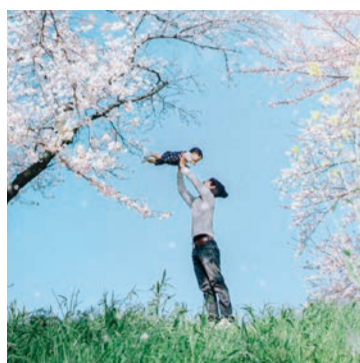
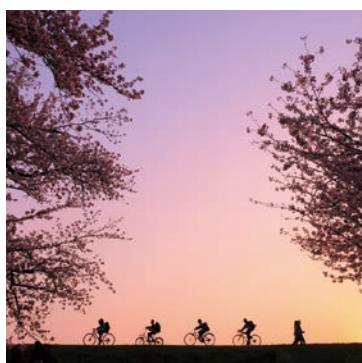


## T&D Holdings INTEGRATED REPORT 2022

(Year ended March 31, 2022)







T&D Insurance Group's Corporate philosophy

With our “Try & Discover” motto for creating value, we aim to be a group that contributes to all people and societies.

T&D Insurance Group's Management Vision

Sow happiness, make change with boldness

The society T&D aspires for

Our origin is to face each “one” in front of us with care. To recognize change and take on challenges with boldness. This accumulation is what creates happiness in the world. This is what we believe to be true.

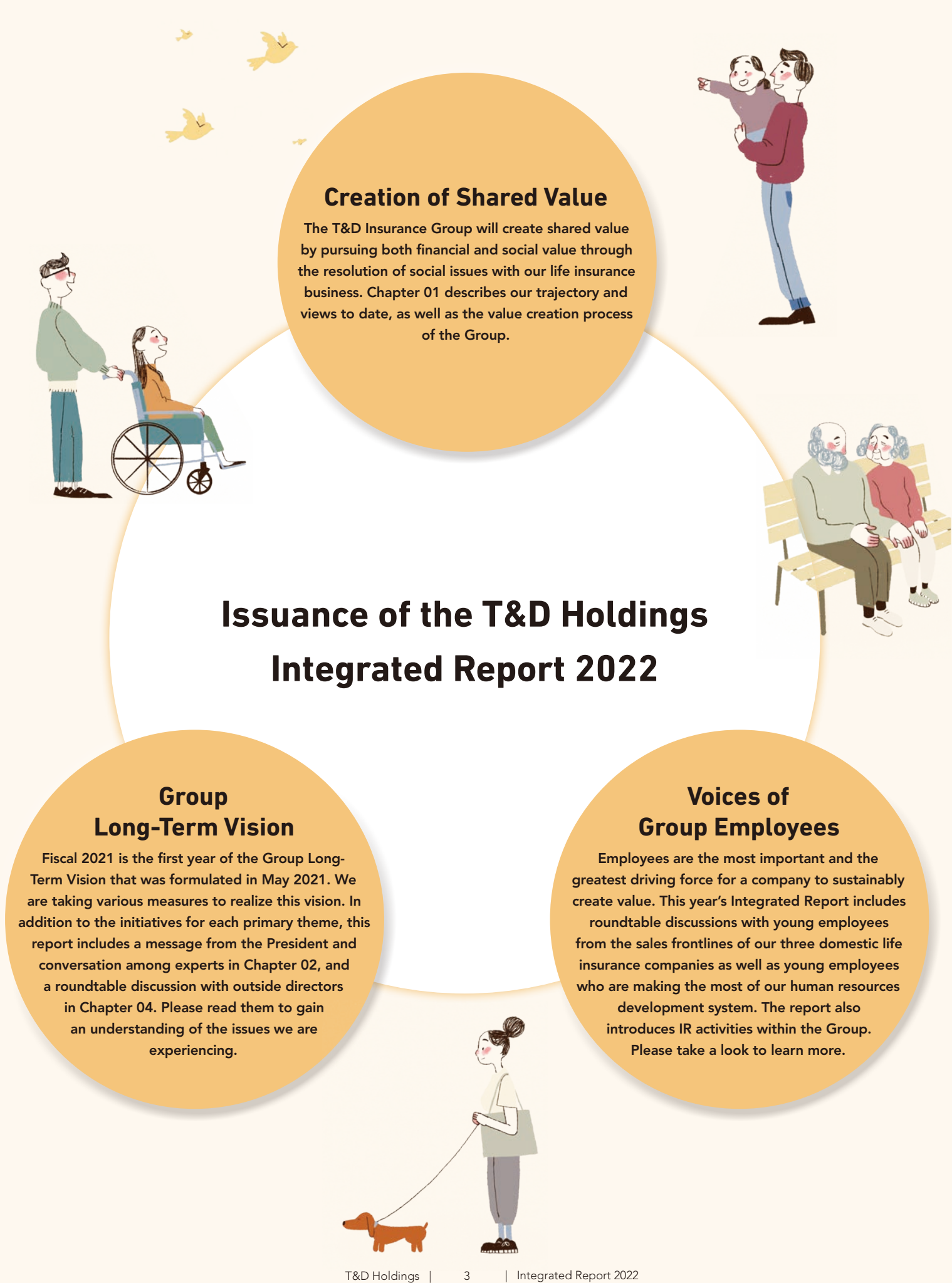


T&D Insurance Group's Management Vision image video (Japanese)



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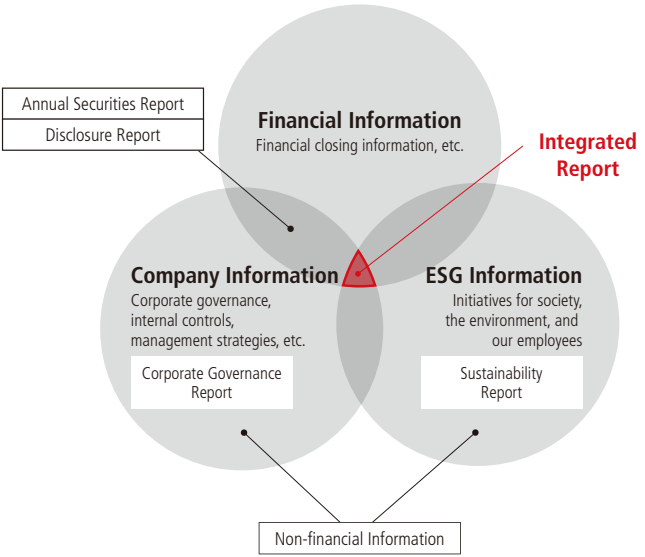
Editorial Policy

The purpose of this report is to give a clear briefing, from the ESG (Environment, Society and Governance) perspective, about how the T&D Insurance Group's business and actions are linked to the Group's medium- to long-term growth, and to value creation for all our stakeholders.

This time, it describes in detail the Group Long-Term Vision, which covers the period of five years starting from fiscal 2021 (April 1, 2021-March 31, 2022), and the progress of the Group's Management Vision, the Group Growth Strategy, and the Group KPIs, all of which are the factors of the Group Long-Term Vision. It also explains the characteristics of the T&D Insurance Group, capitals, which represent its competitive advantage sources, governance and other topics.

● **The Positioning of the Integrated Report 2022**

The Integrated Report is intended to foster understanding of the T&D Insurance Group among shareholders and investors, by encapsulating important information on elements such as financial information, company information, and ESG information.



**Reporting period:**  
Fiscal 2021: April 1, 2021 – March 31, 2022 (Some information on periods outside this range is included)

**Scope of reporting:**  
T&D Holdings, Inc. and its subsidiaries and affiliated companies

**Reference guidelines:**  
“The International Integrated Reporting Framework” by Value Reporting Foundation, and “Guidance 2.0 for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation” by the Ministry of Economy, Trade and Industry of Japan, and “GRI Standard.”



- ESG Index Status**  
As of July 1, 2022
- FTSE4Good Index Series
  - FTSE Blossom Japan Index
  - MSCI Japan ESG Select Leaders Index
  - MSCI Japan Empowering Women Select Index (WIN)

**2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX**

**2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)**

Abbreviations used in this material

HD	T&D Holdings
TDF	T&D Financial Life
TDUC	T&D United Capital
TDAM	T&D Asset Management
P&F	Pet & Family Insurance

**Forward-looking Statements**

This report contains forward-looking statements about T&D Holdings’ future revenue plan, strategy, philosophy, and earnings forecasts which involve factors of risk and uncertainty. Such statements are based on the Company's current expectations which could cause actual results to differ materially from those described in the forward-looking statements. Factors which could influence the actual results include, but are not limited to, (I) general economic conditions, in particular, conditions in the life insurance market on which the T&D Insurance Group centers, (II) financial market trends, (III) levels and trends in mortality rate and morbidity rate, (IV) persistency rate, (V) interest rate levels, (VI) fluctuation in currency exchange rates, (VII) other general competitive factors, (VIII) changes in laws and regulations, including the tax treatment of insurance premiums, and (IX) changes in the policies of the government and/or regulatory authorities. The Company, therefore, wishes to caution readers not to place undue reliance on these forward-looking statements. Furthermore, the Company undertakes no obligation to update any forward-looking statements as a result of new information, future events, or other developments.

Contact: T&D Holdings, Inc. Group Planning Department Investors Relations Division  
Telephone +81-(0)3-3272-6103



CHAPTER 01

Working toward the T&D Insurance Group's Vision for Society





## Starting Point for the Creation of Shared Value

# Try & Discover

“Try & Discover” means always trying to reach the next stage or higher level as well as discovering even further stages and higher levels to tackle without being satisfied with the status quo. Continuing to grow through the repetition of this cycle is the spirit of the T&D Insurance Group. With this spirit, we aim to be a group that broadly contributes to people and society by creating value that sincerely satisfies all those who support us, including by providing the best products and services to our customers and enhancing corporate value for our shareholders.

With our “Try & Discover” motto for creating value, we aim to be a group that contributes to all people and societies.

 TAIYO-LIFE

We aim to be a company that supports the healthy long lives of many customers

 DAIDO LIFE

We shape the future together with SMEs with a caring heart and the power to create connections

 T&D FINANCIAL LIFE

We aim to be the company of choice for customers and partners through our courteous approach

 T&D Asset Management

We aim to be an asset management company that builds long-term trusting relationships with our clients and moves forward with them

**Pet & Family Insurance**

We provide insurance products that enable families and their pets to live with peace of mind

 T&D United Capital

We will grow and develop with our investee companies while realizing dreams together

## Creation of Shared Value (Social Value)



Asako Hirooka

**D**aido Life was founded in 1902 centered on Kajimaya through the merger of Asahi Life (formerly Shinshu Life Insurance Co., founded in 1895), Gokoku Life (founded in 1896), and Hokkai Life (founded in 1898), under the corporate philosophy of "Customer-oriented and Sound Management." The company name derives from the Japanese phrase meaning "put aside minor differences for the greater good."

Inheriting the spirit of one of its founders, Asako Hirooka, a female businesswoman of the Meiji period (1868-1912), the company has continued its business activities since its establishment while always aiming to earn a high level of trust from customers. In the 1970s, the company positioned "sales of individual term life insurance in cooperation with tie-up organizations in the SME market" as its core business, and continued to grow by evolving its business model, which other companies cannot easily imitate, in accordance with the times. The company celebrated its 120th anniversary in July 2022.

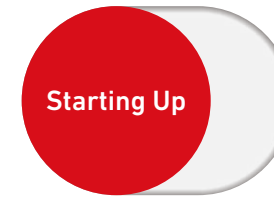


### Shaping the future together with SMEs with a caring heart and the power to create connections

For many years, Daido Life has been protecting SMEs by offering term life insurance (death benefit) as a partner-specific product for tie-up organizations, which ensures more substantial benefits at reasonable premiums.

In addition, the company provides full-range protection that combines death benefit and disability benefit insurance. For example, it has rolled out insurance products that cover the risks of being unable to work due to critical illnesses and serious physical disability owing to illness or accident, including *J-type* (critical illness insurance) and *T-type* (disability protection insurance).

In January 2022, the company further strengthened its lineup of full-range protection with the launch of *Kaisha Minnade KENCO+*, a health-promotion type of term-life insurance covering severe inability to work that integrates the functions of "disease prevention through promotion of health management" and "preparedness for unexpected retirement."



**T**aiyo Life was founded in Nagoya, Aichi Prefecture in 1893 as Nagoya Life Insurance Co., Ltd. It moved its headquarters to Tokyo in 1908, changed its name to Taiyo Life Insurance Company, and has been well-known to many people.

After World War II, the company continued its business activities by establishing a business model in which female in-house sales representatives, mostly housewives, visited homes in pairs. In recent years, the company has continued to grow by changing its business model in response to the times, such as by integrating in-person and remote services through the utilization of digital technology. It will mark its 130th anniversary in May 2023.



**T**&D Financial Life began its operations as an insurance company to carry out the T&D Insurance Group's strategy for agent channels such as financial institutions, in anticipation of growing asset formation needs centered on variable annuities, in line with the lifting of the ban on over-the-counter sales at banks.



### Supporting the healthy long lives of customers

In response to the social issue of "living a long and healthy life," Taiyo Life has been offering products that are ahead of their time.

In addition to *Himawari Dementia Prevention Insurance*, which helps people deal with dementia positively and live out their golden years with peace of mind, the company also sells products that cover cancer and serious illnesses.

In terms of services, the company offers *Kaketsuke-Tai Service*, in which its internal staff with specialized knowledge directly support customers' benefit claim procedures, as well as services for dementia prevention (MCI Screening Plus) and disease prevention (AminoIndex® Risk Screening).

By integrating products and services, the company is delivering new, industry-leading coverage.



Himawari Dementia Prevention Insurance



Kaketsuke-Tai



### Aiming to be the company of choice for customers and partners through its courteous approach

T&D Financial Life offers products that meet the diversifying needs of customers, such as foreign exchange rate-linked whole life insurance which is "increased," "used," "bequeathed," and "set aside," and variable life insurance (*hybrid series*) that supports building assets through one's own efforts.



Shogai Premium World 5



Hybrid Asset Life



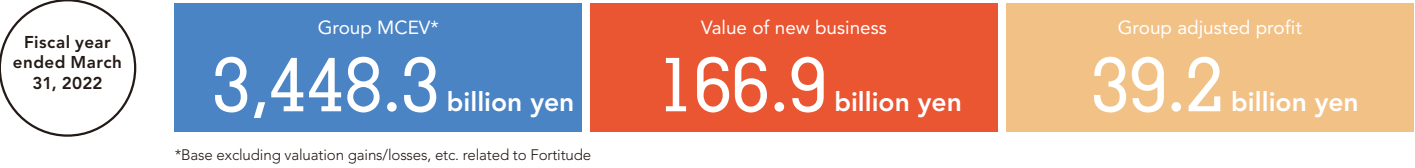
Hybrid Tsumitate Life

**Sow happiness, make change with boldness.**

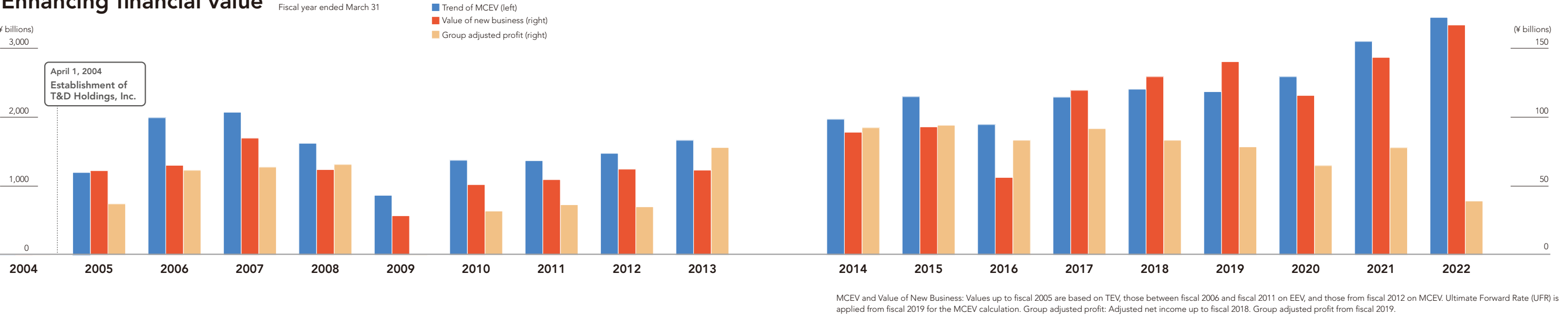
# We have been carrying out and will continue to carry out our vision.



Creation of Shared Value (Financial Value)



Enhancing financial value



Building revenue base at the global network

2022

**Additional investment in our overseas affiliate Fortitude Group Holdings, LLC.**

By investing in the closed book business with a high affinity to the life insurance business and a potential growth market, the Group aims to contribute to profit expansion with enhanced capital efficiency for the purpose of diversification and optimization of its business portfolio. Going forward, in addition to Fortitude Group Holdings, the Group will seek new investment opportunities that could have a risk dispersion effect.

**Pursuing further investment opportunities**

The T&D Insurance Group took an equity stake as a strategic partner alongside Carlyle and AIG in June 2020. Fortitude Group Holdings has been working on growth initiatives, including the acquisition of PALAC (now FLIAC), a subsidiary of U.S. insurance group Prudential. We will continue to consider further collaboration with Fortitude Group Holdings in the development and expansion of our business in Japan.

**Characteristics of Fortitude Group Holdings, LLC**

- Fortitude owns Fortitude Re, a Bermuda-based reinsurer; Fortitude International Re; and FLIAC, an insurance company based in Arizona in the U.S.
- Fortitude Re underwrites reinsurance for some in-force policies no longer sold by AIG.

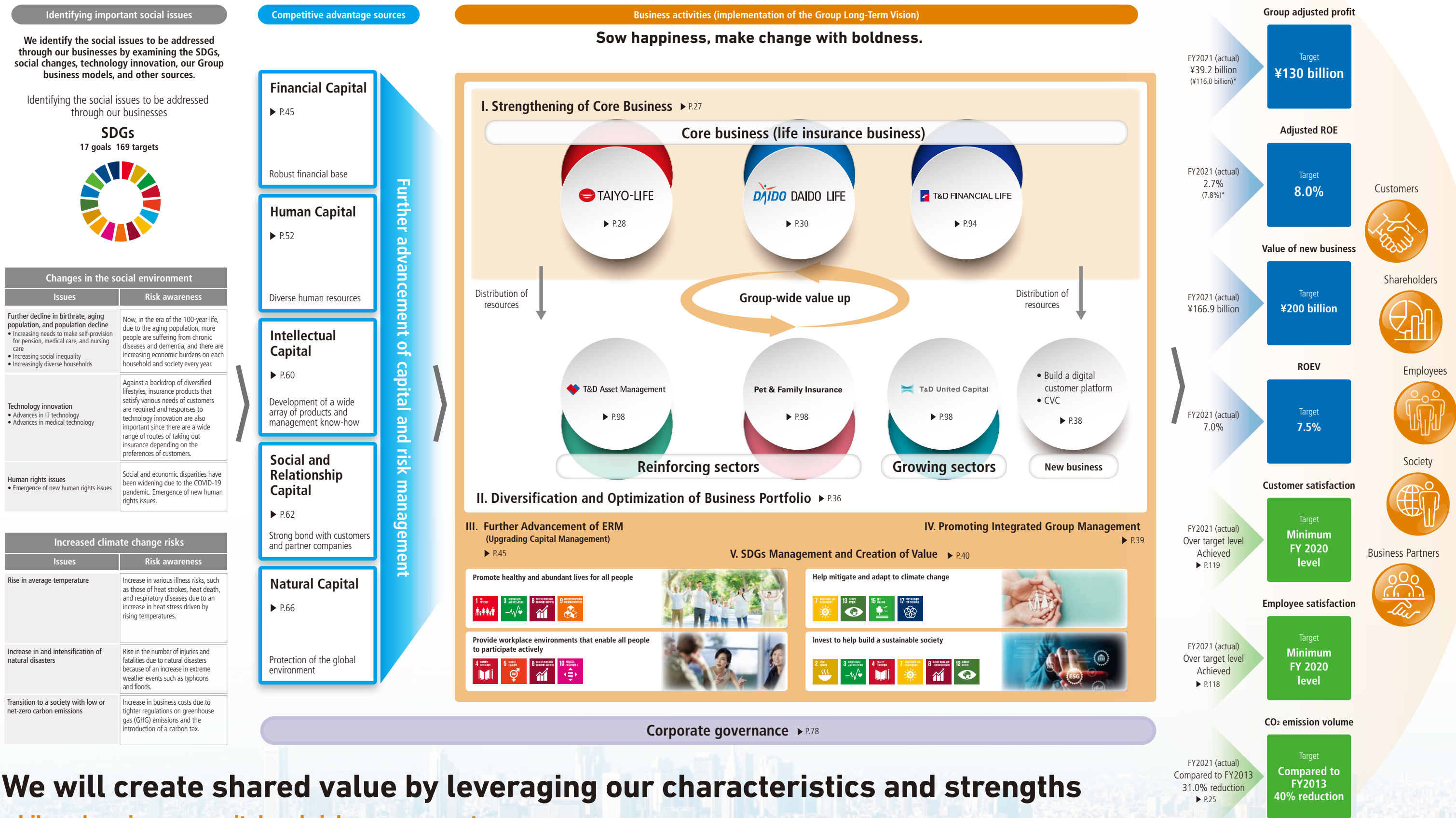
History of T&D Holdings' Corporate Governance



Building a robust business platform

To enhance sustainable financial value

The T&D Insurance Group's Value Creation Process





## Characteristics of T&D Insurance Group

### 1. Specialized Markets

#### Taiyo Life: Household market

In-house sales representatives carry out individual home visits to help provide necessary coverage through in-person means



#### Daido Life: SME market

Provides full coverage and services to SMEs, which account for 99% of Japanese companies, to help them solve their business challenges



#### T&D Financial Life: Independent insurance agent market

Provides coverage through independent insurance agents that handle the products of multiple insurance companies



Taiyo Life

Household market

Daido Life

SME market

T&D Financial Life

Independent insurance agent market



### 2. Unique Channels

#### Taiyo Life

In addition to the in-house sales representative channels using in-person means, sales channels using remote means such as the internet are being developed



#### Daido Life

Two strong sales channels (tax accountant agent channel and in-house sales representative channel) thanks to solid relationships with tie-up organizations



#### T&D Financial Life

Diverse independent insurance agent channels, such as banks, securities firms, and insurance shops



DX

Digital Transformation

In-house sales representatives

In-house sales representatives/  
Agents (tax accountants, etc.)

Independent insurance agents  
(financial institutions, insurance shops)

### 3. Innovative Products

#### Taiyo Life

Sells cancer/critical illness prevention insurance to facilitate the early prevention and detection of cancer and critical illnesses, and help customers lead long and healthy lives



がん・重大疾病予防保険  
Cancer/critical illness prevention Insurance

#### Daido Life

Health-promoting insurance that integrates prevention and preparedness functions  
Launched Kaisha Minnade KENCO+ to support the promotion of health management at SMEs

会社みんなでKENCO+ Daido  
Kaisha Minnade KENCO+

#### T&D Financial Life

Sells differentiated, competitive products such as Hybrid Asset Life, which supports wealth creation through the integration of investment trusts and life insurance

ハイブリッド アセットライフ  
Hybrid Asset Life  
変額終身保険 (災害加算-1型)

Comprehensive coverage including death benefit and medical/nursing care products

Term life insurance/Disability benefit insurance, etc.

Savings-type products (foreign-currency linked type insurance, variable insurance, etc.)/Protection-type products (income protection insurance, etc.)

#### Asset management business

#### T&D Asset Management

#### Supporting customers' wealth creation through investment

Led by its principle of "Make a Difference," T&D Asset Management strengthens its asset management capabilities through partnerships with Group companies and business alliances with quality overseas asset management institutions to provide distinctive products and services that meet customer needs



#### Closed book business

#### T&D United Capital

#### Investing in new business areas

Make progress toward the Group's goal of diversifying and optimizing its business portfolio by investing in new business areas with a high affinity with life insurance, such as closed book business

FORTITUDE RE.

