nations and companies.

* Please refer to our website for details of the T&D Insurance Group Human Rights Policy.

<https://www.td-holdings.co.jp/en/csr/csr-policy/human-right-policy.html>

Implementation of human rights due diligence

In advance of the enactment of the T&D Insurance Group Human Rights Policy, we implemented human rights due diligence in the Company and all our direct subsidiaries.

This human rights due diligence did not find any human rights issues requiring correction in this Group’s business activities.

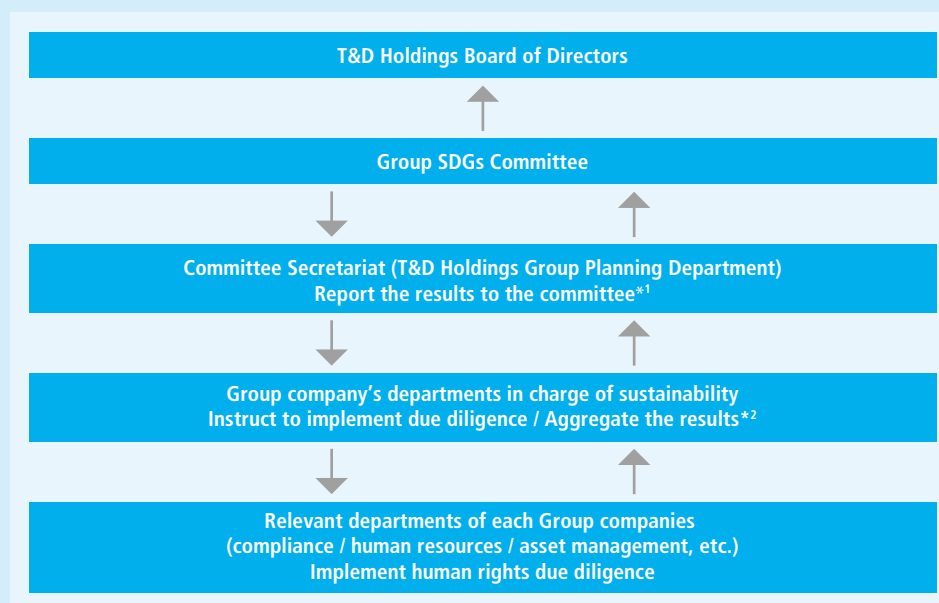
In future, we will run an ongoing process of human rights due diligence to validate the state of our response to human rights issues in our Group’s business activities, and to check for any such issues. The results of this due diligence will be reported annually to the Group SDGs Committee. The content of the report

to the committee will also be reported to the Board of Directors of T&D Holdings, and passed to the Group Compliance Committee.

In the event that any human rights issue is found by this due diligence, we will take action to solve the problem.



Human Rights Management System (human rights due diligence)



*1 Results of human rights due diligence are also reported to the Group Compliance Committee.

*2 Results of each company's human rights due diligence are reported to the board of directors of each company.

Management Organization

Board of Directors (as of June 25, 2020)



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)



Representative Director and Executive Vice President

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)

Significant concurrent positions

Director of Daido Life

Reasons for selection

Mr. Kanaya Morinaka has business experience in the Group mainly in sales, products, planning, and human resources. 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 units.



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
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
Apr 2020 Director and Senior Managing Executive Officer of Daido Life (current)

Significant concurrent positions

Director and Senior Managing Executive Officer of Daido Life
Director of T&D Financial Life



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



Director (outside officer, part-time)

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



Director (outside officer, part-time)

Kensaku Watanabe

Personal history

Mar 1997 Registered as an Attorney
Apr 1997 Joined Okazaki, Ohashi & Maeda (current Tokei Partners)
Jan 2006 Partner of Tokei 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.



Director (part-time)

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



Director (part-time)

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.