#### Non-life insurance business

#### Pet & family insurance

#### Bringing peace of mind to customers' lives through pet insurance

With the idea that a pet is a member of the family becoming increasingly popular, advancing veterinary medicine is becoming more sophisticated and expensive. Pet & Family Insurance provides products that cover a wide range of costs occurred when a pet becomes injured or ill—not only surgery and hospitalization, but full coverage extending even to ambulatory treatment



## Establishing a Business Model with High Uniqueness and Specialization

Through Market Strategy Integrating Markets, Channels, and Products

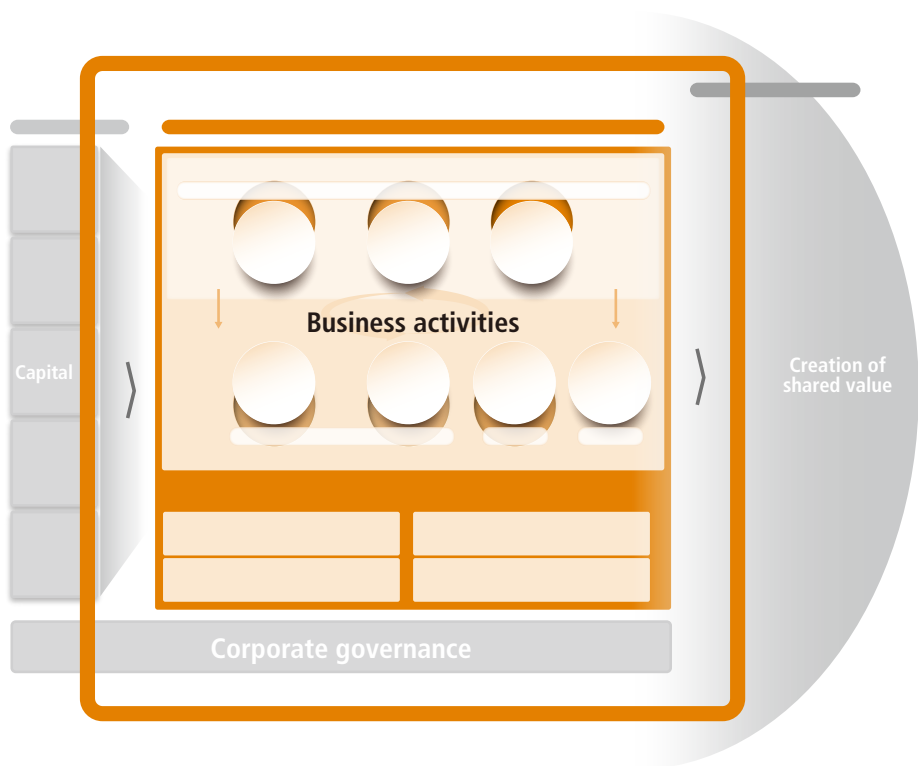




# CHAPTER 02

## Try & Discover for Creation of Shared Value

We will achieve creation of shared value by pursuing both expansion of Group revenue through improved capital efficiency (financial value) and resolution of social issues through our business (social value).



### Top Message

# TOP MESSAGE

We will steadily advance the Group Long-Term Vision toward improving capital efficiency, which is the most significant issue of the Group

Hirohisa Uehara  
Representative Director and President

- Q1 Assessment of the first year of the Group Long-Term Vision
- Q2 Stock price
- Q3 Group capital management going forward
- Q4 Group-wide business portfolio management in practice
- Q5 Initiatives to expand human capital
- Q6 Strategic policy of the Group Long-Term Vision



Top Message

Q1 How do you assess the previous fiscal year, which was the first year of the Group Long-Term Vision?

The Group Long-Term Vision identifies the improvement of capital efficiency as the most significant issue. The basis of the Group's capital improvement strategy is to improve capital efficiency by allocating stable profits generated from the Group's core domestic life insurance business to growth sectors. On the other hand, for businesses with low capital efficiency, it's necessary to either shore up the business or withdraw the capital allocated to it.

Looking back on fiscal 2021, first of all, in our core domestic life insurance business, we were able to achieve better sales results than before the COVID-19 pandemic by promoting and establishing sales activities that combined face-to-face and non-face-to-face sales amid major changes in the business environment due to the pandemic. I have a renewed sense of the strength of the business models of our life insurance companies and feel that we're responding appropriately to changes in the business environment.

The Group considers the closed book business to be our growing sector, and in March 2022, we decided to make an additional growth-focused investment in Fortitude, a company we're investing in. This additional investment utilizes internal funds from the Group's life insurance companies, Taiyo Life and Daido Life, thereby making effective use of Group capital.

In addition, we conducted a reinsurance transaction of

Taiyo Life's negative-spread annuities ("Taiyo Life's reinsurance\*"), which had been a drag on earnings for many years. In terms of financial accounting, there was a wide range of opinion within the Company about the fact we would incur a large loss in the first year due to that reinsurance. However, we in top management decided to proceed with the transaction based on the judgment that the conditions were favorable from an economic value-based perspective, and that recovering the capital allocated to the negative-spread annuities was essential from the viewpoint of improving capital efficiency.

In other areas where capital efficiency is low, such as interest rate risk and strategic shareholdings, we're steadily reducing risks as planned.

On top of the main examples raised above, in the first year of the Group Long-Term Vision, I believe we were able to steadily implement measures to improve capital efficiency, including the re-establishment of Group-wide measures to improve the profitability of T&D Financial Life, which has been a matter of concern.

In addition, to show that our current stock price is undervalued and that management is serious about improving capital efficiency, we have implemented share buybacks of ¥40 billion, our largest ever.

\* An insurance policy that a life insurance company enters into with a reinsurance underwriter to spread the risk of insurance policies it has underwritten.

Q2 While the Group Long-Term Vision is making steady progress, this does not appear to be fully reflected in the stock price. What's your view on this point?

There is a sense of uncertainty about earnings, which comes from the factors such as the COVID-19 pandemic and rising currency hedging costs caused by changes in the financial environment and monetary policy changes in Europe and the United States in particular. Compared to the solidity of our business portfolio to date, I am far from satisfied with the current level of our stock price. For that I apologize to all of our shareholders and investors. I feel that the measures to improve capital efficiency that I explained earlier have been well received by the market to a certain extent, but there are two major points that I think are still insufficiently explained to the market and where we have been unable to demonstrate our results.

The first point is that our financial accounting-based

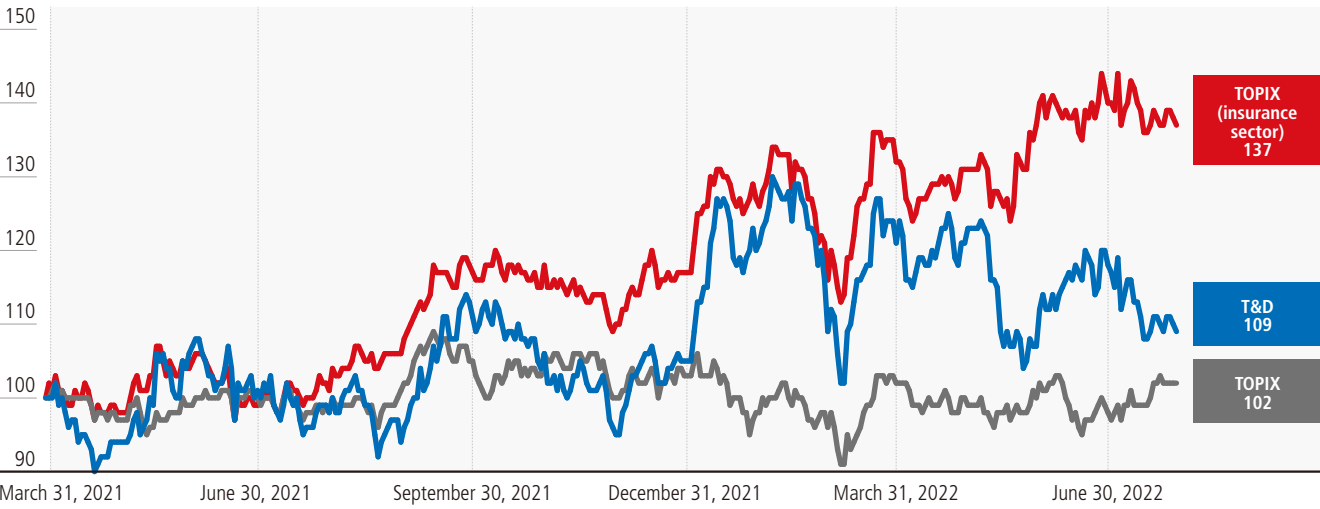
profit growth is small compared to economic value-based indicators such as Market Consistent EV (MCEV) and value of new business. On this point, I believe that ultimately, we have no choice but to earn recognition from the market by accumulating a track record of financial accounting-based profit growth. However, we do not intend to pursue short-term profit just because financial accounting-based profit is important. As in the case of the Taiyo Life's reinsurance, which I mentioned earlier, even if it's negative in terms of immediate profit, if we can expect a positive result from a medium- to long-term perspective, then we plan to continue to implement it going forward. We place particular importance on the value of new business. The acquisition of new policies is the source of

our future financial accounting-based profits, but in the first year of the policy the financial accounting is actually negative due to the payment of sales commissions and so forth. Life insurance policies are for very long periods of time, so there's no immediate benefit to the bottom line, but the accumulation of the value of new business will steadily contribute to financial accounting-based profits. I would like to use our investor relations (IR) materials and other channels to better explain how the acquisition of the value of new business will contribute to financial

accounting-based profits and facilitate a better understanding by the market.

The second point is our Group capital management. We have not always been able to communicate effectively enough with the market about our capital strategy, and our approach is said to be "hard to understand" from the market's point of view, which was also mentioned by analysts at our IR meeting in May this year. This is a point we need to reflect on and improve as soon as possible.

Trend of TSR



\* As of July 31, 2022  
\* Total Shareholder Return (TSR): Profitability after reinvestment of dividends before tax  
\* Indexed with March 31, 2021 as 100

Source: Bloomberg

Q3 How will the Company strengthen Group capital management? Some in the market are suggesting that the Company should consider more aggressive shareholder returns.

The nature of the life insurance business, which promises customers protection over the very long term, means that soundness is critical. For this reason, from the outside our capital strategy may appear to be conservative. However, now that the Group Long-Term Vision calls for improving capital efficiency, the Group's attitude toward capital efficiency is undergoing major changes. This is evidenced by the ¥40 billion share buybacks that the Company conducted last year, which is at a scale that we previously would not have been able to carry out.

The two points that, at present, we have not adequately

explained to the market are: (1) our approach to required capital and internal reserves in life insurance subsidiaries, and (2) our approach mainly to handling hybrid capital in our internal models. First, with regard to (1), we're going to take a look at the situation in the next two or three years, with an eye on developments in the introduction of economic value-based solvency regulations scheduled for 2025, but we would like to strengthen our quantitative explanation. Meanwhile, with regard to (2), we plan to reach a decision ahead of schedule and provide a full explanation at IR meetings and other forums.

## Top Message

With respect to shareholder returns, our policy is to strengthen them. We plan to increase cash dividends for the eighth consecutive fiscal year, and we will continue to aim for consistent and sustainable dividend increases in the future. With respect to share buybacks, we will implement them strategically while keeping an eye on our financial position and other factors. We understand that our current stock price is significantly undervalued, and

we believe that share buybacks are an effective means of demonstrating management's intentions with respect to the stock price. However, I want to be clear that our capital strategy is not based on shareholder returns. Depending on the situation, growth investments and internal reserves may be prioritized over dividend increases and share buybacks, and we ask for your understanding in this regard.

### Q4 In concrete terms, how does the Group-wide business portfolio management work in practice?

Broadly speaking, there are two perspectives: existing businesses and new businesses. We consider the appropriateness of the Group's current business portfolio as a whole, taking a comprehensive view of how to enhance existing businesses and what new businesses should be explored.

As for our existing businesses, firstly we should consider how to make the domestic life insurance business robust. In the COVID-19 pandemic, by establishing sales methods that combined face-to-face and non-face-to-face sales, we were able to strengthen our sales capabilities and achieve efficiency. From this point on, we will continue to further expand our contact with customers through the use of DX and other means. Although it's inevitable that the Japanese life insurance market as a whole will shrink due to population decline, we're working to increase the number of policies in force by providing products that meet new insurance needs and developing new sales channels. In fact, we're currently seeing strong growth in insurance policies through Taiyo Life's direct channel and Daido Life's financial institutions channel, so I feel that this is working.

The closed book business continues to be a growth area, and although the competitive environment when acquiring closed books is challenging, we're confident about future growth. In Japan, with the introduction of economic value-based solvency regulations in fiscal 2025, in terms of business and financial strategies, we expect to see an increase in transactions that utilize reinsurance and similar methods, as has been the case in Europe and the United States. At that point, we plan to capitalize on the economic benefits of the growth of Fortitude, the company we're currently investing in, as well as the strategic benefits of taking a leading position in the Japanese closed book market by leveraging the know-how accumulated through our investments.

We will also promote drastic reforms in our businesses with low ROE. In the Group Long-Term Vision, we have indicated the level of ROE for each operating company in order to ensure that each company is fully accountable to the market while making clear the circumstances it faces.

As for TDF in particular, competition in the independent insurance agent market is fierce, and profits have continued to be low for a long time. Although TDF does not currently have sufficient in-force policies to cover its costs, sales of TDF's insurance products have been strong over the past two to three years. In addition to increasing the number of in-force policies by expanding the top line, we will improve profitability by promoting cost containment measures through the sharing of Group functions. Through these efforts, we will raise the ROE to around 5% by fiscal 2025.

As for T&D Asset Management, profitability has been declining since the financial crisis. However, starting with the transfer of the Group's alternative asset management functions to TDAM in the previous fiscal year, we are sophisticating the Group's asset management functions thereby contributing to the Group's asset management.

Regarding Pet & Family, we will establish new product sales and promote web channels to expand policies in force and improve profitability while expanding alliances with other industries with the pet insurance business as a hub in order to contribute to the expansion of the Group's customer base.

For these businesses with low ROE, the path for improving capital efficiency has become clearer compared to last May, when the Group Long-Term Vision was announced, and we have raised the assumed level of adjusted ROE for fiscal 2025, the final year of the Group Long-Term Vision. However, further reforms are needed to achieve this goal.

We need to be more responsive to outside opinions and conscious of what we want to convey and what we want others to understand as we move forward



We are currently discussing the Group's business portfolio at the Board of Directors. For the businesses with low ROE, we receive harsh opinions from investors asking for more strict measures such as restructuring and selling them. If there's no improvement in the ROE, it will ultimately be necessary to consider all options with nothing off the table. In doing so, we will judge not only capital efficiency, but also synergies within the Group and the reason why the business needs to be in the Group.

New businesses are not necessarily profitable in the short term, and we will continue to sow seeds in new fields through repeated trial and error with a view to

future growth. In our Corporate Venture Capital (CVC) initiative launched this fiscal year, we will co-create businesses with startups that have advanced technologies and business models in areas such as healthcare. We will also push ahead with the building of our digital customer platform by utilizing digital tools such as social networks and apps to establish contacts with customer segments that have not been fully accessible through the Group's existing channels and by establishing a new company (All Right) to provide new products and services.



## Top Message

### Q5 The market is increasingly interested in human capital. What plans does the Company have for expanding human capital going forward?

Employees are the most important and powerful driving force for a company to create sustainable value. In order to sustainably increase corporate value amidst a rapidly changing business environment, it's essential to create value through the growth of human resources. In terms of management direction as well, employees should be viewed in terms of human capital, not human resources. Unlike manufacturers, our Group does not make products; it's all about people, and human capital is a very important factor. Therefore, this fiscal year, we will work to enhance and raise the level of our human capital.

In fiscal 2021, we promoted individual specific measures under the banner of "integrated Group management." However, although each of these measures is good individually, when it comes to the development and growth of our people, which are our foundation, and increasing the depth of our human capital, we have fallen short.

To address this, we will first develop and get an overview of the human resources portfolio necessary to realize the Group Long-Term Vision, and then work to identify and close the gap with the current situation.

One is to secure and develop specialized human re-

sources. As we continue to advance the diversification and optimization of business portfolio, we need people with advanced expertise, knowledge, and skills in business areas that are not traditionally associated with the life insurance business. For this reason, T&D Holdings is taking the lead in strengthening reskilling and recurrent education in the Group. In addition, we will continue to develop our human resource systems in order to bring in specialized human resources from outside the Company.

The second is to expand the range of human resources that contribute to Group management. As a publicly listed company, we're promoting "integrated Group management" with the markets in mind, but securing the human resources for this is an urgent task. First and foremost, we're considering the dynamic allocation of human resources within the Group in order to increase the opportunities for employees with a strong sense of Group management to play an active role. In addition, we hope that each of them will acquire the ability to think about the management of the Group from a broad perspective through the reskilling and recurrent education I mentioned earlier.

### Q6 How will the Company instill the strategic policy of the Group Long-Term Vision within the Group?

Starting this fiscal year, to communicate the Group's direction and initiatives to employees within the Group, we are strengthening our IR activities within the Group under an initiative we decided to call "Group IR" to reflect the fact that the term "IR" sounds like the phrase "there is love" in Japanese. The impetus for strengthening IR activities within the Group came from the feeling that the 20th anniversary of our founding in 2024 would be a good opportunity to take a fresh look at our origins as a publicly listed corporate Group.

As an example of a specific activity, starting in April we set up opportunities to interact with Group company managers in a small meeting format of about 6 to 10 people at a time, with HD executives, including myself, taking turns as speakers.

At the meetings, we explain the purpose of the Group

management integration and our vision as outlined in the Group Long-Term Vision, with particular emphasis on how the market views our Group. I focus on some of the tough opinions received from investors and analysts in an effort to share market opinions within the Group in the interests of strengthening market discipline. We are also holding small meetings with a mix of Group companies with the aim of strengthening communication among them.

In addition, we distribute a video of the "Group IR" briefing session to all Group employees to convey the direction of the Group to every corner of the Group. In the briefing we also introduce the employee stock ownership plan and encourage employees to use it as a means to build assets. I also hope that revitalization of the employee stock ownership plan will increase employees' awareness of our stock price.

Furthermore, along with each quarter's financial results, we summarize market opinions obtained through IR activities and other Group issues and distribute them in a newsletter format, thereby ensuring the timely delivery of market opinions within the Group. These measures are

not one-offs; by continuing to implement them every year, we hope to foster group awareness and instill market discipline at a deeper level.

### In conclusion

Following the COVID-19 pandemic, changes in the current environment have come at a dizzying pace, including the Russia-Ukraine crisis, rising interest rates, and inflation, making it extremely difficult to predict the future. As previously unthinkable events become reality, we must take a holistic view of how they will affect our Group and society, and brace ourselves for "accelerating history." In doing so, what we will rely on is the Group Long-Term Vision. In the era of VUCA, where the future is uncertain, so long as we have a clear vision of our goals as a Group, we can move forward without getting lost, even if the path is steep.

For our part, we will make fiscal 2022 a year to further solidify the Group Long-Term Vision, and we will stubbornly proceed with a series of measures to realize the vision, recognizing that this will be in the best interest of all stakeholders, including customers, shareholders, and employees.

Last but not least, we recognize the importance of communication with the market, and we will utilize the feedback we receive from the market more effectively in our management. Thank you for your continued support.





# Group Long-Term Vision “Try & Discover 2025”

— In Pursuit of the Happiness of All Stakeholders —

Progress in fiscal 2021

## Group's Corporate Philosophy

With our “Try & Discover” motto for creating value, we aim to be a group that contributes to all people and societies.

## Group's Management Vision

Sow happiness,  
make change  
with boldness.

### FY2024 Plan

#### Group KPIs

#### Financial KPIs Financial Value

Expand Group revenue  
by improving capital  
efficiency

### FY2023 Plan

#### Non-financial KPIs

#### Social Value

Address social issues  
through our business

### FY2022 Plan

#### Group Growth Strategy

##### Primary Theme I

Strengthening of  
core business

##### Primary Theme II

Diversification and  
optimization of  
business portfolio

##### Primary Theme III

Further advance-  
ment of ERM  
(Upgrading capital management)

##### Primary Theme IV

Promoting  
integrated Group  
management

##### Primary Theme V

SDGs management  
and creation  
of value

Group Long-Term Vision (Vision for 2025)

Working toward the T&D  
Insurance Group's Vision  
for Society

Try & Discover for  
Creation of  
Shared Value

Further Advancement  
of Capital and Risk  
Management

Corporate  
Governance

T&D Insurance Group's  
Business

Supplementary Materials  
and Corporate Data

## Progress of Group KPIs

Group adjusted profit was 39.2 billion yen, a significant decrease from fiscal 2020. However, this was due to a temporary loss that accompanied Taiyo Life's reinsurance, as part of efforts to improve capital efficiency. Excluding this impact, Group adjusted profit for fiscal 2021 was 116.0 billion yen, a significant increase from fiscal 2020. There was also steady progress in the Group KPIs in fiscal 2021.

By steadily implementing the measures in the Group Long-Term Vision, each company's estimated adjusted ROE for fiscal 2025 has improved from the time of the formulation of the Group Long-Term Vision, and the Group aims to achieve its consolidated adjusted ROE target of 8.0% or higher for fiscal 2025 ahead of schedule.

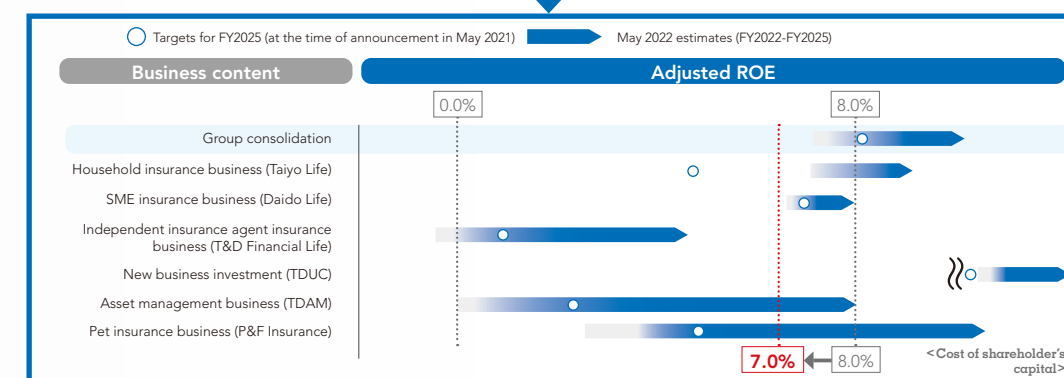
### Financial KPIs Financial Value

Expand Group revenue  
by improving capital  
efficiency

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Year-on-year change	Forecast for FY2022	FY2025 target (Announced in May 2021)
Group adjusted profit*1	¥77.9 billion	¥39.2 billion (¥116.0 billion)**4	(¥38.7 billion) (+ ¥38.0 billion)**4	¥106.0 billion	¥130.0 billion
Adjusted ROE	5.8%	2.7% (7.8%)*4	(3.1%) (+2.0%)*4	7.6%	8.0%
Value of new business*2	¥143.4 billion	¥166.9 billion	+ ¥23.5 billion	¥168.0 billion	¥200.0 billion
ROEV*3	25.4%	7.0%	(18.4%)	6.5%	7.5%

\*1 Group adjusted profit = net income +/- valuation gains/losses caused by discrepancy of accounting treatment of assets and liabilities + additional internal reserves in excess of the legal standard requirements.  
\*2 Value of new business does not include value of new policies expected to be obtained in the future. Additionally, for converted policies, only the net increase portion from conversion is included.  
\*3 ROEV is based on figure excluding temporary valuation gains/losses, etc. related to Fortitude.  
\*4 Figures indicated in square brackets are excluding the impact related to Taiyo Life's reinsurance (news release dated March 31, 2022).

### Initial targets and recent estimates for adjusted ROE



### Non-financial KPIs

#### Social Value

Address social issues  
through our business

Category	Evaluation topic	Target level	Fiscal year ended March 31, 2022
Customer	Customer satisfaction	Minimum FY2020 level (Improvement from the current level is set as a target, as a relative assessment)	Over target level P.119
Employee	Employee satisfaction	Minimum FY2020 level (Improvement from the current level is set as a target, as a relative assessment)	Over target level P.118
Society	CO <sub>2</sub> emission	Reduction of 40% from FY2013 levels by FY2025 (A 5-year upfront target from The Life Insurance Association of Japan's target)	Compared to FY2013 31.0% reduction

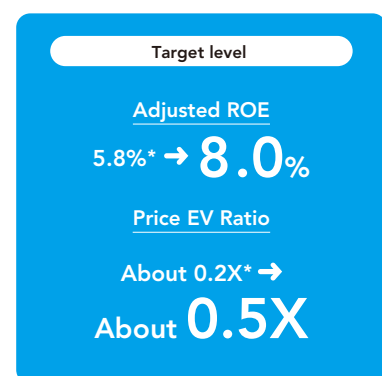
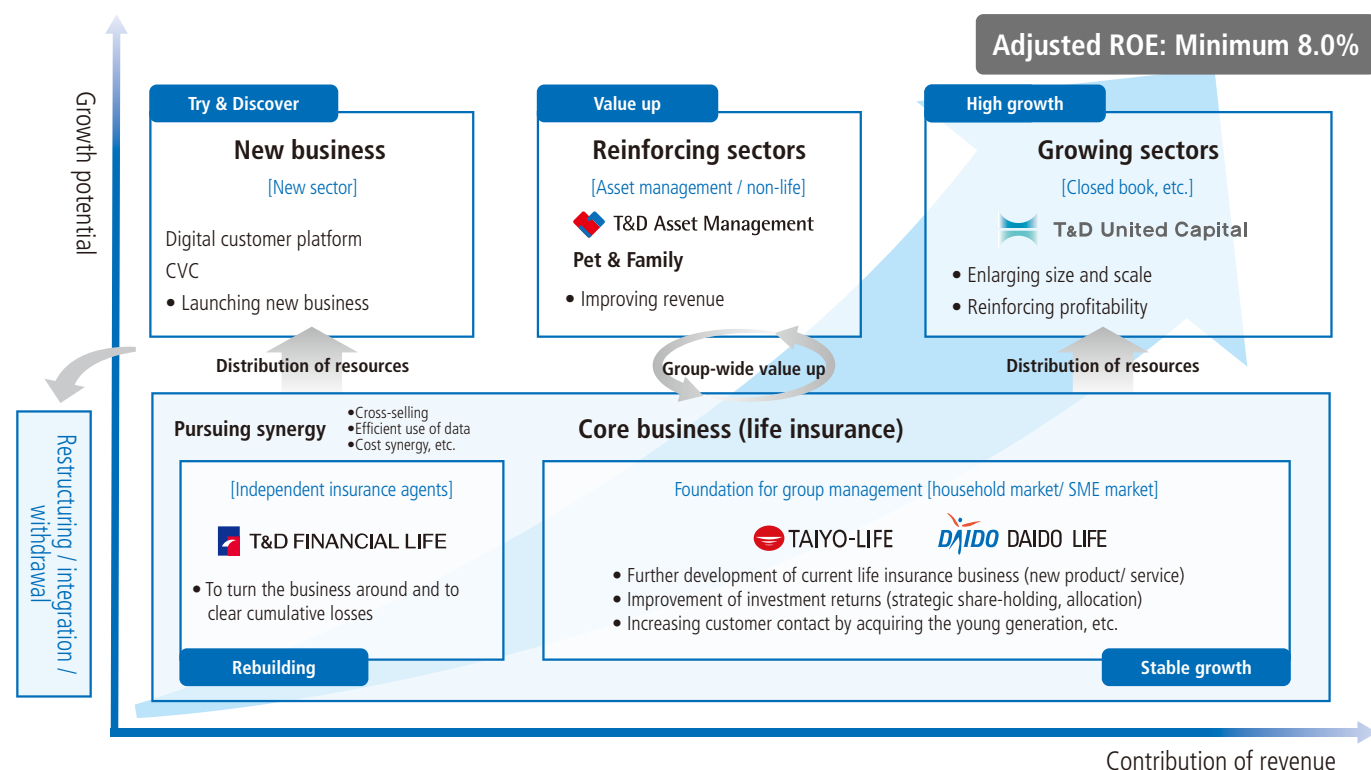


## Improving Capital Efficiency Aimed at in the Group Growth Strategy

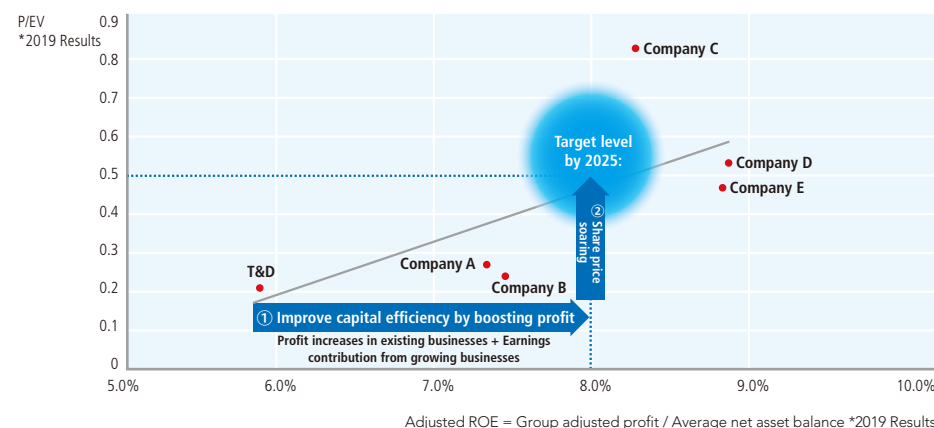
The Group is actively managing its business portfolio in an integrated manner to improve capital efficiency. We aim to achieve stable growth by strengthening our core domestic life insurance business, and to improve the capital efficiency of our overall portfolio by allocating stable capital generated from our core business to our growing closed book business, our new corporate venture capital (CVC) business, and other such business. In particular, in fiscal 2021, we implemented initiatives to accelerate

the improvement of capital efficiency, such as Taiyo Life's reinsurance and the decision to invest an additional ¥64 billion in Fortitude Group Holdings, LLC through internal financing from Group companies.

In fiscal 2022 and beyond, we will continue to improve capital efficiency by strengthening our core businesses, investing in growth sectors, and implementing measures to improve the profitability of reinforcing sectors, thereby improving our stock price valuation.



\* At the time of the announcement of the Group Long-Term Vision in May 2021



## Primary Theme I

## Strengthening of Core Business

### The three life insurance companies are aiming to build the top brand in each market by implementing their own specialization and differentiation strategies.

The Group has three domestic life insurance companies under its umbrella: Taiyo Life, which specializes in the household market; Daido Life, which specializes in the SME market; and T&D Financial Life, which specializes in the independent insurance agent market. The Group's business model excels in that each of the three domestic life insurance companies specializes in a different market and brings its own uniqueness and expertise to the table.

In recent years, the companies have been advancing sales activities that integrate non-digital and digital technologies. Taiyo Life is expanding opportunities to

approach customers by promoting a hybrid-style sales approach that utilizes information acquired through *Sma-Hoken* and other means. Daido Life is developing remote environments, expanding proposals and procedures without face-to-face contact, and providing centralized solutions through web services for SMEs.

Going forward, we will strengthen our business model and continue to build the top brand in each specialized market through the transformation of our sales activities and by providing optimal products and services that meet customer needs.

Company	Specialized market	Basic policy	Transformation of sales activities
Taiyo Life	Household market	<b>Being a company that supports the healthy long lives of many customers</b> <ul style="list-style-type: none"> <li>Product development based on social issues</li> <li>Provision of integrated products and services</li> </ul>	<div>Face-to-face approach × Non-face-to-face approach</div> <div>Posting activities (approval base) Sma-Hoken, infomercials</div> <div><b>Hybrid-style sales</b></div> <div>Utilization of digital infrastructure and various types of data</div>
Daido Life	SME market	<b>Trusted partner for SMEs</b> <ul style="list-style-type: none"> <li>Robust relationship with tie-up organizations</li> <li>Specialized channels for SME market</li> <li>Support for promoting health-oriented management and resolution of social issues</li> </ul>	<div>Satisfying customer experience Creation and expansion of customer contact points</div> <div>In-house sales representatives, tax accountants, financial institutions</div> <div>In-person (face-to-face) × In-person (personal) × Digital</div> <div>Establishment and maintenance of approach utilizing digital technology and data</div> <div>Enabling all policy procedures to be completed without face-to-face contact Web services for SMEs Integrated customer database construction</div>
T&D Financial Life	Independent insurance agent market	<b>Expansion of presence in the independent insurance agent market</b> <ul style="list-style-type: none"> <li>Banking agent network</li> <li>Mobility of product development</li> </ul>	<div>Face-to-face consulting × Online business meetings and other digital tools</div> <div>Independent insurance agents</div> <div>Banks, securities firms, etc. Insurance shops, etc.</div> <div>Agents closely linked to financial institutions Door-to-door sales agencies</div>

## Changing the Business Model to Promote “Hybrid-style Sales”

### Changing the business model

In response to major changes in the social environment, Taiyo Life has been reviewing its business model and making significant changes in its sales approach.

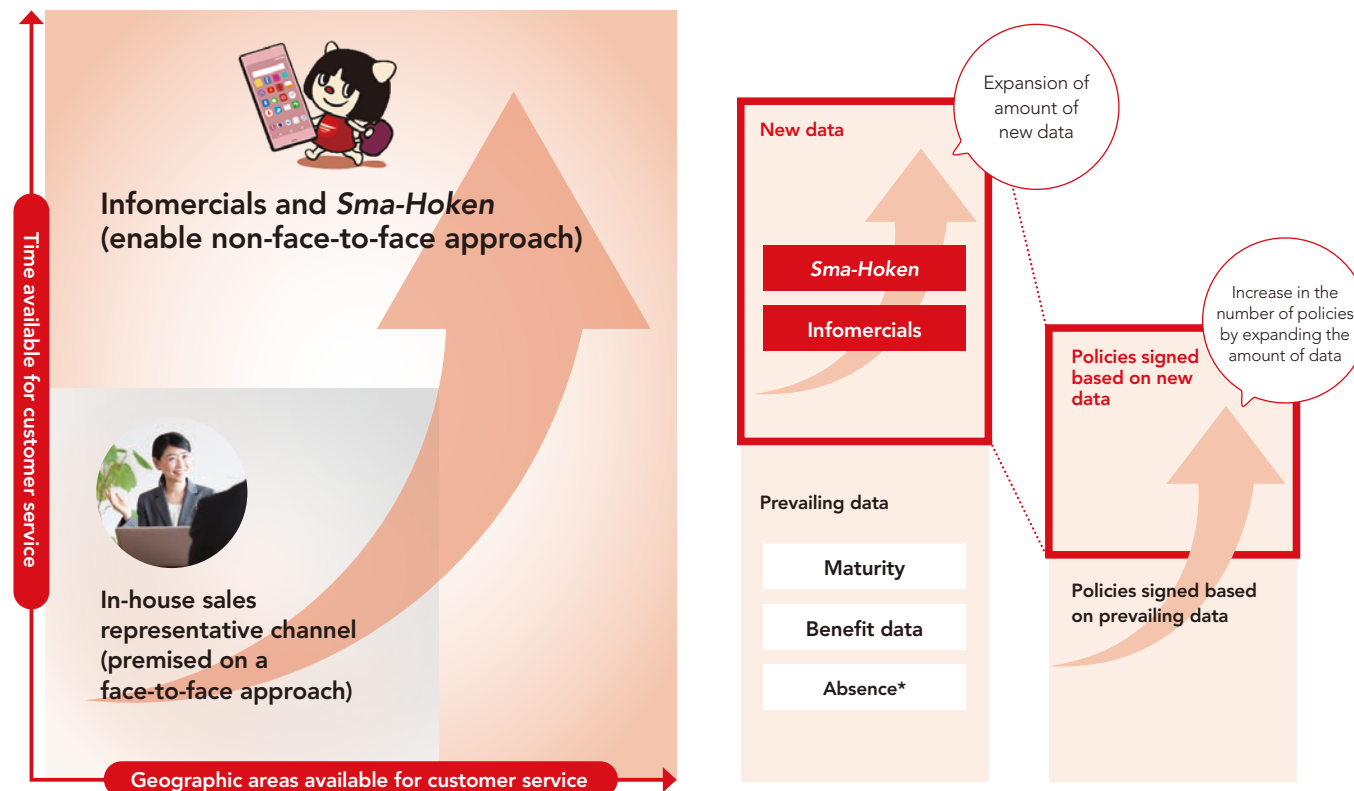
In addition to the conventional home visits by in-house sales representatives working in pairs, the company is developing “hybrid-style sales” that integrates face-to-face and non-face-to-face sales activities, utilizing data via TV commercials, Internet advertisements, and other promotional activities.

Although the company has traditionally used a face-to-face approach in its in-house sales representative channel, diversification of its channels, such as infomercials

and *Sma-Hoken*, has increased the geographic area and time available for customer service and helped expand the market. This has allowed the company to approach areas where it does not have sales offices and enabled application procedures to be made outside of daytime hours when its in-house sales representatives are active, greatly expanding its points of contact with customers. In addition, there has been an increase in the number of policies closed as well as productivity by linking in-house sales representatives with new data obtained through market expansion, in addition to the prevailing data such as maturity and benefit information.

Market expansion

Promotion of hybrid-style sales



\* Data of customers of whom sales representative are non-existent due to resignation, etc.

### Providing new industry-leading coverage

Taiyo Life supports the health and longevity of its customers by developing products and services based on social issues.

In terms of products, the company sells *Himawari Dementia Prevention Insurance*, which helps people deal with dementia positively and live out their golden years with peace of mind; *Infectious disease plus hospitalization insurance (Lump-sum payment type)*, which covers specific infectious diseases including COVID-19; *Cancer/critical illness prevention insurance*, which covers cancer and serious illnesses; and more. In terms of services, the company provides *Kaketsuke-Tai Service*, in which its internal staff with specialized knowledge directly support customers' benefit claim procedures; MCI Screening Plus, which offers services for dementia and disease prevention; AminolIndex® Risk Screening; and other services.

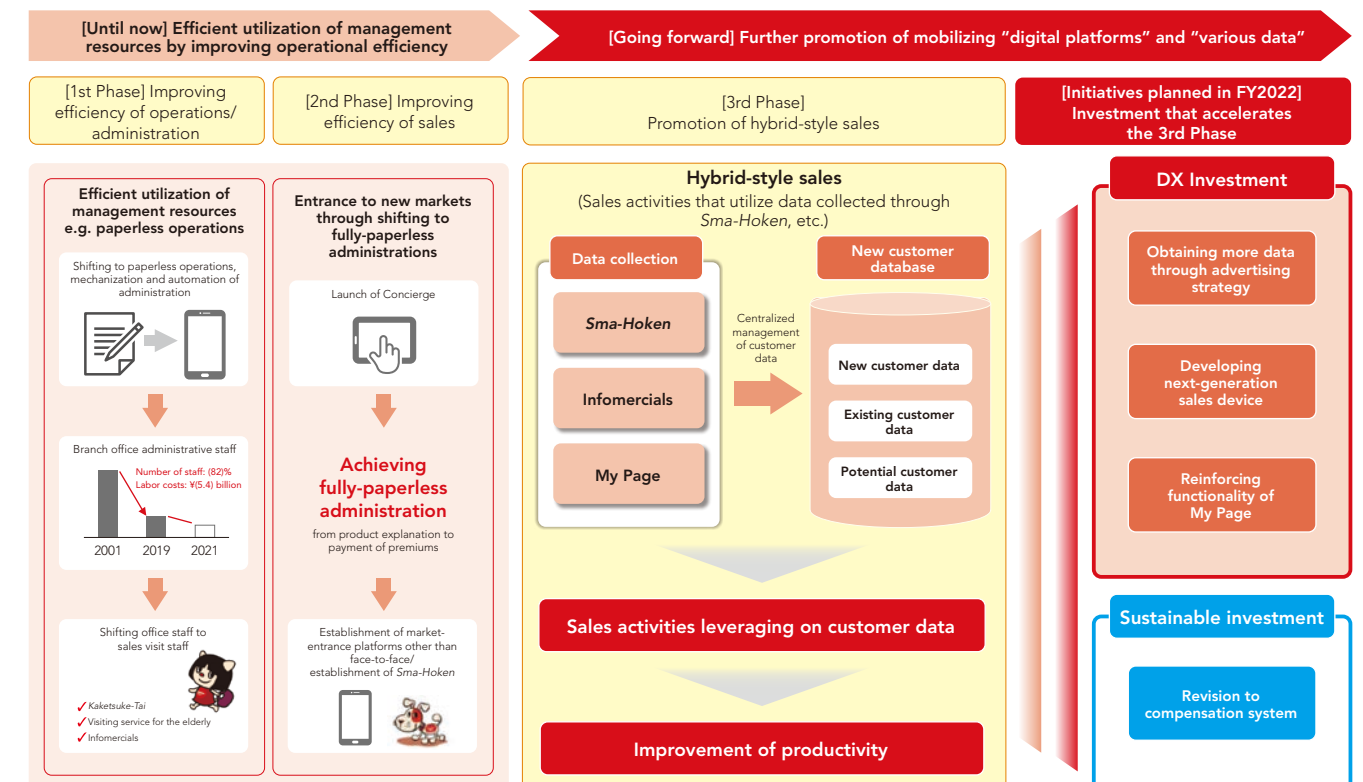
The company provides new industry-leading coverage through offerings with integrated products and services for customers.



### Promotion of digital transformation (DX)

Taiyo Life will continue to make DX investments to further solidify its business model through the promotion of hybrid-style sales. Specifically, in fiscal 2022, the company is increasing its customer contact points through the obtainment of more data via advertising strategies, improving

productivity through the development of next-generation sales devices, and promoting the use of the *Taiyo Life My Page* online account service exclusively for customers by reinforcing its functionality.





Daido Life

# “A Trusted Partner for SMEs” that Delivers More than What is Expected

## Pillars of the sales strategy

In addition to the decrease in the number of SMEs and the aging of their managers, the environment surrounding SMEs is becoming increasingly severe due to the prolonged period of COVID-19 and the growing uncertainty caused by fluctuations in economic and financial conditions. In this context, Daido Life will focus on three pillars in its medium-term management plan starting from fiscal 2022: “Advancing the coverage provided,” “Supporting solution of management issues,” and “Reinforcing the ‘power to connect’.”

First, as “Advancing the coverage provided,” the company will work on product development and updates centered on total coverage, which provides both death and disability benefit insurance.

Next, for “Supporting solution of management issues,”

the company will further contribute to the sustainable development and growth of SMEs by providing solutions that go beyond insurance, focusing on promotion of Kenko-keiei® (health-oriented management) and resolution of management issues among the increasingly diverse and complex social issues faced by SMEs.

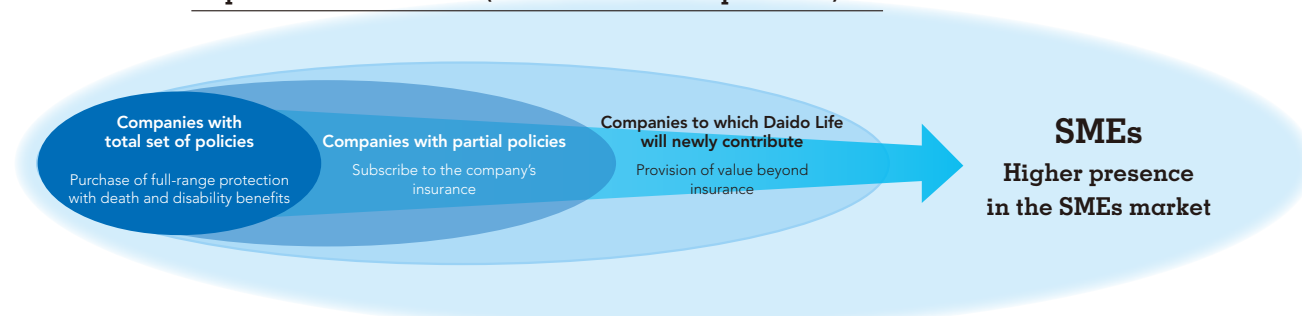
Lastly, for “Reinforcing the ‘power to connect’.” the company will evolve its sales structure and build a system to connect with more customers by innovating customer contact points and reforming the roles of its sales channels through a fusion of physical and digital.

Through these three pillars, the company aims to be a “trusted partner of SMEs” that provides full coverage for all SME employees and helps SMEs solve social issues.

\* Kenko-keiei® is a registered trademark of the Kenko-keiei Nonprofit Organization.

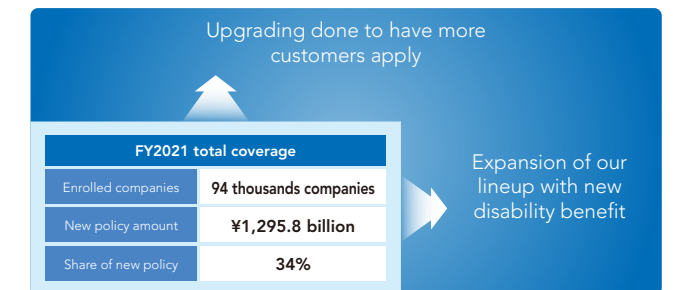


## Expansion of customer (receiver of values provided)



## 1. Advancing the coverage provided (further reinforcing of total coverage)

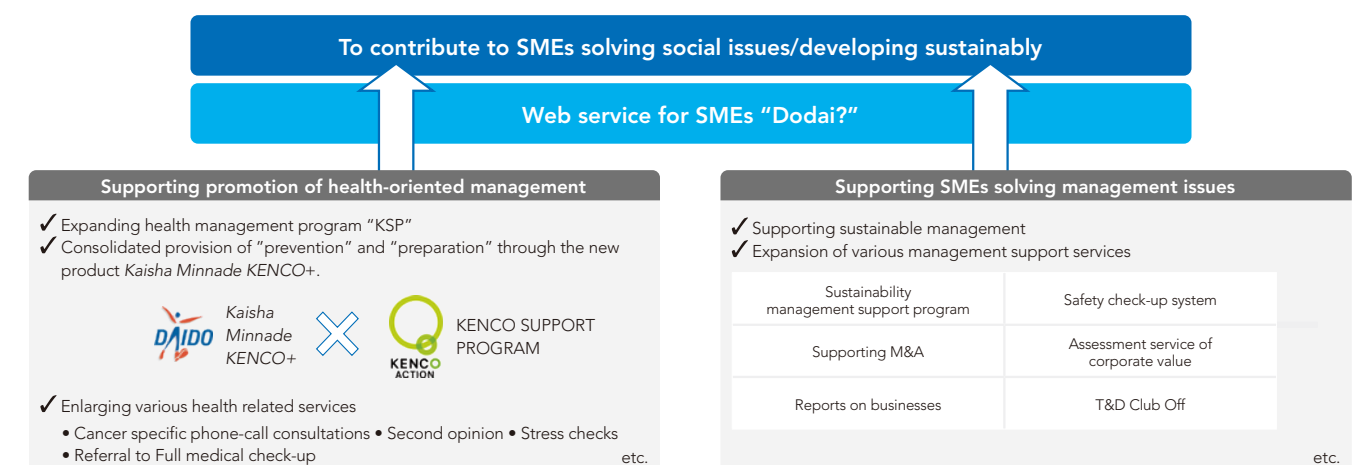
Although there has been continued significant growth of total coverage, which is Daido Life's strength, there are still many companies that have not yet purchased it. Daido Life will further reinforce its total coverage by both expanding its lineup through the development of new disability benefit insurance products, and upgrading its lineup so that more people can apply to its products. Through this, the company aims to steadily increase the number of companies subscribing to total coverage.



## 2. Supporting solution of management issues

Health-oriented management is one of the most important themes among the social issues of SMEs because of its high affinity with insurance. Daido Life aims to support the health of SME employees through the expansion of KENCO SUPPORT PROGRAM (KSP), its unique program that supports health-oriented management implementation, and the promotion of Kaisha Minnade KENCO+,

its new product for health promotion. In addition, the company will further contribute to the sustainable development and growth of SMEs by expanding solutions that support the resolution of management issues such as sustainable management, and providing them centrally through “Dodai?”, a web service for SMEs.



## To continue to strengthen / expand the lineup, thereby expanding the areas in which we can fulfill our role

## 3. Reinforcing the “power to connect”

In addition to the stable growth of existing in-house sales representative and agent channels, Daido Life will achieve even stronger growth through new initiatives such as “channel mixing,” which combines the strengths of in-house sales representatives and tax accountants, in addition to financial institution agents and FP and inheritance consultants.

The company will provide highly satisfying customer experiences and expand its points of contact with customers by strengthening its system for utilizing customer information and other data and by integrating in-person and remote points of contact as well as digital points of contact at its branches and headquarters.

## Primary Theme I Strengthening of Core Business

## Life Insurance Sales Discussion

Three employees that work in sales in the Group's mainstay domestic life insurance business shared their thoughts about company strengths, how COVID-19 changed the way they work, and the challenges that lay ahead. We also asked them about their own job satisfaction and how they are putting the Group's management vision into practice.



Taiyo Life  
Hiratsuka Branch office  
Miyoko  
Tatsukawa

— First of all, please introduce yourself and tell us what you do.

**Nishida** It's been six years since I joined Daido Life, which specializes in the SME market. I worked in Osaka for the first three years, but after I got married I made use of the family transfer system to relocate to the Accountant Agency Management Shinjuku Branch, where I've worked for the last three years. I'm in charge of around 30 tax accountant offices and I provide support to tax accountants when they offer insurance advice to SMEs.

**Tatsukawa** I'm now in my seventh year at Taiyo Life, which targets the household market. I started at the Kurashiki Branch office before moving to the Yokkaichi Branch office. I then worked in the human resources department at the head office, where I was involved in training new employees and hiring new graduates. Currently, I'm a training manager at the Hiratsuka Branch office, where I train and manage not only sales representatives, but also young assistant managers within each bloc across Japan.

**Hanashima** Seven years ago I joined T&D Financial Life,

a Group company that supports independent insurance agents like financial institutions and insurance shops. We have offices in the four cities of Tokyo, Nagoya, Osaka, and Fukuoka, but I work in the Tokyo sales department. My job involves selling our products through the branches of banks and securities firms, as well as insurance shops.

— In what ways do you find your job rewarding?

**Nishida** For me, delivering outcomes that tax accountants can be happy about is the most rewarding thing. We use standard coverage to calculate roughly how much insurance a customer will require in times of need. Based on that and other data, I'll prepare materials and then together with a tax accountant, present them to the customer that is being advised by the tax accountant. As a result, it's fulfilling to see the customer satisfied with my proposal and hearing the tax accountant compliment me about the way I approached the customer and their situation. Even though we usually get transferred after three or four years, because I work hard to build relationships with the tax accountants, I hope I can accomplish as many things as possible to please them.