Director (part-time)

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

Directors serving as Audit and Supervisory Board members are on the next page

Number of Company shares held and attendance at meetings of Board of Directors/Audit & Supervisory Board

| | | | Number of the Company's share held* ¹ | Attendance to the Board of Directors' meetings* ² | Attendance to Audit & Supervisory Board meetings* ² |
|-------------------------------------------------------|----------|-------------------|--------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------|
| Board of Directors | Internal | Hirohisa Uehara | 42,551 | 24 / 24 | |
| | | Kanaya Morinaka | 22,860 | — | |
| | | Mitsuhiro Nagata | 21,079 | 24 / 24 | |
| | | Yoshihisa Tanaka | 6,356 | 19 / 19 | |
| | Outside | Naoki Ohgo | 1,649 | 24 / 24 | |
| | | Kensaku Watanabe | 0 | — | |
| | Internal | Naoki Soejima | 17,687 | 19 / 19 | |
| | | Minoru Kudo | 49,528 | 24 / 24 | |
| | | Masafumi Itasaka | 5,378 | 24 / 24 | |
| Directors who are Audit and Supervisory Board Members | Internal | Junichi Yanai | 6,485 | 24 / 24 | 19 / 19 |
| | | Yasuo Teraoka | 20,964 | 24 / 24 | 19 / 19 |
| | Outside | Haruka Matsuyama | 3,043 | 23 / 24 | |
| | | Seiji Higaki | 939 | 24 / 24 | |
| | | Shinnosuke Yamada | 0 | — | |

*1 As of May 31, 2020
*2 FY2019

Management Organization

Directors who are Audit and Supervisory Board Members (As of June 25, 2020)



Director (Audit and Supervisory Board Member)
(Full-Time))

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
Jun 2020 Director (Audit and Supervisory Board Member (Full-Time)) of T&D Holdings (current)

Significant concurrent positions

Audit & Supervisory Board Member of Taiyo Life

Reasons for selection

Mr. Junichi Yanai has experience in the Group mainly in asset management and planning, and possesses financial and accounting knowledge. 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 by utilizing his extensive business knowledge and experience in the Group's holding company and insurance company, etc., which includes audit duties as a full-time Audit and Supervisory Board Member at the Company.



Director (Audit and Supervisory Board Member)
(Full-Time))

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
Jul 2019 Audit & Supervisory Board Member of T&D United Capital (current)
Jun 2020 Director (Audit and Supervisory Board Member (Full-Time)) of T&D Holdings (current)

Significant concurrent positions

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

Reasons for selection

Mr. Yasuo Teraoka has experience in the Group mainly in asset management and business investment, and possesses financial and accounting knowledge. 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 by utilizing his extensive business knowledge and experience in the Group's holding company and insurance company, etc., which includes audit duties as a full-time Audit and Supervisory Board Member and being in charge of business investment units at the Company.



Director (Audit and Supervisory Board Member)
(outside officer, part-time)

Haruka Matsuyama

Personal history

Apr 1995 Assistant Judge to the Tokyo District Court
Jul 2000 Registered as an Attorney
Jul 2000 Joined Hibiya Park Law Offices
Jan 2002 Partner of Hibiya Park Law Offices (current)
Jun 2013 Director of T&D Holdings
Jun 2020 Director (Audit and Supervisory Board Member) 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 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.



Director (Audit and Supervisory Board Member)
(outside officer, part-time)

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.



Director (Audit and Supervisory Board Member)
(outside officer, part-time)

Shinnosuke Yamada

Personal history

Oct 1983 Joined Asahi Accounting Company
(current KPMG AZSA LLC)
Mar 1987 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
Director (independent auditor) of Kyowa Exeo Corporation

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.

IR Activities

T&D Holdings, Inc. 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 fiscal 2019 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 FY2019

| | |
|----------------------------------------------------------------------------------|-----------|
| Financial results meetings for institutional investors and analysts | 2 |
| Financial results telephone conferences for institutional investors and analysts | 4 |
| Conferences sponsored by securities firms | 1 |
| One-on-one meetings | Total 172 |
| Information meetings for individual investors | 2 |

Evaluations by External Assessment Organizations

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

2019 Internet IR Award (Daiwa Investor Relations Co. Ltd.)



Evaluated 3,838 listed companies*

Selected as one of 108 winners of the Commendation Award

FY2019 All Japanese Listed Companies' Website Ranking (Nikko Investor Relations Co., Ltd.)

Evaluated all 3,807 listed companies*

Selected as one of 173 companies with grade AAA websites in the Overall Ranking for the third consecutive year

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.
- Integrated 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 holding IR meetings.