**Tatsukawa** My job is most rewarding when a sales representative generates results because of my encouragement. It's personally pleasing when a sales representative, who was unsure about what kind of proposal to offer to a customer, finalizes a contract based on my product design advice. I also feel really happy when I hear about young managers within the bloc producing solid results.

**Hanashima** Given that it's my mission to have the employees of banks and securities firms sell our products from among the many other insurance policies, it's really satisfying when they tell me our products are the ones they like the best, or when a new employee informs me they closed their first contract with one of our products. Also, because I visit the branches of banks and securities firms to conduct sales promotion training, I feel a sense of accomplishment when my guidance has helped a branch yield strong results by selling T&D products and is ultimately recognized for exceptional sales performance.

— How has COVID-19 changed the way you interact with customers and your own working style?

**Nishida** When the first state of emergency was declared, I started working from home and was unable to meet directly with customers. On the other hand, the customers of tax accountants held concerns about the coverage of their insurance policies, so we accordingly fielded more inquiries during that time about contract reviews and the like. I therefore used Zoom to hold discussions online, to propose policies, and to guide them through the online

application process. The tax accountants too had shifted their customer meetings to Zoom, so the whole transition went relatively smoothly. As meetings were held online, it was also easy for busy tax accountants and their customers to schedule appointments, so if anything, the frequency of communication may have actually increased. My travelling time was greatly reduced because I wasn't paying visits and my team finished work at 17:30 every day. We were also guaranteed paid leave every month, which also greatly improved the working environment.

**Tatsukawa** I've been visiting households from which we receive an infomercial or online insurance inquiry, such as from *Sma-Hoken* (internet channel). Of course, I make sure to adhere to all necessary COVID-19 measures when visiting households. I also post fliers in the surrounding neighborhoods and conduct sales activities when I have permission to do so. In the past, I used to accompany a sales representative on door-to-door cold calling, which resulted in few opportunities for meeting with new prospects. However, now we have many opportunities to meet with, and propose products to customers through direct data, such as infomercial, and the probability of finalizing contracts with these customers continues to increase. Also, I used to visit a lot of elderly customers, but now with more people working from home or teleworking, around 20%–30% of all my proposals are to the productive middle-age generation.

**Hanashima** After the first state of emergency was declared, restrictions on face-to-face sales were strictly enforced. I'm no longer able to drop in on branches and agents when I'm in the area, so now I mainly use Zoom or another similar application to run training sessions online for sales agents and the like. Also, the content of meetings is more important than ever before, which means I now focus more of my attention on the selection of topics and how I go about providing explanations. On the other hand, training sessions used to only have around 20 people in them and most people preferred that they were held in the evening, but with online meetings, people from other branches can also participate, which means we can have around 100 participants in a single session, so in this sense, the efficiency of our meetings have improved somewhere between five and 10-fold.

— Even during the COVID-19 pandemic earnings have been brisk, but what do you think are your company's strengths based on your personal experience?

**Nishida** Daido Life has long partnered with tax accountants to offer standard coverage to SME customers by telling them exactly how much insurance coverage they should take out as a precautionary measure rather than

as a tax reduction strategy. I think being able to continuously communicate the importance of insurance coverage is a company strength that has been highly rated even in the midst of changes brought about by the COVID-19 pandemic. Also, because the tax accountants have a good understanding of their customers' situations, they can quickly propose the most optimal solutions to accommodate their changing needs and circumstances, mainly by suggesting the kind of insurance required and where a policy review might be needed. Many customers think of insurance premiums as a company expense, but insurance is pretty much meaningless if it cannot cover the costs in the event of something happening to the company president or directors, so that is why the tax accountant always sits down with the customer to consider the worst-case scenarios, which is where the concept of standard coverage is really useful I think. I believe standard coverage is also one of Daido Life's biggest strengths, because it's something that cannot be proposed unless we work together with a tax accountant to gain a deep understanding of the company.

Another of our strengths is being able to provide information about supplementary services. Daido Life also offers a comprehensive health management app called *KENCO SUPPORT PROGRAM*. It lets customer companies collectively manage the health of their employees by providing information about lifestyle disease risks and encouraging them to take medical checkups, follow up on tests, exercise regularly, and eat well. It has been rated favorably in recent times by SMEs as a useful health management tool simply because more and more employees are not going outside as much and they are concerned about their health.

**Tatsukawa** I think Taiyo Life's biggest strength is its ability to swiftly provide new products in response to changes



Daido Life  
Accountant Agency  
Management  
Shinjuku Branch  
Midori  
Nishida



in the times and society. For example, even during the pandemic, we were the first insurer to launch the *Infectious disease plus hospitalization insurance (Lump-sum payment type)*. Customers of this product have continued to increase. Furthermore, the market environment is changing rapidly because in the past we could only approach customers in places where we could physically visit ourselves, but now applications can be completed online. Our elderly customers have also taken a liking to this method because we can remotely confirm the information they have entered and provide support during the application process.

**Hanashima** I'd have to say that having banks as a sales agent channel is a major advantage. In fact, even during the pandemic, the number of people visiting banks has hardly declined. This is because a bank account is a key piece of infrastructure in one's life. On top of that, people working remotely or from home often visit their local bank branch.

Earnings are brisk because more people are reaching an age at which they need to give more thought to their own health and think about inheritance matters and we are also seeing previously uninterested people starting to take more of an interest in insurance. I think another of our strengths is the fact that we have focused our resources on developing nursing care and dementia insurance at a time when the pandemic made it hard for people to utilize day care and other care services, thereby exacerbating concerns about the risk of dementia. More specifically, we have a product called *Shogai Premium World 5*, which is one of our top-selling foreign currency denominated products, but the addition of nursing care and dementia riders sets it apart from the products of other companies, which is probably why sales are brisk in such a highly competitive category.

— Are you aware of any issues at present? What measures can be taken to resolve them?

**Nishida** I already mentioned the advantages of Zoom meetings, but there are also disadvantages to using on-line channels too much. For example, I think the relationships between tax accountants/their customers and Daido Life are somewhat lacking in substance. Real responses are hard to gauge online and customers find it hard to freely ask questions when explanations are so one-sided. As we are starting to come out of the pandemic now, I think a hybrid approach in which either online or real-life communication is used will become even more important. I particularly think in-person visits are required when a tax accountant is meeting their customer for the first time and we should continue to prioritize the visits until both parties are able to talk more freely with each other.

**Tatsukawa** Considering that we are currently in the so-

T&D Financial Life  
East Japan Sales Department No. 1  
Yuto Hanashima



called "age of centenarians," offering innovative products and services ahead of our rivals will be a challenge going forward. For example, I think we will need to develop insurance that not only provides coverage to somebody with dementia, but also helps arrest its onset when the first signs of the illness appear. Daido Life currently offers SMEs a health management app, but Taiyo Life is also endeavoring to help prevent dementia by developing a health promotion app for the elderly that encourages them to go for walks and play brain-training games. We also provide a support service called *Kaketsuke-Tai* whereby a Taiyo Life employee promptly visits customers that have been hospitalized or operated on, for example, to make sure they complete the procedures for claiming insurance benefits and the like. The steps to claim benefits can be completed on a mobile device and payment can be made in as little as 10 minutes after some surgical procedures, such as the removal of cataracts or colon polyps. Naturally, this service has been favorably received by customers. I therefore think it's important that we continue to increase the number of Taiyo Life "fans" by further enhancing such add-on services.

**Hanashima** The population of people aged in their 60s that will soon be eligible to receive a large sum of money such as retirement allowances is rapidly swelling. Our sales division is thus focused on selling single-premium products. A few moments ago I mentioned that one of our foreign currency-denominated products is a top seller. That product is largely impacted by interest rates and the foreign exchange environment. This obviously presents a challenge, which is why we developed *Hybrid Asset Life*, a variable whole life insurance product that combines the features of an investment trust with life insurance. So that our products always remain best sellers even when there is considerable volatility in interest rates and forex markets, we are currently employing a two-pronged sales approach

that consists of not only foreign currency-denominated products managed in the foreign bond market, but also a lineup of yen-denominated products with the use of investment trusts. Incidentally, the variable insurance we developed has very low running costs and the investment gains it generates are steadily returned to customers, which is why sales of this product were exceptionally brisk last fiscal year.

— What do you think is needed to further deepen the life insurance business?

**Nishida** Daido Life's vision is to be a trusted partner for SMEs that provides value more than expected. Accordingly, in order to consider what might prove useful for the purpose of helping SMEs solve problems, it's imperative that we capture what corporate managers and tax accountants are actually looking for. To that end, it's vital that we collect information.

**Tatsukawa** I think we must respond to the needs of Japan's rapidly aging society, actively incorporate technological innovation, including digital transformation, and manage our business operations in a sustainable manner. As I'm in charge of training sales representatives, I think it's important that we try and improve the level of training. For instance, with online training we should be connecting branches to the head office or to other branches.

**Hanashima** Competition with rivals is heating up in terms of product development, so I think the biggest challenge for us going forward is to highlight the added value of our products with riders and other special clauses, rather than focusing on interest rates or other product features that are hard to differentiate. It will also be important to delve deeper into the nursing care and dementia needs of customers, provide added value with services and the like that utilize *Kaigo Concierge*, and aim to develop products

that are finely attuned to customer needs instead of just providing financial security.

— Finally, how do you practice the Group's management vision of "Sow happiness, make change with boldness"?

**Nishida** People tend to heedlessly put off life insurance unless something actually happens to them or if someone in their immediate family is gravely ill. However, if something happens to an SME that lacks the financial stamina of bigger corporations in particular, it would already be too late. So at the risk of repeating myself, I team up with tax accountants to provide information to SMEs and urge them to take out the insurance policies they require in order to shore up their defenses and help them give their undivided attention to business management with greater peace of mind.

**Tatsukawa** In particular, I make sure that our sales representatives leave the office every morning in high spirits. I always talk to them in a positive manner during morning meetings and training sessions by suggesting topics they could discuss with customers or proposals they might like to try. By meeting each and every one of our sales representatives in person, I hope to be someone whom they can come and talk to first if they have any concerns. I always make an effort to speak to them and check that nothing is bothering them and that their attitude is still the same. I believe that sowing happiness in the world should start with a bright and cheerful workplace.

**Hanashima** I basically never get to meet our end user customers, but I'm always mindful of talking to people from our financial institution sales agents as if they actually were our end users. I ultimately give first priority to the creation of happiness for our end users by providing whatever support I can to our sales agents.



## Primary Theme II

## Diversification and Optimization of Business Portfolio

## Positioning the closed book business as a strategically important area and strengthening initiatives

To diversify our business portfolio, we have been making closed book investments that have strong affinity with our domestic life insurance business. In fiscal 2020, we invested in Fortitude, a reinsurance holding company based in Bermuda.

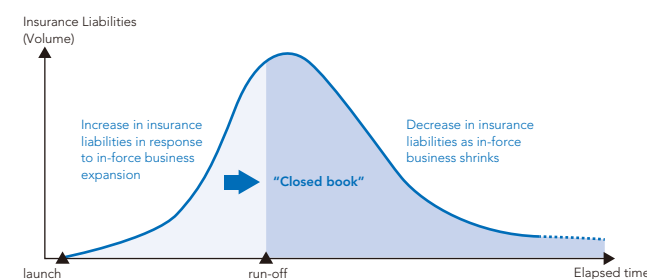
We are also acquiring and accumulating know-how with a view to developing a closed book business in Japan, as the market is expected to expand in future with the introduction of economic value-based capital regulations in Japan in fiscal 2025.

## About "closed book"?

"Closed book" generally refers to a policy (or block of policies) in force for a product that has been discontinued by an insurance company.

In the developed insurance market, sales of capital-heavy traditional life insurance products with high capital requirements were suspended under the new capital regulatory framework. These products are being sold as closed books due to their reduced scale as a result of the suspension of sales and the expected long-term increase in administrative costs, among other factors.

Life-cycle of insurance product (from launch to "Closed book")

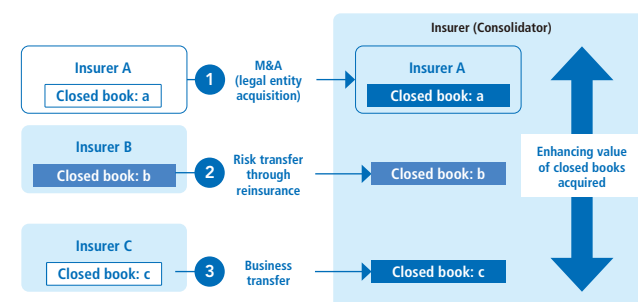


## What is "closed book business"?

## Acquisition and consolidation through M&amp;As and reinsurance transactions to enhance value and realize profits

A "closed book business" is a type of insurance business that aims to realize profits by acquiring and consolidating closed books of other insurance companies through mergers and acquisitions (M&A), reinsurance transactions, and other means, and enhancing their value. There are three main methods for increasing value. The first is better efficiency through scale of economics. Cost synergies are created by consolidating multiple closed books and fully leveraging in-house IT platform. The second method is to enhance investment yield. It involves improving RoR through the optimization of the investment portfolio based on insurance liability profile and regulatory capital requirement, etc. The last method is the improvement of capital efficiency. For example, by creating a risk dispersion effect by offering a diverse product lineup and diversifying geographic regions, the company will reduce capital requirements and increase capital efficiency.

New business acquisitions and value-enhancement in closed book business



Better efficiency through scale of economics	Pursue cost synergies in IT/admin areas through "consolidation"
Investment yield enhancement	Improve RoR through investment portfolio optimization based on insurance liability profile and regulatory capital requirement, etc.
Capital efficiency improvement	Control capital requirements through in-depth risk management on assets and liabilities

## The growing closed book business

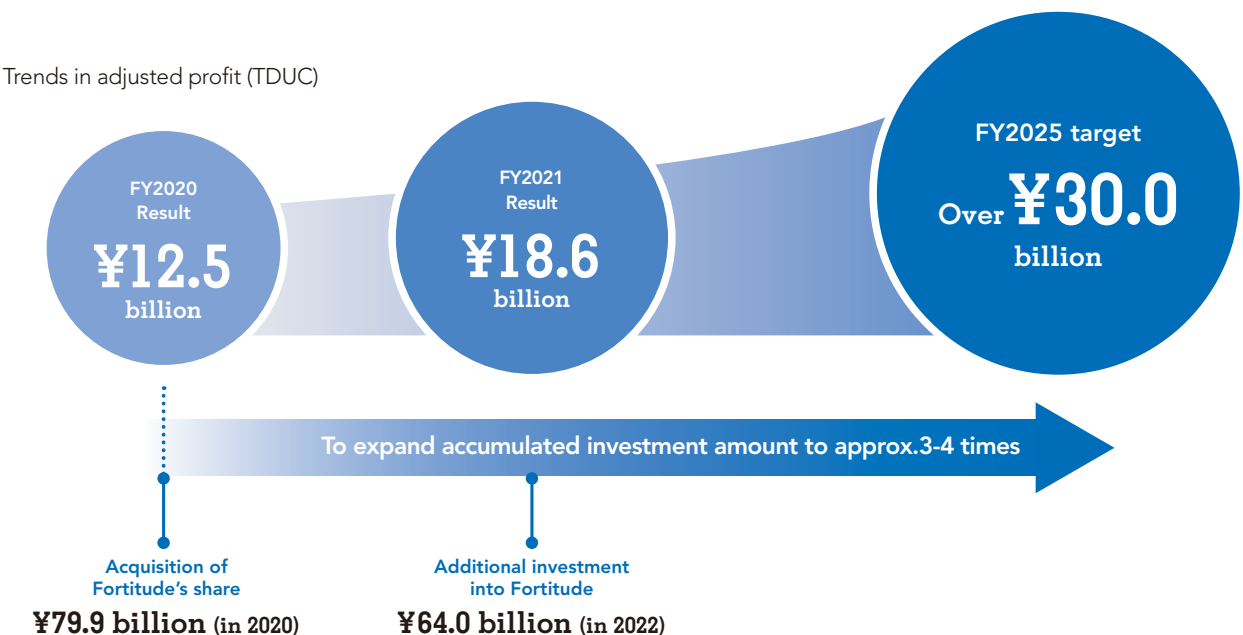
TDUC, which is responsible for promoting growing sectors in our Group, is engaged in the closed book business through the investee companies.

Fortitude, TDUC's principal investment, has been made an equity-method affiliate, which acquired its equity interest from AIG in fiscal 2020, and is one of the reinsurers with a strong position in the closed book market. The recent acquisition of new books by the principal investment

Fortitude is progressing well, and is expected to contribute to TDUC's adjusted profit growth in the future.

Furthermore, TDUC made an additional investment of ¥64 billion in Fortitude in 2022 (including its investment commitment, same hereafter on this page), and is making steady progress toward achieving its adjusted profit target of over ¥30 billion in the Group Long-Term Vision.

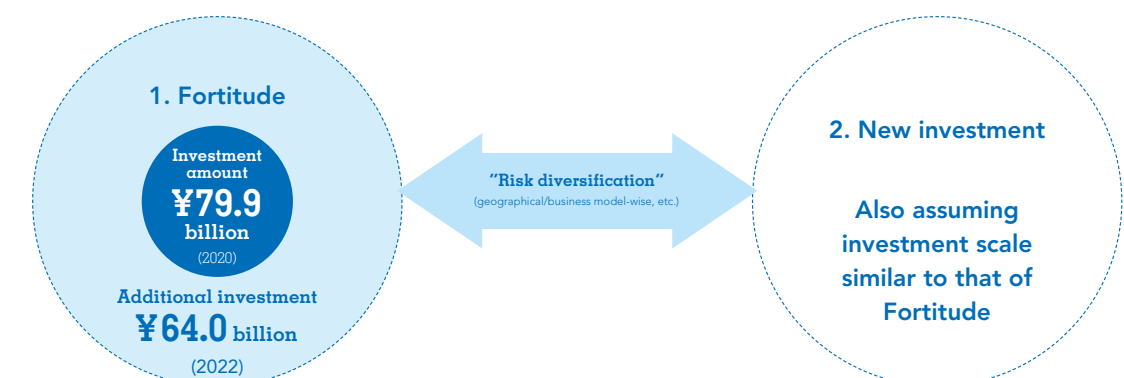
Trends in adjusted profit (TDUC)



The additional investment brings the cumulative investment in Fortitude to just under ¥150 billion, reaching the "milestone" that was originally envisioned. We will consider further collaboration with Fortitude in the development and expansion of our Japanese business. In fiscal 2021, Fortitude underwrote the reinsurance of Taiyo Life's negative spread block. We will continue to consider initiatives in collaboration with Fortitude in reinsurance transactions with the Group.

We will also continue to pursue new investment opportunities that allow us to disperse our risk exposure in terms of business model, geography, and other aspects with Fortitude by leveraging the experience and know-how we have gained through our investment in Fortitude. We also expect that the size of the new investment during the period of the Group Long-Term Vision will be about the same as the amount of the investment in Fortitude.

To drive forward "expanding the scale" of closed book business concurrently with "risk diversification within the investment portfolio."





## Building a digital customer platform

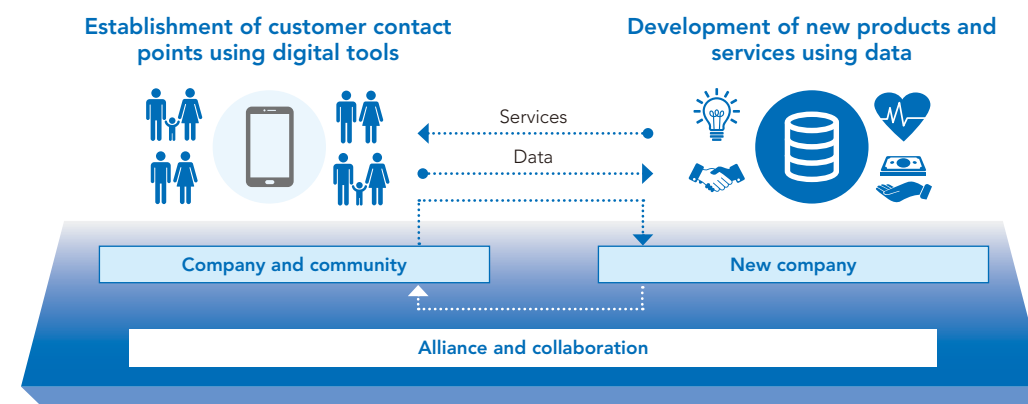
### Developing and providing new products and services by building contact points with customers using digital tools and utilizing data

Due to Japan's declining birthrate as well as its shrinking and aging population, the domestic market is becoming increasingly competitive, and a major challenge is how to establish contact with customers going forward.

To this end, we are conducting consideration on building a new customer platform by utilizing digital tools such as social media and apps, as well as by collaborating with businesses and communities.

By utilizing data to gain a deeper understanding of our customers, we aim to develop and provide new insurance-centered products and services based on our customers' perspective.

In the future, we plan to contribute to the diversification of the Group's overall customer contact points by establishing long-term and stable relationships with customers and by linking the established infrastructure within the Group.



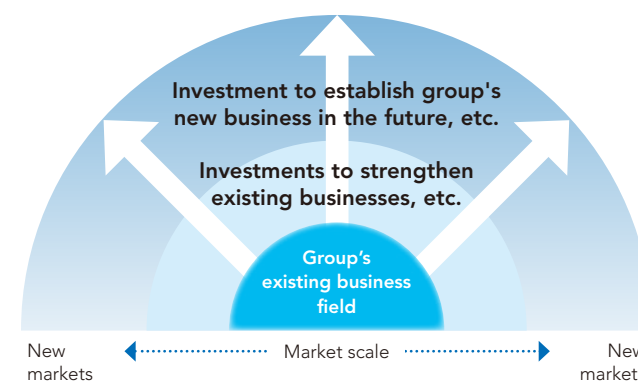
## Corporate venture capital fund initiative

### Building relationships and co-creating businesses with startup companies that have advanced technologies and business models to accelerate "Creation of Shared Value"

With today's accelerating pace of environmental change and technological innovation, it is becoming increasingly difficult for companies to create innovations by themselves.

Therefore, in order to further accelerate the "Creation of Shared Value" that generates both financial and social value, our Group has established a corporate venture capital (CVC) firm with Spiral Capital as a partner for the purpose of building relationships and co-creating businesses with startup companies that possess advanced technologies and business models in the healthcare and InsurTech fields.

Through CVC, we aim to pursue financial returns through IPOs and other means while prioritizing strategic returns such as new business creation and strengthening existing businesses.



## Primary Theme IV

## Promoting Integrated Group Management

### Shared use of customer information within the Group

One of the key themes of the Group Long-Term Vision is to fully use Group management resources as much as possible and promote integrated Group management.

As part of this, we will work on shared use of customer information within the Group. By sharing and utilizing customer information held by Group companies in a variety of situations, we will enhance the sophistication and added value of the products and services we provide to our customers. Particularly in terms of sales, if there is

a product or service that a certain Group company does not provide, then we will have another Group company provide it to customers, which will lead to the increase of new customers and retention of existing customers.

Initially, Pet & Family Insurance will be the starting point for expanding the Group's customer contact points. In the future, we will expand the scope of our efforts by utilizing information acquired through the establishment of a digital customer base.

## Strengthening IR activities within the Group

### Group IR

Since fiscal 2022, we have been strengthening IR activities within the Group with the aim of sharing the Group's direction as well as promoting stronger market discipline and other such matters. For the Group's current IR activities, we have also devised ways to make IR more familiar and approachable to Group employees, such as by using the nickname "Group IR" reflecting the fact that the term "IR" sounds like the phrase there is love in Japanese.

Under the "Group IR" initiative, which began in April and will continue through September, our management team is holding small meetings in an interactive format with several hundred managers of the Group. The management team conveyed the purpose and significance

of the Group's being listed on the stock exchange, issues faced by the Group as seen by the market, and the Group Long-Term Vision. The participants raised a variety of opinions, including Group issues as seen from the front-lines and their expectations for the Group Long-Term Vision. There were lively discussions during the meetings.

In addition, by October, we will use video and e-learning to hold briefings for all employees, including in-house sales representatives, and also activate the employee shareholding association.

We plan to further promote the "Group IR" initiative to achieve the Group Long-Term Vision.



Group IR in action



## Primary Theme V

## SDGs Management and Creation of Value

## SDGs Management and Creation of Value

The Group's core business is the life insurance business, and we mainly focus on having sustainable business that provides customers with safety and peace of mind through our products and services. At the same time, as an institutional investor, we are closely connected to economic development and the realization of a sustainable society, and we have a responsibility to contribute

to society through our business. From among the various areas of sustainability related to our business activities, we have selected four sustainability priority themes to mainly focus on major social issues that are of high importance to society and have significant relevance to our business. By addressing these priority themes, we aim to create shared value and cultivate "happiness of the society."



Creation of shared value

Achieving our non-financial KPIs



## Basic approach

Through life insurance business, the Group's core business, we will create shared value and cultivate "happiness of the society" by addressing the sustainability priority themes (materiality).

## Priority theme (1) Promote healthy and abundant lives for all people

We will contribute to solving social issues by providing optimal, high-quality products and services that meet the needs of our customers.



## Priority theme (2) Provide workplace environments that enable all people to participate actively

We will promote business activities that respect the human rights of all stakeholders, including our business partners and employees.



## Priority theme (3) Help mitigate and adapt to climate change

Through our business activities, we will contribute to climate change mitigation and adaptation, and work to create a net-zero society and conserve biodiversity.



## Priority theme (4) Invest to help build a sustainable society

As a responsible institutional investor, we will contribute to environmental, social, and corporate governance (ESG) issues through our investment and financing activities.



## Dialogue Between Expert and Executive Vice President

## T&amp;D Insurance Group's Initiatives to Address Sustainability Issues



Kenji Fuma

CEO, Neural, Inc. / Specially Appointed Professor,  
Shinshu University



Kanaya Morinaka

T&D Holdings, Inc.  
Representative Director and Executive Vice President

**Morinaka** The T&D Insurance Group has formulated the Group Long-Term Vision looking ahead to fiscal 2025, with "SDGs management and creation of value" as one of its priority themes. Our aim is the "Creation of Shared Value" that will both solve social issues related to the SDGs and improve financial value. In addition, in order to unify the Group's approach and direction and demonstrate our commitment to sustainability issues to society at large, in May 2022 we formulated the T&D Insurance Group Sustainability Statement, in which we once again clearly lay out the four pillars of our approach.

The first of these is "Promote healthy and abundant lives for all people," which can be said to be the number one goal of the insurance business. The second is "Provide workplace environments that enable all people to participate actively." For example, we have launched a "Head Office Anywhere" initiative that uses DX technology so that our employees can work on the head office tasks regardless of their location, whether at home or in a rural area. The point is not just to deal with COVID-19 but to enable a way of working that allows employees to balance work with childcare or nursing care. The third pillar is "Help mitigate and adapt to climate change." To become carbon neutral by 2050, the Group has set a goal of re-

ducing CO<sub>2</sub> emissions by 40% from the fiscal 2013 level by fiscal 2025. We have also joined RE100, an international initiative that aims to procure 100% of the electricity used in business activities from renewable energy sources. The fourth pillar is "Invest to help build a sustainable society." As a responsible institutional investor, we are committed to ESG-conscious investment.

We established a Sustainability Advisory Committee based on the belief that it is important to incorporate the perspectives of outside experts and the latest trends in order to improve these sustainability activities, and you have graciously agreed to join the Committee as an advisor. That's why I'd like to take this opportunity to ask your honest opinions on the Group's sustainability initiatives.

## I'd like to see you play a leading role in leading the industry in a sustainable direction

**Fuma** When exchanging views with you all on the Committee, I really feel that insurance has been intended from the very beginning as a system to support a safe and secure society, which makes it a business that is closely related to sustainability by its very nature. At the same time, in these days when uncertainty is increasing, expectations for



the insurance industry are very high not only in Japan but also in Europe and the U.S., so I think it's commendable that T&D Holdings has sorted out anew what is required of it by stakeholders and published it in the form of a statement. T&D Holdings is also in a position to provide long-term funding, so I'd like to see you play a leading role in leading the industry in a sustainable direction.

**Morinaka** Among many insurance companies, Daido Life is one that has focused on insurance for SME owners, and most of its 370,000 customers are companies with five or fewer employees. For such companies, insurance is extremely important to protect the company and the livelihoods of employees and their families when the owner dies or becomes unable to work due to injury or illness. In Japan, when an SME receives a loan from a bank, the company management and the individual are one and the same, and the owner and the owner's family are required to be co-signers. It is said that this hinders the development of startups. With that in mind, we want to provide an environment where startups and SMEs can take on challenges confidently with the understanding that the essential function of insurance is "protection."

From Environment to Natural Capital

**Fuma** Insurance companies are the companies with the greatest sense of urgency about climate change. And in their role as a source of long-term financing, insurance companies have also become central players in creating a groundswell of climate change action. However, we should keep in mind that there's a growing movement that recognizes that climate change and decarbonization are no longer enough — we have to approach the issue as "natural capital," including biodiversity conservation. In addition, in Japan, there's a growing information gap on sustainability between large enterprises and SMEs. I would like to see T&D Holdings fill that gap, since as an ESG investor, you're in a position to quickly obtain global information on this issue, while at the same time you have an excellent channel to the SMEs.

**Morinaka** Yes, we're frequently asked to play that role. Especially for SMEs embedded in overseas supply chains, addressing sustainability is an existential risk, and we believe we have a responsibility to provide information to ensure that they are not cut out of the supply chain. We also believe that increasing the level of sustainability of SMEs is beneficial to us, as it leads to business stability.

Long-Term Funding to Support Social Business

**Morinaka** As a company entrusted with funds for 30 or 40 years, long-term investment is something we do better than banks. The Group's ESG investment balance has increased by about ¥100 billion every year to over ¥600 billion today, including the hydrogen power generation business, which emits no CO<sub>2</sub>, and green bonds. We would also like to use long-term funding to support social businesses that can't be part of our core business, so in June 2022, we established a corporate venture capital fund with a partner company with the goal of investing aggressively in startups with innovative technologies and ideas. This is directly related to the development of startup companies I mentioned earlier.

As an aside, at the fifth Nikkei Social Business Contest in 2021, which we co-sponsored, to my surprise, a team of high school students won the grand prize for developing an app that contributes to reducing CO<sub>2</sub> emissions by recording CO<sub>2</sub> emissions in a household account book as if it were a game. In addition to the brilliance of the idea, I was impressed that the members of Generation Z are so conscious and serious about the environmental issues, taking them as a crisis they will have to face.

**Fuma** With regard to non-environmental SDGs, Japan's Ministry of Health, Labour and Welfare has taken up the topic of "health and nutrition" in an effort to maintain Japan's universal health insurance system and prevent the collapse of medical care. The government has also issued alerts related to nutrition amidst climate change, the COVID-19 pandemic, and now the Russian/Ukrainian situation threatening food security. The Ministry has long been concerned about the negative impact of climate change on the health and nutrition of Japanese citizens, and is eager to share its awareness of the problem with the private sector and to enlist their help. Looking to the future, the deeper we dig, the more challenges arise. For companies like T&D Holdings that are in a position to view the sustainability of the world from a very long-term perspective, it's a moment of enormous risks and opportunities, and I hope T&D Holdings will exercise leadership on the "Creation of Shared Value."

**Morinaka** The number of people newly diagnosed with cancer decreased for the first time in 2020. This is attributed to the decrease in cancer screening visits due to the COVID-19 pandemic. We live in an era when cancer can be cured if it is detected early enough by annual cancer screenings. The decline rate of early-stage cancers that are less symptomatic and more likely to be detected by screening is usually greater than that of advanced cancers

that are discovered later through obvious symptoms. The Ministry is therefore encouraging cancer screening, and an increasing number of large companies are engaged in this kind of health and productivity management, but I think there are many SMEs where even the owners don't get medical examinations. Comparing cancer screening rates in Japan and the U.S., the U.S. rate is about 80%, while Japan's rate is about 40%. Just improving this figure alone would have an impact, so in terms of contributing to the health of everyone, we believe we can be of service in this area as well.

Taiyo Life also has a subsidiary called the Taiyo Life Aging Society Institute that investigates and researches social issues such as countermeasures to the declining birthrate and extension of healthy life expectancy, publishes its results, and develops them into insurance products and services. For example, walking speed gradually decreases with age, but it is now known that if a person's walking speed drops suddenly, the person may be at increased risk of mild cognitive impairment, a precursor to dementia. We utilized these results in our Taiyo Life health promotion app, which supports customers in improving various aspects of their health including walking and sleeping. In addition, Taiyo Life is developing products and services such as *Himawari Dementia Prevention Insurance* to help everyone live long and healthy lives in the era of the 100-year life.

Spreading Awareness of SDGs Management and Creation of Value

**Morinaka** By the way, do you have any advice on how to spread awareness of the Sustainability Statement throughout the Group?

**Fuma** Sustainability awareness is not something that can change dramatically over a few hours of training. DX should be used to maintain a constant flow of information, and it's also important that both management and in-house sales representatives on the front lines can explain the importance of sustainability in their own words, not someone else's. Also, since most employees will be passive at first, I think it's better to start by explaining sustainability in a way that is familiar to them, for example, and by giving them tips that they will be interested in and will want to pass on to the outside world.

**Morinaka** Indeed, if the motivation of employees increases and the number of employees who act autonomously increases, this will boost both productivity and profitability. To that end, we should continue to pursue becoming a good company that solves social issues, and

we should also keep this in mind when thinking about how we communicate with employees. Finally, do you have any thoughts to share with the Group?

Implementing the "Creation of Shared Value"

**Fuma** The results of sustainability initiatives are not immediately apparent, but it is important to accumulate them on a daily basis. I often refer to it as "the long journey." It's also a journey where new challenges arise endlessly. That journey has begun anew, but as we know, there's nothing more unsettling than a journey without a clear purpose and goal, and if stakeholders become unsettled, they're likely to leave. For T&D Holdings, it's a journey with four priority themes, on which I am privileged to give advice as the Company clarifies the direction and implements the "Creation of Shared Value" in this ever-changing business environment.

Finally, another major social issue that has emerged in the world is the division caused by inequality. There is wage inequality, employment inequality, and regional inequality, and Japan is not immune. As these disparities widen and become entrenched, various effects arise. I would like you to do some research on this matter as well.

**Morinaka** Thank you for your wide-ranging opinions and suggestions on the theme of solving social issues. The initiatives set forth in the Group Long-Term Vision are now in their second year of implementation and, with your help, are making steady progress. The points you've raised will help us improve our initiatives in the future. Meanwhile, together with our employees, we will strive to become a better company while taking care of our stakeholders. So, thank you for your continued guidance and support.



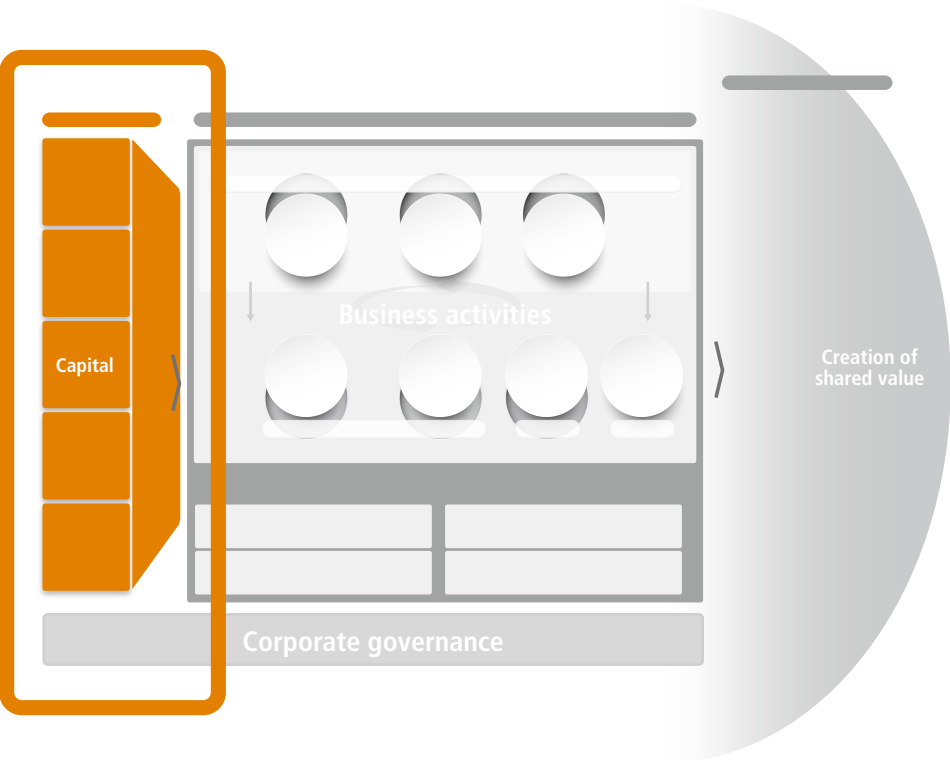




# CHAPTER 03

## Further Advancement of Capital and Risk Management

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



Competitive Advantage Source — (1)

### Financial Capital

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

#### Profitability Indicators (March 31, 2022)

Group Adjusted Profit  
**39.2** billion [¥116.0 billion]\*1

Adjusted ROE  
**2.7** % [7.8%]\*1

Value of New Business  
**¥116.9** billion

ROEV\*2  
**7.0** %

\*1 Figures in brackets exclude the impact of Taiyo Life's reinsurance  
\*2 Base excluding temporary valuation gains/losses, etc. related to Fortitude

#### Return to Shareholders (Fiscal 2021)

Adjusted DOE  
**3.5** %

Total Payout Ratio  
**183.9** %

#### Soundness Indicators (March 31, 2022)

ESR  
**236** %

T&D Holdings (consolidated)  
**1026.3** %

Taiyo Life  
**734.2** %

Daido Life  
**1203.8** %

T&D Financial Life  
**749.5** %

### Towards More Sophisticated Financial Strategy



#### We are working to further advance ERM and upgrade our capital management.

Message from the head of finance  
Hotaka Nagai  
Managing Executive Officer

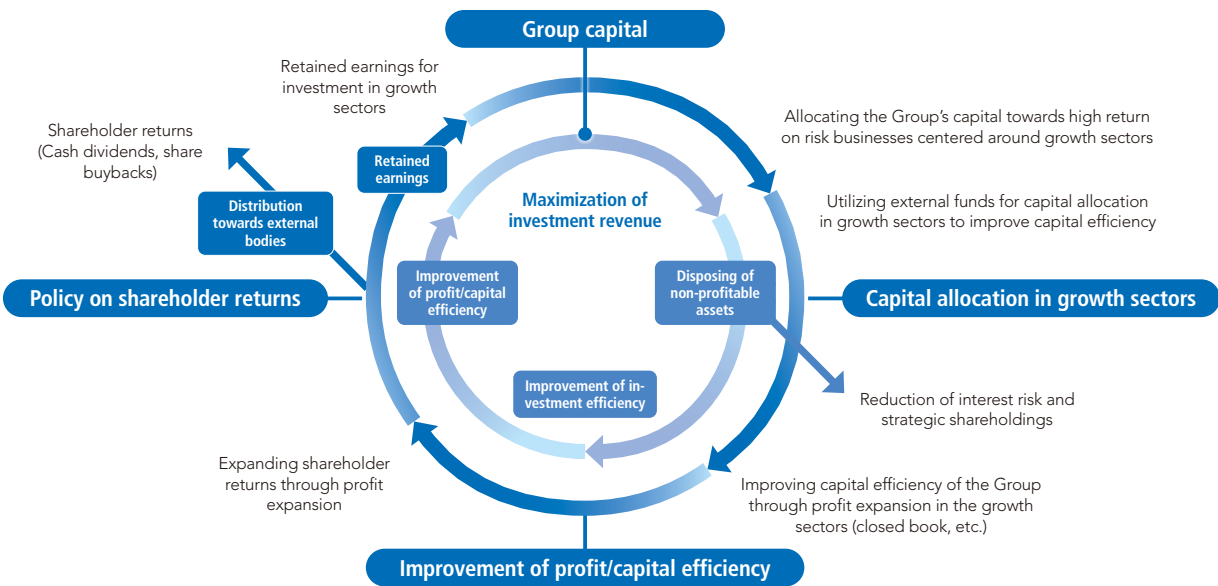
Improving capital efficiency is an important issue for increasing stock price, and is positioned as the most important theme in the Group Long-Term Vision formulated in fiscal 2021.

As Managing Executive Officer in charge of the Financial Strategy Department, I intend to contribute to the enhancement of corporate value by promoting the further advancement of ERM and capital management.

Capital management cycle

The key to improving capital efficiency, as set forth in the Group Long-Term Vision, is the implementation of the capital management cycle as shown below. By allocating stable profit and capital generated from our core life insurance business to growth sectors centered on the closed book business, we plan to enhance capital effi-

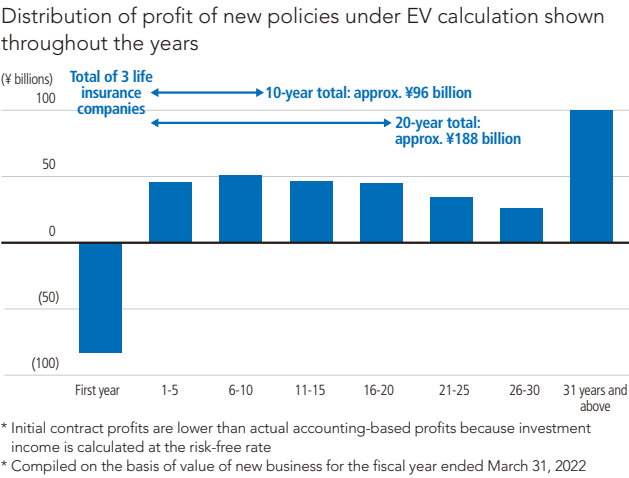
ciency through profit expansion in the growth sectors. It is also important to create a favorable cycle in which we boost shareholder returns with expanded profits as well as allocate retained earnings to further growth of the life insurance business and investment in growth sectors.



Profit improvement on an economic value basis

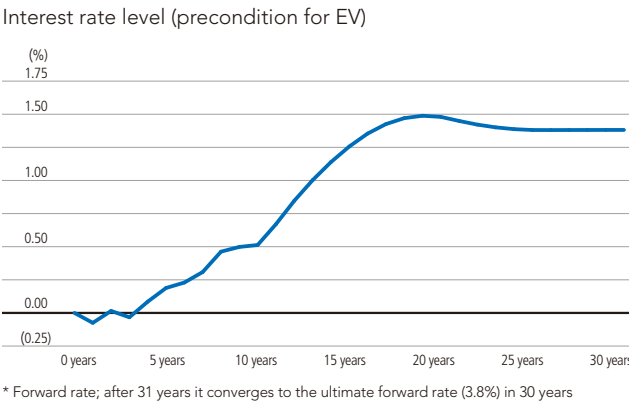
Along with the pursuit of profit on an accounting basis, the Group is focusing on increasing profits on an economic value basis, with particular emphasis on building up the value of new business, which is one of our financial KPIs. Due to the special characteristics of life insurance accounting, initial costs (provision of policy reserves, sales commissions, etc.) at the time of acquisition of insurance

policies can be a factor that drives down profit on an accounting basis in the first fiscal year of policies. However, from an economic value-based perspective, they are a source of future profits, and the stable accumulation of the value of new business each year will lead to the recording of stable profits in the future.



In addition, the investment yield should be evaluated on the basis of the overall yield, which takes into account not only realized gains and losses but also unrealized gains and losses, and ALM assets should be managed together with insurance liabilities.

In the previous fiscal year, Taiyo Life's reinsurance was recorded as a significant loss in terms of accounting-based profit, but had a positive effect on an economic value basis.



Management on both an economic value basis and a financial accounting basis

From a medium- to long-term perspective, profit on a financial accounting basis will converge with profit on an economic value basis, and increasing profit on an economic value basis will lead to higher financial accounting-based profit.

On the other hand, looking at our situation, the level of profit on a financial accounting basis remains low compared to indicators of profit on an economic value basis, such as

MCEV increase and value of new business. Recognizing that this is one of our important issues, the Group Long-Term Vision sets the Financial KPIs of value of new business on an economic value basis and ROEV as well as Group adjusted profit and adjusted ROE on a financial accounting basis, and implements both economic value-based and financial accounting-based management.

Improvement of adjusted ROE

The Group's policy performance in its core life insurance business has been strong amidst the COVID-19 pandemic, with a steady accumulation of policies in force.

By investing the profits generated from our life insurance business in growth sectors, we will strive to increase Group profits. The Group Long-Term Vision calls for investment in growth sectors, including the closed book business, which is expected to grow at a high rate. In the current fiscal year, the Group made an additional invest-

ment of ¥64 billion from Taiyo Life and Daido Life capital in Fortitude Group Holdings, LLC, a US reinsurance company. We will similarly invest capital in new businesses, such as CVC, to plant the seeds for future expansion of revenue sources.

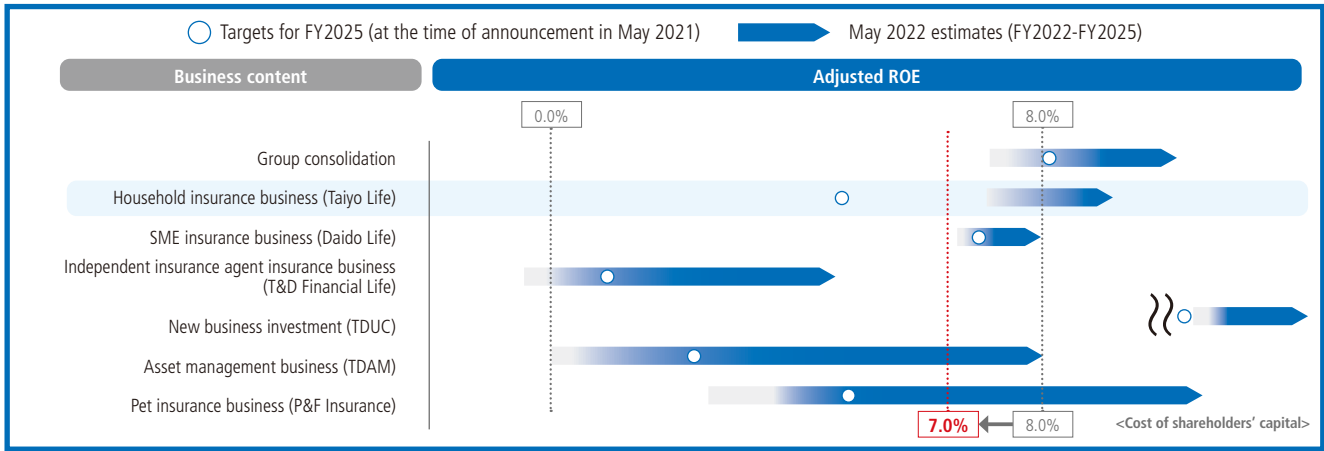
Through these efforts, we will achieve Group adjusted profit of over ¥130 billion yen, a KPI of the Group Long-Term Vision, and increase adjusted ROE.

Reduction of cost of capital

We recognize that reducing the cost of capital is also an important issue. Based on CAPM, we estimate the current level of our cost of shareholders' capital to be around 8%, and we are working to firstly reduce this level to 7%. In or-

der to reduce cost of capital, we will promote the reduction of investment risk based on ALM and the improvement of earnings stability by expanding insurance risk.



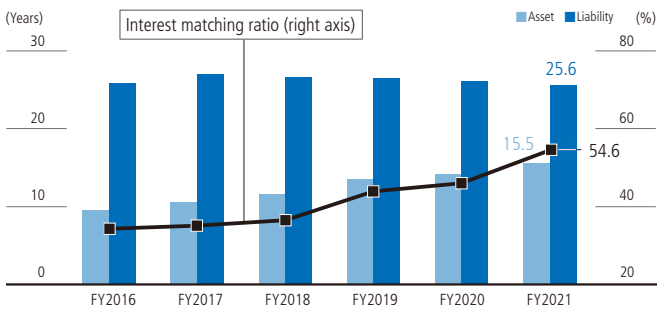


### Reduction of interest rate risk

To further enhance ALM, we intend to reduce interest rate risk. Specifically, Daido Life plans to raise its interest matching ratio to 60-70% by the end of March 2026, and to continue to reduce interest rate risk thereafter (Taiyo Life already has an interest matching ratio of around 70%). When the domestic interest rate level begins to rise, we will consider bringing forward the increase in the interest matching ratio or raising the target ratio.

While enhancing ALM, we make effective use of surplus capital and diversify investments in foreign currency denominated assets, equities, and the like to improve the expected return of the overall portfolio.

Daido Life's asset/liability duration and interest matching ratio

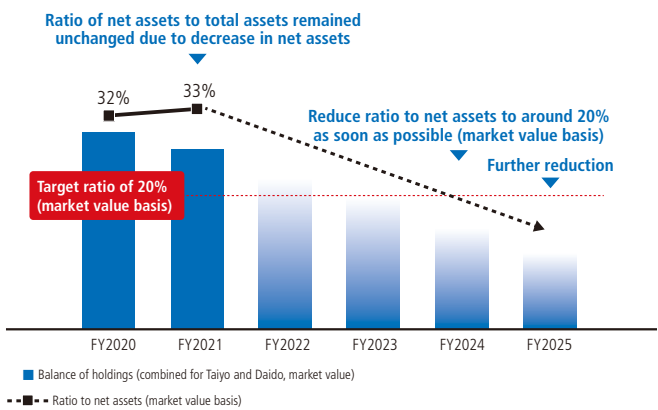


\*1 Only yen-interest assets are applicable. UFR has been applied from the end of March 2019.  
 \*2 Interest matching ratio is a monitoring indicator used within the Group to manage how asset/liability duration matches considering the amount.  
 $\text{Interest matching ratio} = (\text{Asset duration} \times \text{Asset present value}) \div (\text{Liability duration} \times \text{Liability present value})$

### Reduction of strategic shareholdings

Our strategic shareholdings policy is to reduce policy stockholdings to 20% of net assets as soon as possible after examining the purpose and effectiveness of each individual stock holding, and to further reduce them thereafter.

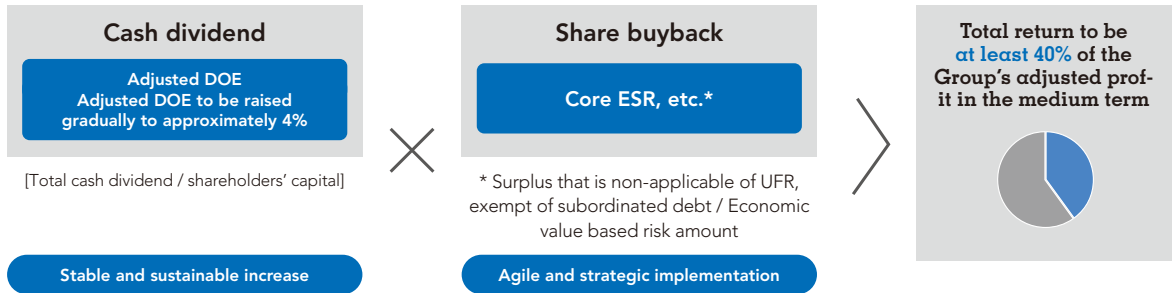
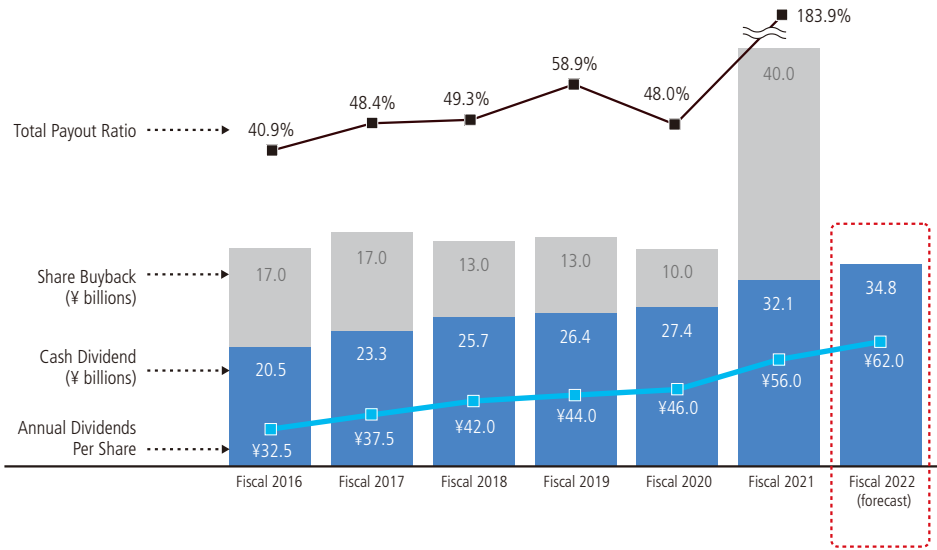
Changes in strategic shareholdings (listed) (market value basis)



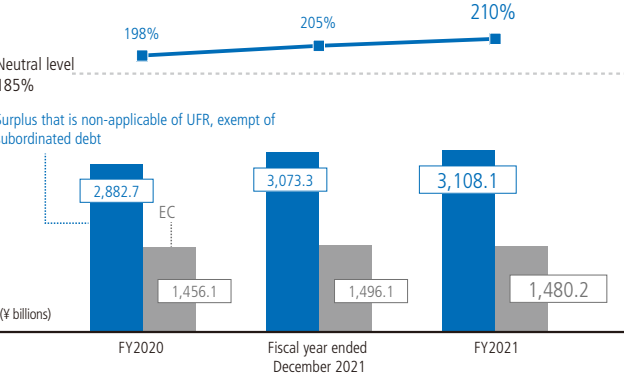
### Policy on shareholder returns

We will increase cash dividends steadily and sustainably under the policy of gradually raising the adjusted DOE to 4%. Share buybacks will be implemented agilely and strategically, taking into consideration capital adequacy, growth investment, stock price levels, and other factors.

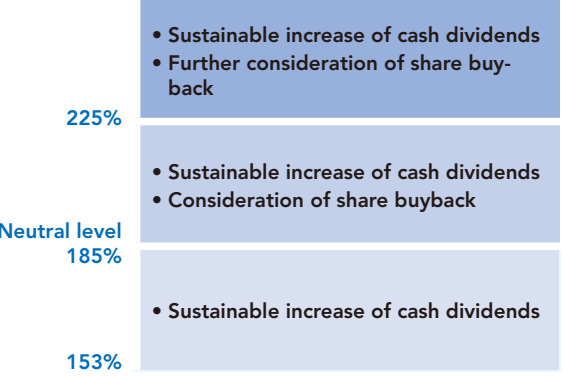
From the perspective of improving capital efficiency, our policy is to return unused capital to shareholders. In November 2021, we announced a ¥40 billion share buyback, our largest ever. We will continue to return profits to shareholders with an awareness of capital efficiency.



Status of Core ESR



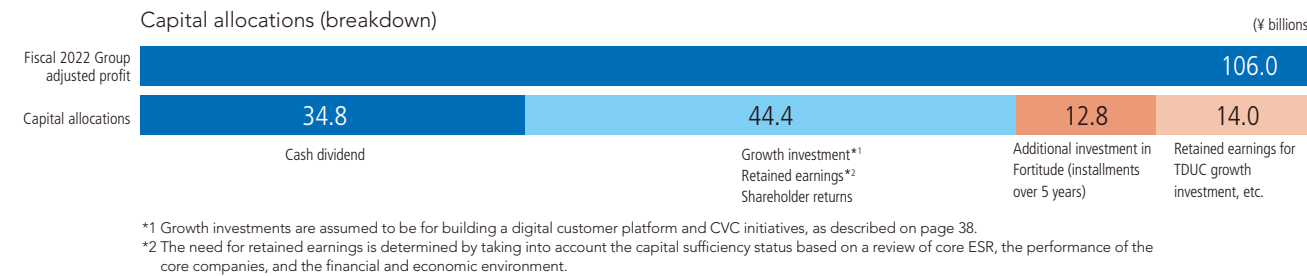
Relationship between core ESR and shareholder returns, etc.



Fiscal 2022 shareholder returns

The allocation schedule for the forecast of ¥106.0 billion of Group adjusted profit for the current fiscal year is shown in the figure. The amount excluding cash dividends, additional investment in Fortitude, and retained

earnings of TDUC is ¥44.4 billion. This ¥44.4 billion will be allocated to growth investment, retained earnings, and shareholder returns.



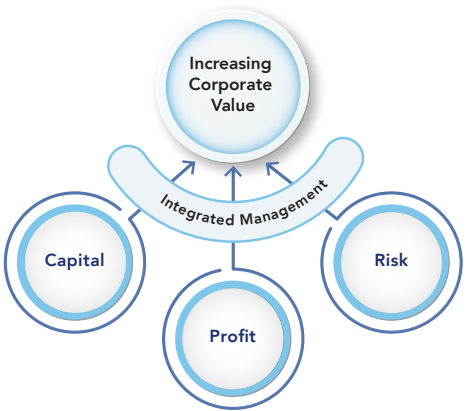
Dividends from subsidiaries

Dividends are paid out to the holding company by its subsidiaries after they retain the necessary amount of earnings in terms of their soundness. However, the holding company has no function of fund management; therefore, capital that has no clarified use at the holding company is reserved at the Group subsidiaries in view of

asset management efficiency. It is planned to pay out to the holding company once its purpose is fixed, such as growth investment and shareholder returns. Going forward, we will continue to optimize the ratio of remittance from the Group subsidiaries to the holding company in view of making effective use of the Group capital.

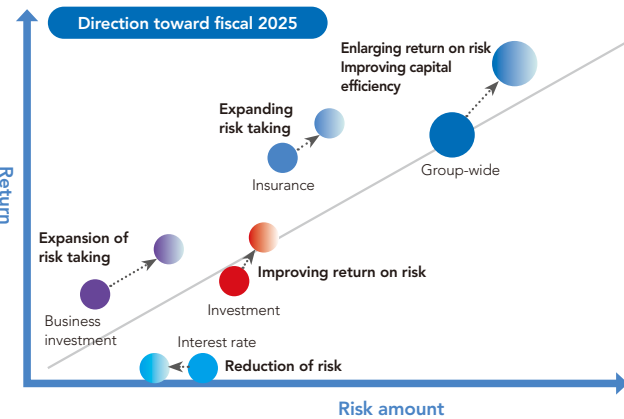
ERM (Enterprise Risk Management)

Enterprise risk management (ERM) is a strategic management method used to achieve managerial goals such as raising corporate value and maximizing earnings, through the integrated management of capital, profit and risk. It quantifies capital, profit, and risk on an economic value basis to make them “visible,” and by integrally managing them and making management decisions, it enables us to pursue profit by controlling soundness through a comparison between capital levels and risks.



Expanding return on risk

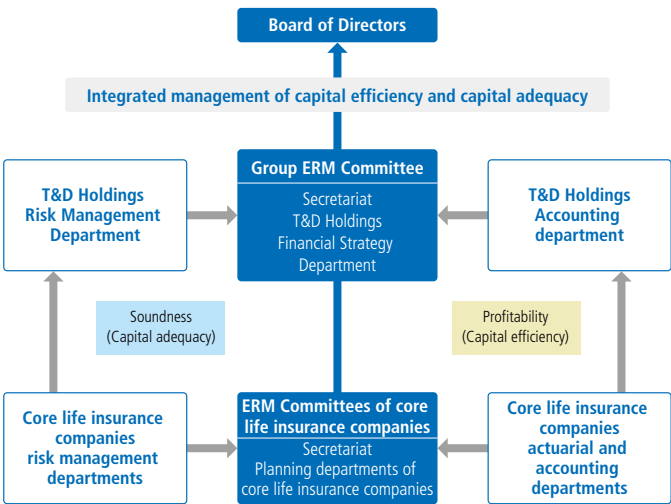
To improve capital efficiency, we monitor return on risk (ROR) by risk category and reflect the results in our risk-taking policies and other measures. The chart plots risk amount on the horizontal axis and return on the vertical axis for each category, and shows our direction toward fiscal 2025. While expanding categories with high ROR, such as insurance underwriting and business investments, we will promote risk reduction in categories with low ROR, such as interest rate risk and strategic shareholdings, in order to improve capital efficiency by expanding the Group's overall return to risk ratio.



Organizational Systems

In order to conduct ERM on a Groupwide basis, the Group has established the Group ERM Committee as a subordinate body under the direct control of the Board of Directors.

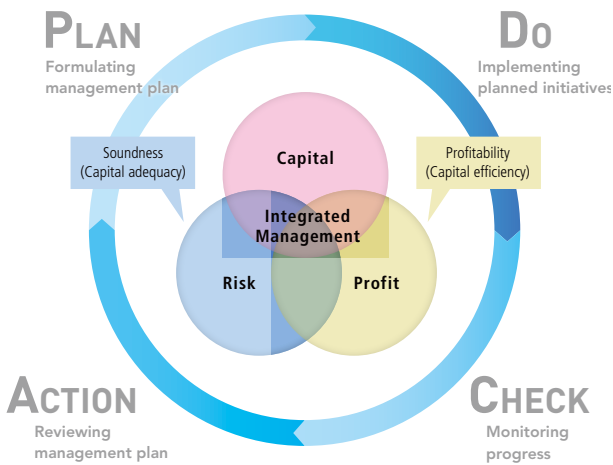
In addition, from the perspective of further evolving the management cycle cultivated through ERM, steadily implementing group capital management, and building a system to calculate and manage EV with consistency, some operations of the Group Finance & Accounting Department were transferred to the Group ERM Strategy Department and reorganized into the Financial Strategy Department.



PDCA Cycle

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

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



Group Risk Appetite

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

\* ESR = Surplus (capital) ÷ EC (risk)  
\* Core ESR = Surplus exempt of subordinated debt, and unrealized gains and losses on debts due to the application of UFR (capital) ÷ EC (risk)  
\* Adjusted ROE = Group adjusted profit / Average net asset balance  
\* ROEV = Amount of EV increase (excluding increases or decreases in capital, etc.) ÷ Average EV balance (Group basis)  
\* Core ROEV = (Value of new business + Expected earnings on the risk free rate) ÷ Average EV balance (Total of three life insurance companies)



Competitive Advantage Source — (2)

# Human Capital

The T&D Insurance Group considers human resources that work together to be the most important and greatest driving force for its business activities to realize the Group's corporate philosophy and aims to provide workplace environments that enable all people to participate actively.

Number of T&D Insurance Group employees (March 31, 2022)

Total: 19,645

Ratio/number of female managers\* (April 2022)

19.3% 456

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

Number of in-house sales representatives (March 31, 2022)

Taiyo Life: 8,534  
Daido Life: 3,699

Employee satisfaction\* (fiscal 2021)

T&D Holdings: 4.11

Taiyo Life: 3.60

Daido Life: 3.88

T&D Financial Life: 3.67

\* Five rated evaluation

Ratio/number of employees with disabilities\* (March 31, 2022)

2.54% 376

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

Number of employees taking childcare leave\* (fiscal 2021)

Female: 381 Male: 82

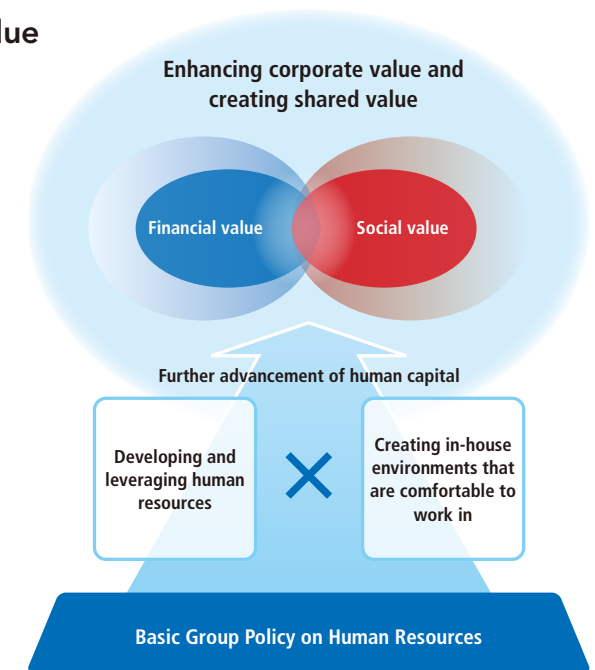
\* Total number of Taiyo Life, Daido Life and T&D Financial Life

## Toward Further Advancement of Human Capital

### Toward Developing and Leveraging Human Resources that can Create Shared Value

With the formulation of our Group Long-Term Vision (Try & Discover 2025) as a start, we have amended our Basic Group Policy on Human Resources to clearly demonstrate again our universal idea not influenced by environmental changes and what we aim to be in terms of human resources. The Group positions human resources as the most important and greatest driving force for its business activities to realize the Group's corporate philosophy: with our 'Try & Discover' motto for creating value, we aim to be a group that contributes to all people and societies. We have also established the basic policies for our human resources management.

In addition, one of our sustainability priority themes is "to provide workplace environments that enable all people to participate actively." The Group will continue these efforts based on the belief that the growth and increased satisfaction level of employees will lead to the enhancement of corporate value and creation of shared value.



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

## Developing and leveraging human resources

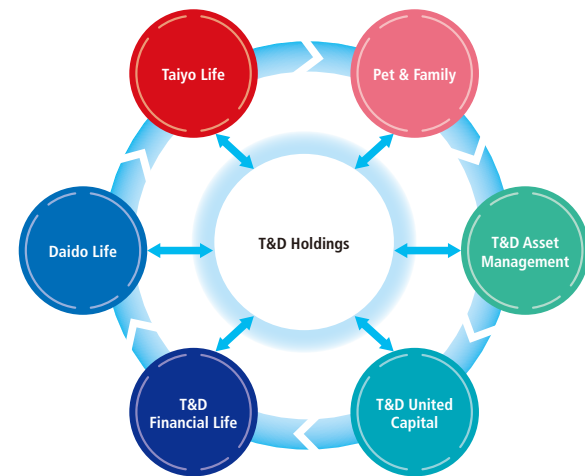
### Planned human resource rotation

In order to help enable each employee to fully demonstrate their unique capabilities, the T&D Insurance Group assigns suitable human resources based on each employee's career mindedness, capabilities, and appropriateness in response to the human resource assignment needs for achieving the business strategies of the Group itself and each Group company. In addition, based on the medium- to long-term perspective, we also rotate human resources in order to develop suitable future leader candidates who will ultimately help to drive the growth of each T&D Group company.

• We strive to help our young employees acquire basic knowledge and improve their skills by transferring them between our head office and branches during a certain period after they start working for us and also switching their work between sales and administration. We also strive to improve the management capabilities of our managers by appointing branch managers who have experience working as head office managers, by transferring branch managers to the head office, and by taking similar actions. In addition, we develop personnel equipped with specialized knowledge by assigning them to highly specialized departments based on their career goals and basing their training on development plans created separately for each type of business experience and division.

• To develop human resources to handle the management of the T&D Insurance Group—which includes various companies—and expand the population of such human resources, we promote job mobility within the Group, including the transfer of employees from each Group company to T&D Holdings as well as the exchange of human resources within the Group.

Job mobility within the Group (transfers and human resource exchange)



### Action to provide growth opportunities

The T&D Insurance Group strives to develop autonomous human resources that possess a high degree of integrity (honesty, sincerity, and high principles), are flexible enough to accept changes in society and diverse values, possess a global perspective, sincerely pursue initiatives related to their business based on an understanding of the Group's future course, think for themselves, take active steps, and can therefore achieve the results expected of them.

• The T&D Insurance Group provides education and training based on the following pillars: OJT (on-the-job training), group training, personal development support, and reskilling/relearning. In addition, we support the self-directed career development of each of our

employees, including active support to help employees acquire qualifications as well as in-house recruitment and support for employees who want to take on the challenge of studying languages abroad.



### Initiatives to achieve the active participation of diverse human resources

By accepting the diversity of human resources and fostering a sense of inclusion, the T&D Insurance Group builds a corporate culture of mutual trust, gratitude, and respect between employees with the aim of enabling employees to experience a sense of pride and responsibility as members of the Group.

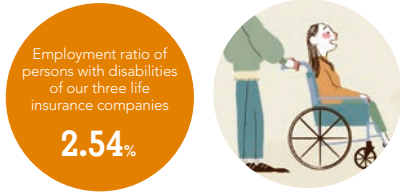
### Promotion of the active participation of women

The T&D Insurance Group knows that the ability of women to further demonstrate their capabilities is essential for sustainably increasing the Group's corporate value, and we therefore recognize the active participation of women as a key management issue. Based on this awareness, our three life insurance companies pursue initiatives aimed at the planned development and promotion of human resources to managers while also revising their personnel and compensation systems and introducing various support systems, including childcare and nursing care.



✓ **Employment of persons with disabilities**

To create a workplace that is comfortable for employees with disabilities to work in, we are striving to develop suitable workplace environments and expand employment opportunities for diverse persons with disabilities.



✓ **Active participation of older workers**

Due to the extension of the healthy life expectancy as well as lifestyle diversification, Taiyo Life and Daido Life have introduced a mandatory retirement age of 65. Each of our three life insurance companies has also introduced a re-hiring system for people of retirement age. In addition, from the standpoint of promoting 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.

Creating an in-house environment that is comfortable to work in

■ **Initiatives aimed at health and productivity management as well as supporting the raising of the next generation**

The mental and physical health of employees and their families is the foundation on which we strive to achieve the T&D Insurance Group's Corporate Philosophy and continuously pursue growth, so we aim to build an environment that enables our employees to vigorously work without worry.

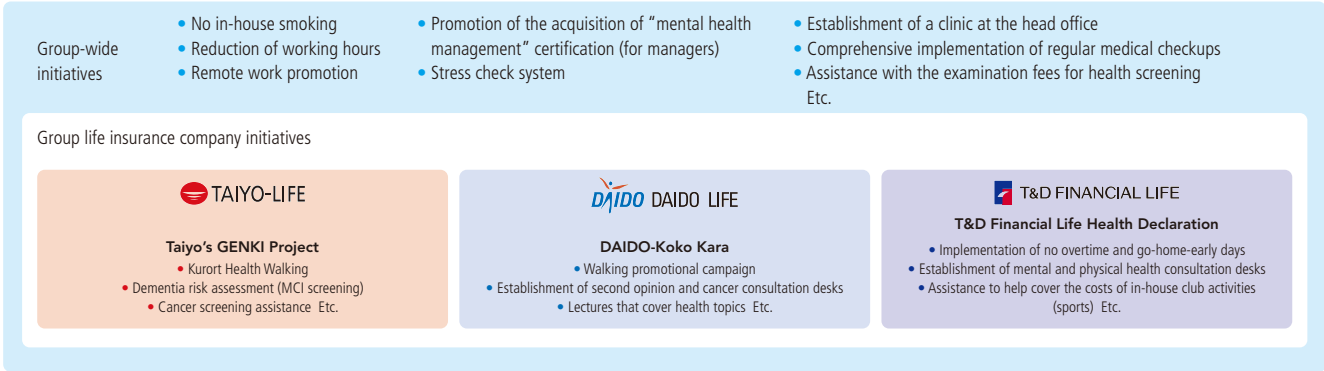
✓ **Health and productivity management**

Taiyo Life, Daido Life, and T&D Financial Life have been approved as Certified Health and Productivity Management Outstanding Organizations (White 500) (with Taiyo Life and Daido Life in particular earning this certification for six consecutive years) under a certification system

organized by the Ministry of Economy, Trade and Industry (METI) for companies that practice health and productivity management for employee health promotion.



T&D Insurance Group initiatives



✓ **Supporting the raising of the next generation**

In response to the enforcement of the Act on Advancement of Measures to Support Raising Next-Generation Children in April of 2005, the T&D Insurance Group formulated a unified action plan and is striving to promote the expansion of childcare support systems for employees as well as work-life balance.

Each T&D Insurance Group company also actively supports the participation of men in childcare, and—as

a Group that supports childcare, including 100% of male employees taking childcare leave—we have obtained Platinum Kurumin certification.



■ **Initiatives to apply employee feedback**

The T&D Insurance Group promotes the creation of an open corporate culture in which every employee is satisfied with their job, motivated to achieve personal growth in order to contribute to the Group's growth, and able to fully demonstrate their abilities.

✓ **Employee satisfaction survey**

Our human resources are one of the most important driving forces enabling the stable and sustainable growth of T&D Insurance Group companies, and we therefore consider improving both the satisfaction and motivation of our employees to be essential for achieving our various measures.

In order to encourage the self-motivated independent action of employees by ensuring job satisfaction for them, we conduct a survey that is focused on employee satisfaction—one of our non-financial KPIs—and covers the

employees of our directly owned subsidiaries, including the three life insurance companies.

Results of the employee satisfaction survey for each Group company (fiscal 2021)

T&D Holdings	4.11
Taiyo Life	3.60
Daido Life	3.88
T&D Financial Life	3.67
Pet & Family	3.98
T&D Asset Management	3.55

\* Each question has five options (with a maximum score of 5.0 to a minimum of 1.0)

Risk Management of Human Resources

■ **Preventing bribery and corruption**

The T&D Insurance Group states the following in the T&D Insurance Group Compliance Code of Conduct: "We shall work to prevent corruption in our relationships with business counterparts, civil servants, and other parties by refraining from providing or receiving any business entertainment within reasonable bounds under normal social conventions as well as refraining from giving or receiving gifts in connection with our business activities worldwide."

In addition to preventing bribery, we ensure thorough awareness by all executives and employees to help prevent corruption. This includes measures against money laundering and preventing the misappropriation and diversion of funds by using such means as a compliance program and compliance manuals. Bribery and corruption are also stipulated as extremely malicious and severely impacting criminal statutes subject to disciplinary action. All scandals (and concerns over possible scandals), including bribery and corruption, are reported to the Board of Directors.

In addition, for a new business investment, checks from

the perspective of preventing bribery and corruption are added to the risk assessment and subjected to an appropriate review.

As of fiscal 2021, no scandals or legal disputes related to bribery or corruption have occurred.

Excerpt from the T&D Holdings Compliance Manual  
Risks Related to Bribery and Corruption

In today's world, bribery and corruption impede the development and economic growth of the country or region in which they occur. Bribery and corruption not only have an undue negative impact on poor regions, but they also give rise to serious legal and reputational risks for companies. Many of the acts that involve corruption, such as bribery, are not only illegal in the place where a company performs them, but there is an increasing number of cases where these acts are also illegal by the laws of the home country of the company. As regards reputational risks, even if a company is judged to not be involved with corruption by the final judgment of the court concerned, there are many cases in which the reputation of the company has been damaged merely because it was suspected of corruption. A company must also pay attention to the fact that they not only take responsibility for their own actions but also for the actions of any agents that are conducting business on their behalf in other countries.

■ **Internal reporting system**

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

ployees in the Group. The T&D Insurance Group Helpline accepts, through an external reporting company, reports of compliance issues, violations of internal rules (including suspected violations), and actions that may damage the credibility or reputation of the Group.

✓ **T&D Insurance Group Helpline**

The T&D Insurance Group Helpline has rules in place that prohibit any disadvantageous treatment of whistleblowers who use the helpline. We strive to build an effective system for internal reporting by enabling whistleblowers to make reports by phone or online through an external reporting company and make reports anonymously. The reports and the results of the investigations into them are

then reported to the Audit and Supervisory Board and to management.

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

FY2019	258
FY2020	320
FY2021	309

\* The number of reports above includes inquiries about the system as well as reports of workplace issues that are difficult to consult superiors over, such as complaints or dissatisfaction.



Employee Dialogue

Providing Human Resources Development Programs and Enhancing Corporate Value

In order to create a corporate culture where a diverse workforce can feel job satisfaction and reach their potential, the T&D Insurance Group provides a variety of opportunities to improve skills and an environment where individuals can advance their careers.



**Hiromu Nakayama**  
T&D Holdings  
Business Development  
Department  
(T&D United Capital)  
Joined in 2017

**Ryo Ogawa**  
Taiyo Life  
Field Education Division,  
Sales Department  
Joined in 2015

**Yui Oki**  
Daido Life  
Human Resource Training Division,  
Human Resource Development  
Department  
Joined in 2013

**Kenichi Tachibana**  
T&D Financial Life  
Product Planning Division,  
Product Department  
Joined in October 2018  
(mid-career hire)

**Ogawa** I work in the Field Education Division of Taiyo Life, where my main duties include training for SS (sales staff) assistant managers (employees responsible for training the in-house sales representatives) of all branches across Japan, online training for in-house sales representatives at all branch offices, and preparation of various materials related to these training programs.

**Tachibana** I work in the Product Planning Division at T&D Financial Life, where I'm involved in the development of new products and the revision of existing products for financial institutions and independent insurance agents (insurance shops that handle products from multiple insurers). Specifically, we research market trends, come up with ideas for new products, plan products, promote sales, follow up after sales launch, and manage progress.

**Nakayama** I was transferred to T&D United Capital from the Business Development Department of T&D Holdings,

and I am currently working on the launch of our new closed book business. The closed book business acquires and consolidates blocks of policies in force ("closed books") of products that other insurance companies have stopped selling and monetizes them by increasing their value. In simple terms, it's a reinsurance business. Specifically, I'm involved in managing the investment portfolio of Fortitude Group Holdings, LLC., our affiliate that specializes in closed book business. In this role, I'm absorbing know-how, studying the development of the closed book business in Japan, and working to develop new investment opportunities.

**Oki** I work in Daido Life's Human Resource Training Division, where I'm in charge of managing training programs for agency sales representatives, mainly of tax accountant offices, and operating an on-the-job training system for sales representatives. Also, since Daido Life dropped individual goals and changed them to team

goals, we're conducting training and awareness surveys associated with this switch.

— What human resource development programs do you use?

**Ogawa** Taiyo Life prioritizes the training of young career-track employees, and as part of this policy, they can study at business school through an open application process. I took advantage of the program to attend a critical thinking course to improve my business skills. I feel that learning together with people outside the company gave me a very valuable opportunity to come into contact with various opinions and ways of thinking.

**Tachibana** I took the same critical thinking course as Mr. Ogawa. It's a short three-month course aimed at teaching you the skills to encourage behavioral changes in others by clearly articulating the issues at the heart of problems faced in the workplace and explaining them in a logical manner. As Mr. Ogawa said, it was a very intense experience where you're actively learning together with people outside the company.

**Oki** I entered the company as a "locally-based employee (area career-track)," which does not involve nationwide relocation. I worked in agency sales for 8 years, and in my 9th year I took advantage of the "Career Challenge System." As I explained earlier, in the Human Resource Training Division, I take on the challenge of supporting branch offices standing in the completely opposite position when compared with the past. I was also responsible for training junior staff at the branch office, but even though I could tell them a few things based on my past successes, my existing skills were limited when it came to motivating the junior staff members individually. That's why I decided to take advantage of this program, because I thought it would be a good experience to work at the head office, where I could learn from multiple perspectives.

**Nakayama** For my first three years in the company, I was responsible for training in-house sales representatives at a branch office of Taiyo Life, and then I transferred to my current department, where I'm involved in the closed book business. Since we're building the business ourselves, there's no special training program; it's based on self-study and on-the-job training. We have teleconferences with our overseas corporations two to three times a week, so communication in English is essential. At the time my English was not fluent, so my boss had to help me for a while. Meanwhile, I attended an English language training program and honed my English communication skills.



And since I had no knowledge of investment and investment management, I also started studying to become a securities analyst. I've learned legal and other practical matters related to M&A through practice. Now that I've been assigned to my current department, there are lots of learning opportunities in addition to on-the-job training.

— How do you apply what you've learned in your work?

**Ogawa** After taking the critical thinking course, I got into the habit of constantly questioning what the true issue is and thinking deeply about the nature of things. In our training for SS assistant managers across Japan, I ask them to get to the essence of things and to stick to what the issue is and what is important to solve it. One of our most important tasks is to analyze sales data and use it to drive subsequent results. In doing so, I've become very conscious of "missing the forest for the trees" to avoid into such a situation, which is to say, not seeing the whole or the essence because one is too caught up in the branches and leaves.

**Tachibana** Adding to what Mr. Ogawa just said, I learned the importance of prioritizing and addressing the various challenges that we face every day, and organizing what my argument is and the reasoning behind it in a way that is mutually exclusive and collectively exhaustive, and communicating it in a way that is convincing from the other party's point of view. In particular, the Product Planning Division does not start until the other party makes a move. Therefore, whether it's oral explanation or document preparation, I think attending the course helped me a lot to start thinking about things from the standpoint of the other party, imagining the situation of both sales side and consumer side, what is of most interest to them, and how to convey our suggestions.

**Oki** While working in my current department, I began to learn about coaching, including acknowledgment skills, and I think my teaching skills have improved. When I worked in agency sales at the branch office, communication between myself, the agency, and future customers was all one-on-one communication. In other words, I didn't have to listen to the opinions of various people, I just had to think about the person in front of me. However, head office operations are completely different, and basically communication is one-to-many. No matter what measures you take, you need to listen to opinions from a variety of people. In these non-one-on-one communications, people tend to be overwhelmed by differences in opinions and positions and lose sight of the purpose of the meeting or training. In such situations, I've gradually learned how to clarify the purpose of what I'm trying to do and communicate with each person face-to-face.

**Nakayama** At first, I was worried about communicating in English, but now that I use English every day, I'm able to use it in my work. My skills in examining investment opportunities have also gradually reached a level where I can apply them to my work thanks to the help of senior staff who have a wealth of knowledge and expertise.

Unlike the rest of you, I'm in a situation where there are no junior colleagues in my department to teach. Can you give me some advice on how to deal with junior colleagues in the future when I'm in a position to teach them?

**Oki** First, as I mentioned earlier, I try to listen to the other person's ideas first, rather than imposing my own, which is my natural tendency. Another piece of advice is to thank them when they do something for you and apologize when you make a mistake. Also, instead of reacting negatively when they fail, I try to react positively, by finding and praising the good things. For example, I'll say, "It was good up to this point, but next time, let's watch out for this, and try to improve that."

**Ogawa** I try to approach them with the attitude of "let's



work hard together," treating them as equals rather than my juniors. I value our attitude of proceeding with matters through consultation rather than one-way commands.

**Tachibana** My previous job was in sales at a bank, and I came to my current department after working in sales at our company. I feel that these experiences have given me strengths in certain areas, but I treat both my seniors and juniors with the understanding that they have various experiences and strengths that I don't have. In other words, I try to build a relationship in which we can say anything to each other with no division between seniors and juniors so that we can take advantage of each other's experiences and learn from each other.

**Nakayama** Your comments are very helpful, thank you.

— **What kind of career development do you have in mind for the future?**

**Ogawa** Recently, I was involved in launching a new Taiyo Life sales office, and in support of this, I was sent to recruit and train in-house sales representatives for three to four months. This reminded me once again that I feel fulfilled when I can contribute to the growth of our in-house sales representatives. In my current department, I'm developing my own sales skills while fostering the employees in charge of training the in-house sales representatives. Also, in my critical thinking class, I learned how to communicate to others. Eventually, I would like to experience being a branch manager so that I can use these skills more in practice, especially in training the branch's in-house sales representatives. After that, I envision a career plan in which I would return to the Sales Department and contribute to improving the training level of in-house sales representatives on a company-wide basis.

**Oki** I intend to use the multifaceted perspective I developed at the head office to help foster junior staff. I've always been impatient by nature, and when junior staff asked me, "What's this? What should I do next?," I tended to respond, "Do this, do that, do that," rather than teach them. However, as a result of my experience working at the head office, instead of giving one-way instructions to junior employees or imposing my own ideas on them, I've begun to focus on eliciting what problems they're struggling with and how to solve them. If the opportunity arises, I hope to experience head office work outside of my current department, and eventually, as a manager, contribute to the creation of an organization where junior staff can freely demonstrate their abilities and achieve self-fulfillment.

**Tachibana** I still feel a gap with my boss in skills such as getting buy-in from various people to achieve objectives, encouraging others to change their behavior, and getting



them to take action. To close this gap, I would like to actively apply what I learned in the critical thinking course, hone my skills in management work, and build a solid foundation for career advancement.

**Nakayama** I would like to get the greatest possible advantage out of this opportunity I've had to gain valuable experience in a highly specialized department at a young age. On top of that, if I have an opportunity, I would like to experience overseas investment management, and in the future, I would like to be in charge of the investment management department. For the time being, however, I'm focused on making the new business of closed books one of the Group's profit pillars, while learning more every day through my work.

— **What other programs are necessary for the sustained growth of the Group?**

**Oki** I would like to see more Group-wide exchange programs and training. It's been 10 years since I joined the company as a new graduate, but when I talk with mid-career recruits during the training, I sometimes feel that my perspectives and insights are narrow. When I first joined the company, we had one or two days of joint group work with Taiyo Life during the new employee training, and I remember thinking that it was a good learning experience because the company cultures were quite different. Since we are Group companies, we should have the opportunity to incorporate each other's good points and suggest points that need to be improved. When I took advantage of the Career Challenge System, it broadened my horizons immediately. Also, here at this roundtable discussion, I feel I've learned a lot about Mr. Nakayama's closed book business, and I've become familiar with the work of T&D Holdings. I think more exchanges between Group companies and departments would strengthen the Group's sense of unity.

**Ogawa** After interacting with people from different

industries and departments at the business school, I felt that interaction between Group companies is significant in the sense of having a balanced mindset that is not biased toward the thinking of our own company or department. At the same time, it fosters a competitive spirit, which I think is very important for our growth as a Group.

**Nakayama** In my department, there are people with various experiences such as Daido Life, Taiyo Life, and the outside world. In addition, I have exchanges with many different departments, and I'm fortunate to learn a lot. As you all said, I think that interaction within the Group is important when we consider the growth of the Group.

**Tachibana** It would be great if we could plan "hands on" training programs across the Group, regardless of whether you are a salesperson or office worker. It would be place where participants actively put the information and knowledge shared there into practice in the field and meet regularly to exchange information on their progress and reflections. Moreover, since we're in an era in which we must develop high value-added products and innovative sales methods in order to survive, it seems to me that it's becoming more and more necessary to cultivate autonomous and specialized employees who can think and act on their own initiative and have strengths in specific fields. It's important to cultivate employees who can learn, act, and communicate independently, rather than waiting for instructions. In that sense, I think we should enhance the Career Challenge System. I also think we need to create a system in which career counselors assist individual employees in formulating their career visions. It would provide opportunities and venues for employees to take stock of their career to date, identify challenges and strengths, and think about where they want to be in the future.





## Competitive Advantage Sources — (3)

# Intellectual Capital

The T&D Insurance Group is developing valuable products and services based on abundant data accumulated until now and collaborations with companies from different industries.



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

For more details, please refer to Characteristics of the T&D Insurance Group on page 14 and 15.



## Innovative products and services through collaborations with companies from different industries



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

For more details, please refer to page 36 and 37.



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

## Towards Further Advancement of Intellectual Capital

### Initiatives aimed at utilizing digital technologies

To achieve further DX (digital transformation) acceleration, the T&D Insurance Group formulated its T&D Insurance Group Digital Vision in August of 2021. In addition, we established the Group DX Promotion Committee in April of 2022 to enhance our DX speed and agility as well as our governance.

We hope to pursue initiatives aimed at transforming

the Group by utilizing advancing digital technologies as well as data owned by the Group and promoting a unified Group-wide DX approach aimed at creating experience value for each of our customers.

Taiyo Life is already taking steps to shift to hybrid-style sales utilizing digital data, including *Sma-Hoken*. Similarly, Daido Life is substantially improving insurance functions

by using digital technologies and considering future-oriented insurance underwriting. Daido Life has also started to provide the Dodai? web service, which enables business owners to communicate with each other, and is providing support to help resolve social issues faced by

SMEs.

At the same time, we are taking steps to develop human resources and cultivate a culture aimed at promoting DX while also building reliable systems for supporting DX promotion.

### Conduct of Daido Life Survey

Daido Life has been conducting the Daido Life Survey in the hope of contributing to the sustainable development of SMEs every month since October of 2015. This questionnaire-based survey targets SME business owners throughout the country and asks them about issues that include business sentiment and management issues (number of responding companies: around 10,000).

This unfiltered feedback from business owners is then compiled into a report and distributed all over the country to provide management tips, and the report is also made available to the general public. The survey has also

been the subject of increasing attention in recent years, including the introduction of the survey results by various media outlets as well as the introduction of the survey in the White Paper on Small and Medium Enterprises in Japan (2021 and 2022 editions).

Daido Life Website  
**Daido Life Survey (Japanese)**  
\* Previous reports can be available on Daido Life's website.



### Activities of Taiyo Life Aging Society Institute

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

of 2022, we started conducting joint research on cancer and lifestyle disease prevention in collaboration with Ajinomoto Co., Inc. by utilizing Taiyo Life's employee checkup data, blood amino acid concentration profiles, and other information. In addition, in June of the same year, during joint research we were conducting with MCBI, we learned that Taiyo Life employees in their 70s to 80s, who have been conducting sales activities for us for many years, have a lower risk of dementia than general individuals in the same age bracket, and we thereby confirmed that long-term activities such as walking, thinking, and conversing might reduce the risk of dementia.

## Risk Management of Intellectual Capital

### Initiatives on Cyber Security and Information Leakage

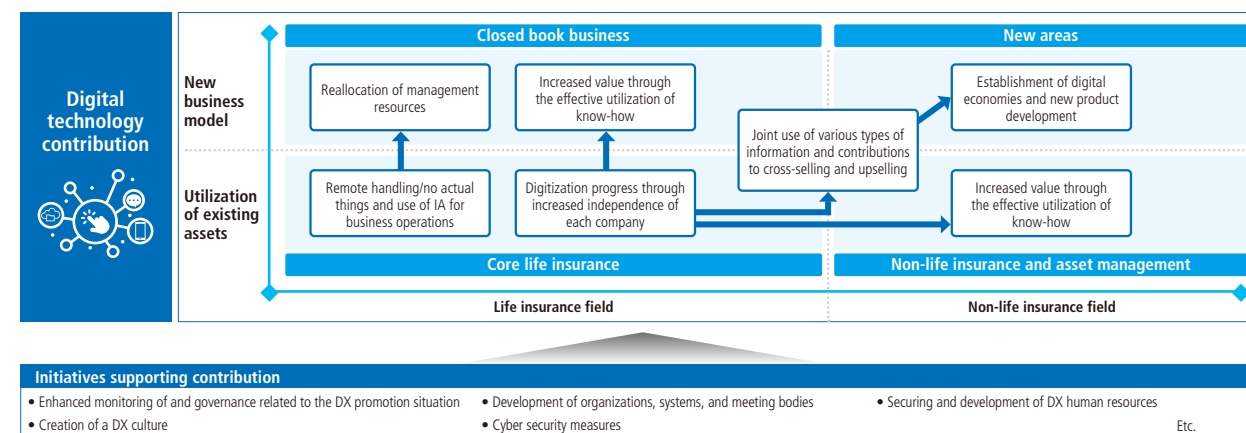
The T&D Insurance Group recognizes both the advancement of intellectual capital and the protection of information assets from cyber attacks and similar crimes as high-priority management issues, and—to fulfill our social responsibilities as a company engaged in life insurance business and the like—we have formulated our Group Information Security Policy and Rules on the Group's Cyber Security Management and made engagement in cyber security mandatory for all executives and employees.

\* For more details, please refer to Corporate Governance on page 78.

In addition, we have been recognized for the above initiatives, and, in the 2021 Cyber Index Corporate Survey released by the Information Technology Federation of Japan on November 30, 2021, we were selected as one of 42 companies that serve as a role model for others due to their outstanding stance on dealing with cyber security and disclosing information.



\* Source: 2021 Cyber Index Corporate Survey (Japanese)  
<https://www.itrenmei.jp/topics/2021/3700/>



## Competitive Advantage Sources — (4)

# Social and Relationship Capital

The T&D Insurance Group is working on the creation of shared value by providing customers with valuable information, services, and products as well as by collaborating with agents and tie-up organizations.

## Customer Satisfaction (fiscal 2021)

Taiyo Life Overall satisfaction level **91.9%**

Daido Life Overall satisfaction level **81.1%**

T&D Financial Life Satisfaction level at the contract signing stage **98.0%**

## Number of Agents (March 31, 2022)

Daido Life Approximately **15,000**

T&D Financial Life **186**

## Number of Policies in Force / Number of Corporate Clients

(March 31, 2022)

Taiyo Life Number of policies in force Approximately **7.8 million**

Daido Life Number of corporate clients Approximately **370,000**

T&D Financial Life Number of policies in force Approximately **400,000**

## Dialogues with Companies in Equity Portfolio (from July 2021 to June 2022)

Taiyo Life **46** companies T&D Asset Management **237** companies

Daido Life **86** companies

## Towards Further Advancement of Social and Relationship Capital

### Providing Customers with Valuable Information, Services, and Products

#### Taiyo Life

Taiyo Life endeavors to promptly deliver products to customers that respond to the social situation and current needs, including protection from dementia and the COVID-19 pandemic. In addition to providing insurance products, we also provide services related to early detec-

tion and prevention of dementia and critical diseases as well as health promotion services in order to help our customers lead long, healthy lives. Going forward, the Company will continue with its efforts to respond to the extension of the healthy life expectancy, a major social issue.

#### Dementia and Disease Prevention Services

##### Dementia Prevention Service

MCI Screening Plus to assess signs of Mild Cognitive Impairment (MCI), a known pre-dementia stage



##### Disease Prevention Service

Amino Index® Risk Screening, which offers one-stop evaluation of the risk of future strokes, myocardial infarction, or diabetes, etc.



##### Health Promotion

Taiyo Life Health Promotion App, which supports customers' health promotion in various ways, such as walking, sleeping, and brain training



#### Special Internet Services for Customers

- Expansion of Taiyo Life My Page users to include not only policyholders but also insured persons, their registered family members, and others
- Ability to confirm insurance contract information and view various procedures and digitized insurance certificates via My Page

#### Visit Services

##### Kaketsuke-Tai Service

Upon the request of our customers, our in-house staff visit them to provide support related to the claim procedures for benefits, etc.

##### Senior Visit Service

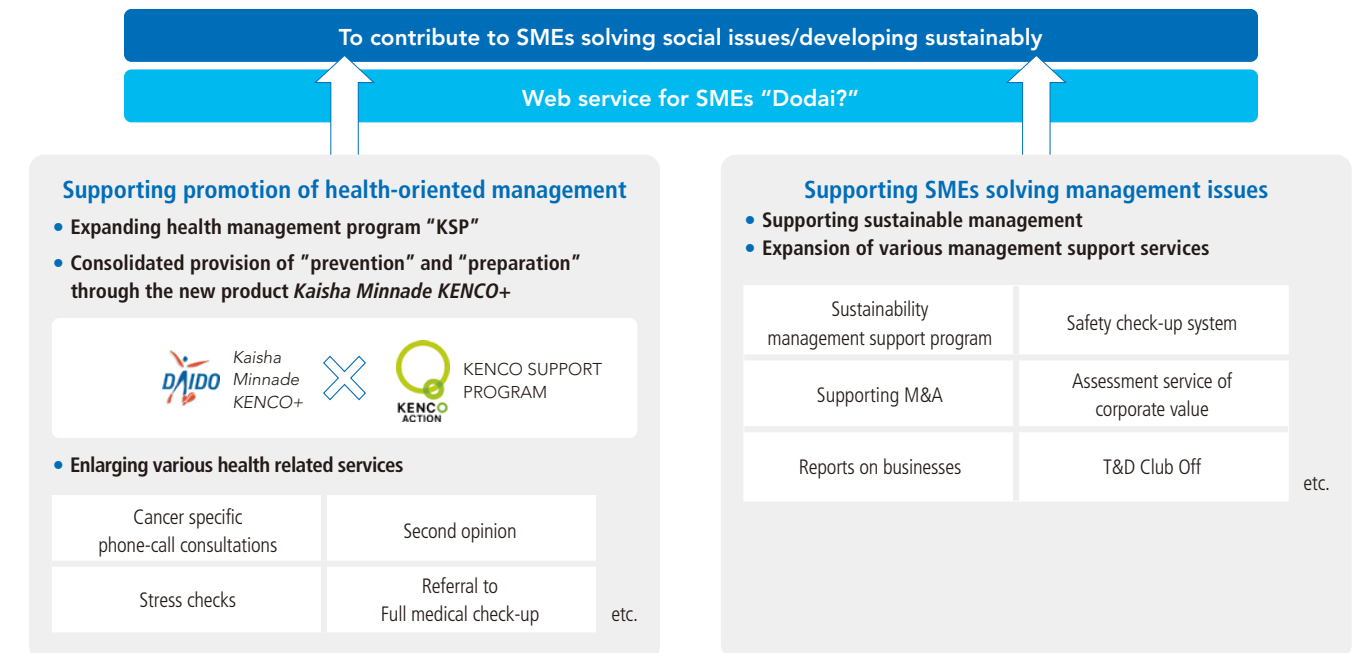
One annual visit to senior customers Support aimed at ensuring that customers claim all relevant benefits, etc., including explaining contract details to them and regularly checking whether they have been hospitalized or undergone surgery



#### Daido Life

Daido Life has a comprehensive lineup of products for protecting SMEs, and we provide a full range of protection that includes not only conventional death benefits but also disability benefit insurance, etc. We are also expanding our range of solutions for providing support related to resolving social issues faced by SMEs, including health-oriented

management, the SDGs, and DX, and we are aiming to contribute to the sustainable growth and development of SMEs more greatly. We are centrally providing these solutions through our SME web service Dodai?, which we introduced in March of 2022.



To continue to strengthen/expand the lineup, thereby expanding the areas in which we can fulfill our role.

#### New product Kaisha Minnade KENCO+

##### Concept

A new type of insurance that integrated "prevention" of illness and "reserves" after retirement



**Feature 1** Extensive coverage with rational and inexpensive premiums that "prepares for various risks" of all the people in the company

- Covers "death" "disability" and "critical illness" with one insurance policy



**Feature 2** Health-promoting type of insurance that "promotes health-oriented management" amongst all members of the company

- Integrated KENCO SUPPORT PROGRAM (KSP) that supports health management of a company with coverage
- If the "average steps taken per day is/more than 8,000 steps," premiums payment for the following year will be discounted
- Targeted steps will be shared among the company and members will be able to have fun while participating in health-oriented management

**Feature 3** With "easy administration," customer can take out the insurance whenever, wherever.

- Application can be done whenever, wherever from the customer's smartphones/PCs.
- Insurance that is easier to take out compared to past products with product-exclusive declarations and underwriting standard.

\* "Health-oriented management" is a registered trademark of Nonprofit Organization Kenko-kei.

#### New service SMEs ecosystem "Dodai?"

##### Our thoughts behind the naming

We aimed to come up with a name that fosters casual, vigorous, frank and flat communication amongst management from all over Japan, coming together and transcending boundaries to share their thoughts.



**Feature 1** Trying out (supporting service)

- Introduction of various management/health support services provided by Daido Life with examples

**Feature 2** Learning (examples/webinars)

- Contents of articles that include examples taken from management and various webinars

**Feature 3** Consulting (community)

- Exchanging information related to management issues among the management/ providing opportunities for network building




T&D Financial Life


T&D Financial Life is developing insurance products in line with the needs of customers, including *Shogai Premium World 5* and the *hybrid series*, as interest in independent asset formation and health management increases to


prepare for the Centenarian Age. In addition, we provide optimal solutions through support to facilitate the healthy and abundant lives of our customers.


Foreign exchange rate-linked whole life insurance

  
Shogai Premium World 5

New products Variable insurance (the hybrid series)

  
Hybrid Tsumitate Life

  
Hybrid Asset Life

  
Hybrid Anshin Life

Services	Health Counseling and Health Support Service	Nursing Care and Dementia Support Service	Family Registration Program
Overview	• The M3 Patient Support Program, a health counseling and health support service provided by M3, Inc.	• Kaigo Concierge, a nursing care and dementia support service provided by internet infinity Inc.	• Inquiries about policy details, various document requesting, and other procedures by registered family members by proxy
Specific examples	Ask Doctors	Telephone and email-based counseling	Inquiries about policy details
	Free nurse advice (patient supporter)	Facility introduction and inspection session arrangements	Order of claim forms
	Multiple opinion	Care manager referrals	Proxy claim
	Best doctor selection	Dementia prevention tool	

Cooperation with Sales Agents and Cooperating Organizations

Sales Agent Training Program

At Daido Life, the head office and branches work together closely to provide high-quality support for sales agents by assisting them in responding to customers' diversified needs. As part of these efforts, the company develops programs to offer practical training, using its own e-learning materials and practical guides to help sales agents acquire broad knowledge on the compliance and insurance business.

Business Partner Meetings

Daido Life has entered into partnerships with SME industry associations as well as the professional organizations of tax accountants and has built a sales structure aimed at offering applicable life insurance products tailored to the needs of various member companies and the clients of those member tax accountants. Because these partner organizations and agents are key stakeholders of Daido

Life, the company holds regular meetings with its partners to report the latest business developments and to hear their views on Daido Life's business operations.

Wholesaler Activities

T&D Financial Life carries out elaborate support activities for its sales agents, such as financial institutions, through its sales staff assigned to assist sales agents (wholesaler) in order to enable them to make the best possible proposals to customers. In addition, to win the trust of customers and sales agents, T&D Financial Life provides practical skill development training to sales staff to deepen their knowledge of not only insurance but also other financial products, overall asset management, related laws and regulations, and systems as well as to improve their presentation skills for accurately explaining features of our products to customers and sales agents.

Investing to Help Build a Sustainable Society

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

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

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

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

Risk Management of Social and Relationship Capital

Initiatives to Respond to Customer Feedback

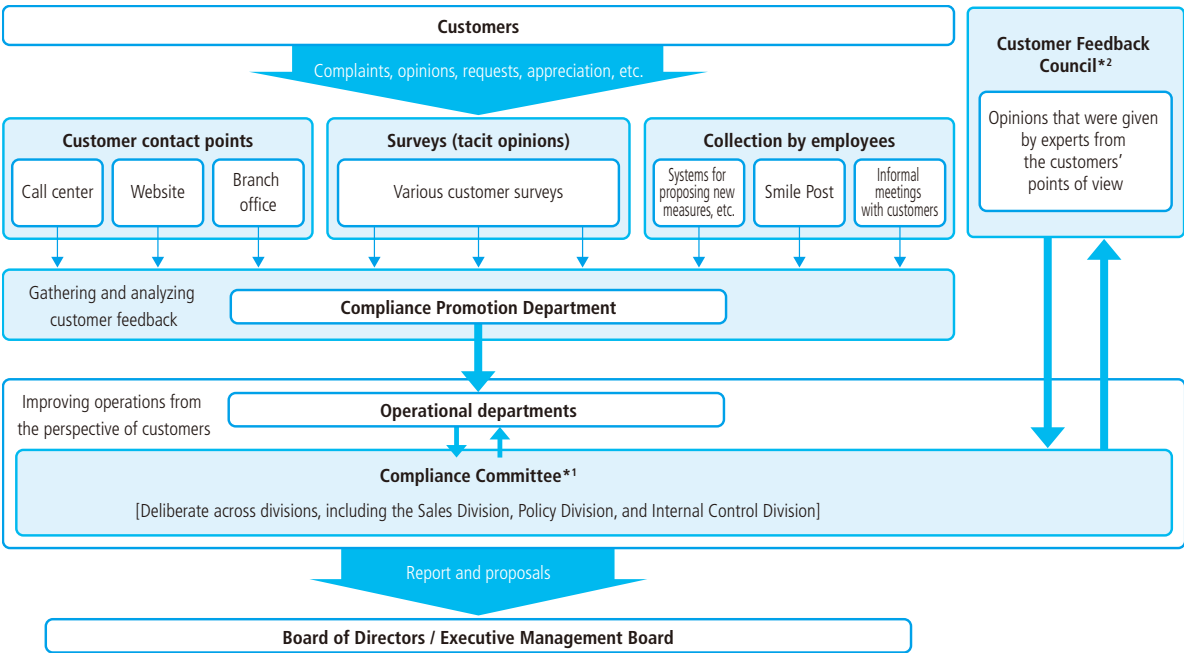
Customer Feedback Collected from Daily Sales Activities

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

System to Reflect Customer Feedback in Operations

The Group's three life insurance companies have set up dedicated departments and committees that include external members to oversee our customer-oriented business operations. We have built a comprehensive system for ensuring customer satisfaction at all stages of interaction with customers, from making contracts to payment of insurance claims and benefits, based on our customer-oriented business operation policy and specific guidelines for the amelioration of customer complaints. All the feedback collected from customers is input into a centrally managed database and shared by the relevant units for the development and quality improvement of products and services, as well as for the improvement of business practices.

System for Reflecting Customer Feedback in Operations (Illustration is an example from Daido Life)



\*1 Compliance Committee  
We established the Compliance Committee to further promote our corporate motto of customer-oriented corporate activities and to develop and establish a Company-wide attitude of compliance promotion. In addition to continuously verifying all processes from insurance solicitation to payments from the perspective of customers, the Compliance Committee submits reports and proposals for improvements to the Board of Directors and the Executive Management Board.

\*2 Customer Feedback Council  
The company has established the Customer Feedback Council in order to utilize the insights of outside experts in sound business operations from the perspective of customers. The Customer Feedback Council monitors the situation with business operations related to improving customer service and reviews the adequacy and effectiveness of the content of deliberations by the Compliance Committee.

Customer Complaints

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Taiyo Life	5,657	6,557	6,023	6,660
Daido Life	10,164	7,809	6,181	5,965
T&D Financial Life	1,162	1,231	886	867

# Natural Capital (Action for the TCFD)

The T&D Insurance Group has enacted “T&D Insurance Group Environmental Policy” to clearly demonstrate its commitment to the environment, and we strive to achieve sustainable growth along with society while also fulfilling the public mission of life insurance and other businesses as well as our corporate social responsibilities.

## Disclosure of climate-related financial information based on the Task Force on Climate-related Financial Disclosure

The Task Force on Climate-related Financial Disclosure (TCFD), which was established by the Financial Stability Board (FSB) and published in June of 2017, has formulated a proposal on how to consistently disclose climate-related financial information in order to make clear comparisons related to risks and opportunities pertaining to the effects of climate change. Climate change is a global issue that has a major effect on the lives of people due to how it is changing the world’s economic behavior as well as society. The T&D Insurance Group has endorsed the TCFD proposal, and we actively strive to disclose easy-to-understand climate-related financial information.

CO<sub>2</sub> Emission Volume (Fiscal 2021)

75,072t

Office Paper Consumption (Fiscal 2021)

96.7t

Electricity Consumption (Fiscal 2021)

96,000MWh

Green Purchasing Ratio (Fiscal 2021)

92.6%

## Towards Further Advancement of Natural Capital

### Governance

#### Monitoring by the Board of Directors

- 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 as well as measures related to the global environment and social issues.
- The Group SDGs Committee—which is chaired by the Representative Director and President, who also serves as the chairperson of the Board of Directors, and consists of directors and general managers in charge of each Group company’s sustainability/CSR departments and investment management departments—establishes our basic policies related to SDGs and other global environment and social issues as well as our goals and measures for handling climate change. Under the supervision of the Board of Directors, the committee monitors the situation of our initiatives twice per year and reports its findings to the Board of Directors.
- The Board of Directors established the Climate Change Risk Subcommittee as a subordinate body of the Group SDGs Committee. The purpose of the Subcommittee is to support the SDGs Committee in formulating policies

and considering actions related to climate change by investigating and reviewing the status of climate change risks and the necessary responses and then reporting these to the SDGs Committee and offering proposals. The Subcommittee consists of the persons in charge (section managers) of the planning, risk management, and asset management departments at Group companies.

#### Role of the management

- The Company has established the Executive Management Board, comprising the Chairman, the President, the Vice President and executive officers in charge of specified areas of operations, for the purpose of deliberating important matters related to management of the Group. The Executive Management Board receives detailed reports on all policies and measures regarding the global environment and social issues that are deliberated at the Group SDGs Committee. Important matters are also deliberated at the Executive Management Board, and the results thereof are reported to the Board of Directors.

### Strategies

To verify the effects on the Group of various climate change risks (physical risks\*1 and transition risks\*2), we have implemented the scenario analyses below.

\*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 actions of government, corporations, and consumers in the process of carrying out the transition to a low carbon/decarbonized society (through a significant reduction of greenhouse gas emissions)

Scenario analyses: what the world looks like under each scenario

1.5°C scenario world	4°C scenario world
<p><b>Assumptions</b> Strict measures are taken against climate change. By the end of the century, the average annual temperature will increase by between 1.0°C and 1.8°C.</p> <p><b>Overview</b> ► Due to the rise in average temperatures, natural disasters become more frequent and intense. (However, the impact is kept below a certain level.) ► Strict measures to combat global warming increase business costs for each company. ► Technological innovation progresses (and new players emerge) in support of low or net-zero carbon emissions. ► Reallocation of investment away from companies that are unable to support low or net-zero carbon emissions.</p> <p><b>Reference scenarios</b> Scenarios related to transition risks based on RCP2.6 and the disorderly and orderly categories of the NGFS</p>	<p><b>Assumptions</b> No measures are taken against climate change beyond the current status quo. By the end of the century, the average annual temperature will increase by between 3.3°C and 5.7°C.</p> <p><b>Overview</b> ► Due to the large rise in average temperatures, the impact of frequent and intense natural disasters becomes significant. ► Sea level rise, storm surge, flooding, and heavy rainfall have a significant impact on coastal areas. (A review of lifestyle and BCP is also necessary. The companies face increased business costs.) ► Reallocation of investment away from companies that are vulnerable to natural disasters.</p> <p><b>Reference scenarios</b> Scenarios related to transition risks based on RCP8.5 and the hot house world category of the NGFS</p>

### Physical effects caused by a rise in average temperature (1.5°C scenario < 4°C scenario)

#### Acute

- Frequent and intense natural disasters such as typhoons and floods.
- The number of injuries and fatalities due to natural disasters increases due to an increase in extreme weather events such as typhoons and floods.

#### Chronic

- Changes in rainfall and weather patterns, rising average temperatures, and rising sea levels.
- Increasing average temperatures lead to an increase in the number of heat stress deaths and heat stroke patients.
- The risk of contracting an infectious disease increases due to the expansion of the habitats of disease vectors.

### Impact of the transition to a society with low or net-zero carbon emissions (1.5°C scenario)

#### Policies, laws, and regulations

- Tighter regulations on greenhouse gas (GHG) emissions and the introduction of a carbon tax. Expanded disclosure requirements (increased business costs for companies).

#### Technology development

- Progress in reducing the carbon footprint of existing technologies and the introduction of new technologies such as renewable energy, storage batteries, and electric vehicles.
- While some companies emerge and grow by seizing new business opportunities, others have been unable to respond to low or net-zero carbon emissions measures and fail.

#### Changes in investor behavior

- Reduced investment and lending to companies that cannot comply with regulations, companies that cannot exit from existing GHG emissions businesses, and companies that have recorded fossil fuels as stranded assets. Expanded investment and financing to companies that contribute to low or net-zero carbon emissions.



## Scenario analysis: impact on the Group and countermeasures

		1.5°C scenario	4°C scenario
Physical risks	Impact on underwriting profitability	<ul style="list-style-type: none"> <li>► Increases in the number of heat stress deaths and heat stroke patients.</li> <li>► Both of these increases will be gradual over a long period of time, which will limit their impact on underwriting profitability.</li> <li>► This will be addressed by conducting an appropriate review of premium rates.</li> </ul>	<ul style="list-style-type: none"> <li>► Significantly higher average temperatures will lead to larger increases in heat stress deaths and heat stroke patients than under the 1.5°C scenario.</li> <li>► Both of these increases will be gradual over a long period of time, but will be larger than under the 1.5°C scenario.</li> <li>► We will address this by conducting a more detailed review of premium rates to avoid a significant negative impact on underwriting profitability.</li> </ul>
	BCP response	<ul style="list-style-type: none"> <li>► A business continuity plan has been established at another site in case a major disaster causes a disruption to the functions of critical sites.</li> </ul>	<ul style="list-style-type: none"> <li>► To address the increasing intensity of natural disasters, we will use hazard maps and similar tools to assess the risk level of our business sites, relocate important sites, establish backup sites, and implement remote decentralization measures using IT as appropriate.</li> </ul>
Transition risks	Impact on asset management income	<ul style="list-style-type: none"> <li>► In the medium-term, up to the middle of this century, some industries will be significantly affected by tighter regulations on GHG emissions, the introduction of a carbon tax, the replacement of old technologies with new low or net-zero carbon technologies, and changes in consumer values and behaviors.</li> <li>► To avoid damage to asset management income from the impact on the investees and borrowers of the Group, we will work as appropriate in accordance with the Principles for Responsible Investment (PRI) through the promotion of investment and financing activities to businesses and companies that contribute to the transition to a society with low or net-zero carbon emissions, for example renewable energy businesses, and through engagement with existing investees.</li> </ul>	<ul style="list-style-type: none"> <li>► The medium-term impact on the investees and borrowers of the Group will be smaller, since there will be no sudden changes in the environment expected in the 1.5°C scenario.</li> <li>► However, in the long-term time horizon up to the end of the century, it is assumed that the increase in average temperatures and the intensification of natural disasters will have a significant negative physical impact on each company's business activities.</li> <li>► In order to avoid damage to our asset management income, we will avoid or withdraw investment and financing to firms with significant physical risks.</li> </ul>

Reference data: physical risks: Climate Change Adaptation Information Platform, transition risks: NGFS and Bank of England scenarios

## Scenario analysis: Group's business opportunities

- Changes in the morbidity rate and average life expectancy associated with the progress of global warming are expected to give rise to needs for protection (involving death, annuities, and medical care) against emerging risks. There are opportunities to expand net sales of the insurance business, by expanding and providing a wider scope of protection in order to meet such emerging needs.
- As the reduction of GHG emissions progresses, the Group, as an institutional investor, has opportunities to enhance the value of investment assets and expand investment returns stably over the long term, by investing and lending to expanding clean energy development and energy conservation businesses, and by owning and managing real estate (such as office buildings) with superior environmental performance.
- The Group also has opportunities to expand its business domains and earnings as a business operator, rather than as an institutional investor, by developing or entering into new business domains related to the mitigation of and adaptation to climate change.

## Indicators and Goals

- The Group establishes its environmental protection-related targets and is working on initiatives to achieve them in its daily business activities. The four targets are “to reduce CO<sub>2</sub> emissions,” “to reduce electricity consumption,” “to reduce office paper consumption,” and “to improve the green purchasing ratio.” Progress toward the achievement of these targets is measured semi-annually, and disclosed in various reports and websites.
- As for CO<sub>2</sub> emissions, Scope 1 (direct emissions from the Company), Scope 2 (indirect emissions via the purchase of energy including electric power), and Scope 3 (indirect emissions via other corporate activities including procurement of materials, transport, and disposal) are measured and disclosed on a continuous basis.
- The Group is working reducing CO<sub>2</sub> emissions with an achievement deadline of FY2025, targeting a 40% reduction (Scope 1 + 2; compared to FY2013; per unit of floor space).
- In addition to our Scope 1 and 2 emissions, we are aiming to achieve net zero emissions inclusive of the in-

vestees and borrowers of the Group and lending targets (Scope 3: category 15) by fiscal 2050.

- As for the target to reduce electricity consumption, targets for the five-year periods from FY2008 and FY2013 were both achieved. Efforts are underway to achieve the target for the next ten-year period from FY2018. In addition, we are a member of the global initiative RE100, that aims to procure 100% of the electricity used in business activities from renewable energy sources,

and we are aiming to procure all of our electricity from sources of this type by fiscal 2050. To achieve this goal, we have set an interim target of 60% of electricity consumption to be derived from renewable energy sources by fiscal 2030.

- As for the target to reduce office paper consumption, the target for the five-year period from FY2014 was achieved. Efforts are underway to achieve the target for the next five-year period from FY2019.

## Risk Management of Natural Capital

## Risk Management

## Risk identification and assessment process

- The Group exhaustively classifies the risks it faces through use of a risk profile, with a view toward dealing with increasingly diverse and complex risks. Risks are listed exhaustively by risk category. The Group then identifies and assesses these risks, and prioritizes initiatives by considering factors such as each risk's significance, potential impact, and current status of control, which are then reflected in management plans, as necessary. The Group registers climate change-related risks on the risk profile as critical risks to be managed, and scrutinizes, identifies, and assesses these risks. Climate change-related risks are identified and assessed as insurance underwriting risk, asset management risk, operational risk, reputational risk, and risks that may have broad-based impacts on overall management.

## Risk management process

- In order to identify and grasp newly emerging risks, as well as changes in risks that have already been identified, a review of the risk profile is carried out twice per year, and reported to the Group Risk Management Committee and the Board of Directors.
- During our risk-profile-based Company-wide risk identification and evaluation process, we manage climate change-related risks from the perspectives below.

## Management of climate change-related risks

(1) Physical risks

- The Group considers to mitigate deterioration of underwriting profitability through reinsurance and other means, along with large-scale disaster risks (insurance underwriting risks).
- The Group monitors existing products and implements countermeasures, including product revisions, as necessary.

**(2) Transition risks**

- The Group engages in investments and borrowings, taking into account climate change-related risks based on the Principles for Responsible Investment (PRI).
- The Group monitors trends in economic policies, laws, and regulations, and share the information across the Group, through the Group SDGs Committee and the Group Management Promotion Committee. Measures are taken to ensure that the Group responds to such trends in a sufficiently effective manner at the level expected of a listed company.

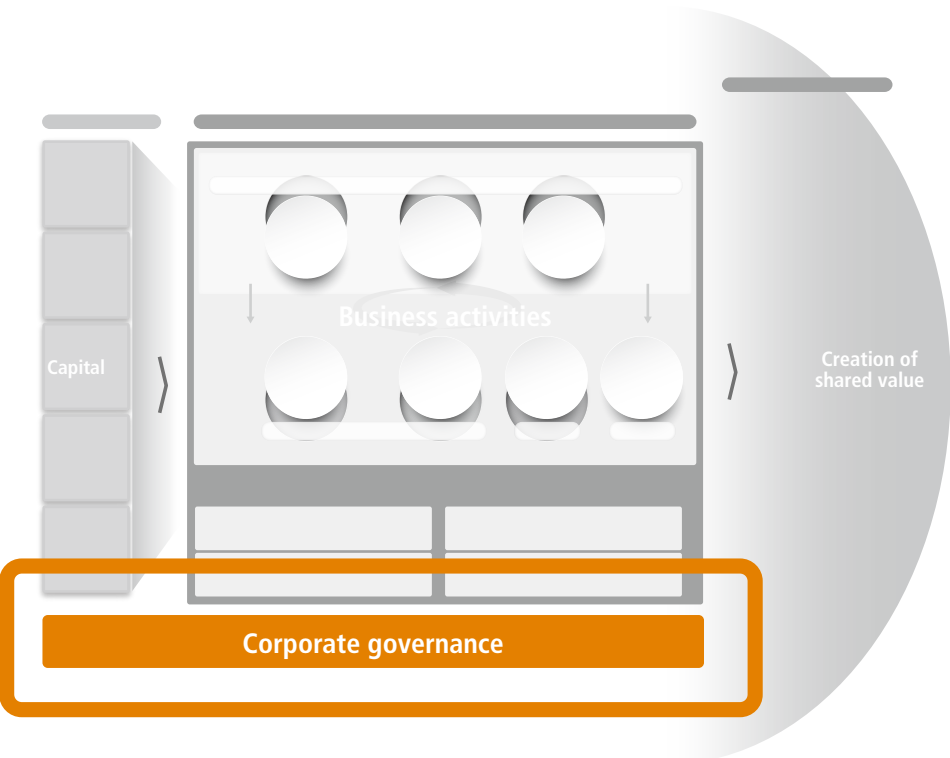




# CHAPTER 04

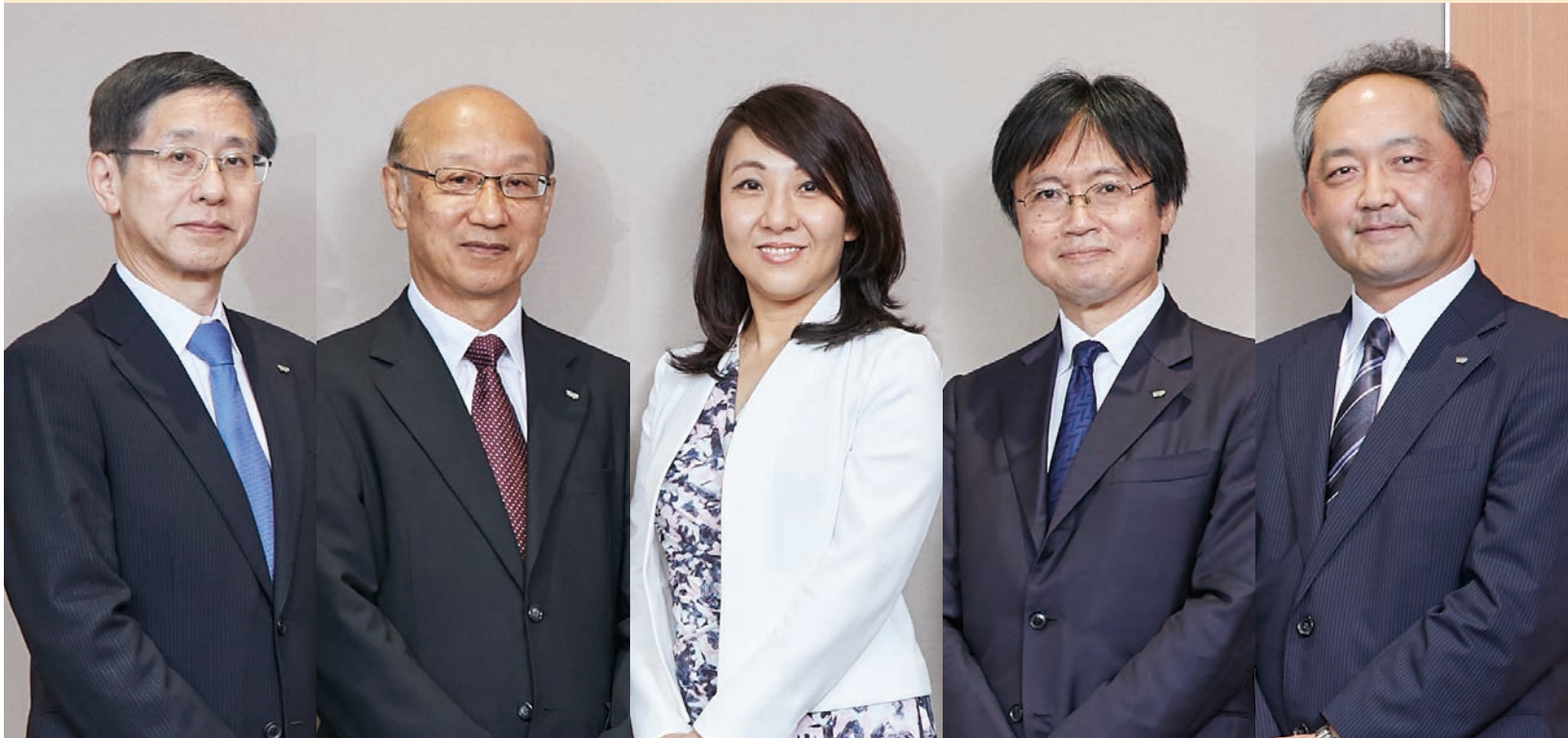
## Corporate Governance

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



### Outside Director Roundtable

## Achieving the Group Long-Term Vision — Challenges for the Group and future expectations —



Outside director **Shinnosuke Yamada**    Outside director **Seiji Higaki**    Outside director **Atsuko Taishido**    Outside director **Naoki Ohgo**    Outside director **Kensaku Watanabe**

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

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

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



Higaki

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

Watanabe

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

Yamada

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

Taishido

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

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

— Taishido



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

Ohgo

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

Higaki

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

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

Improvements in the effectiveness of the Board of Directors

Watanabe

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

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

— Higaki





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

— Ohgo

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

**Taishido**

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

**Ohgo**

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

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

**Higaki**

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

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

**Yamada**

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

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

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

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

**Higaki**

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

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

**Yamada**

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

**Watanabe**

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



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

**Taishido**

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

**Ohgo**

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

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

**Message to stakeholders**

**Watanabe**

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

**Taishido**

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

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

—— Yamada



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

**Ohgo**

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

**Higaki**

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

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

**Yamada**

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

**Considering that the Company has made the decision to be publicly listed and seek growth on the stock market, it's important that it continues to pursue bold reforms as outlined in the Group Long-Term Vision.**

—— Watanabe



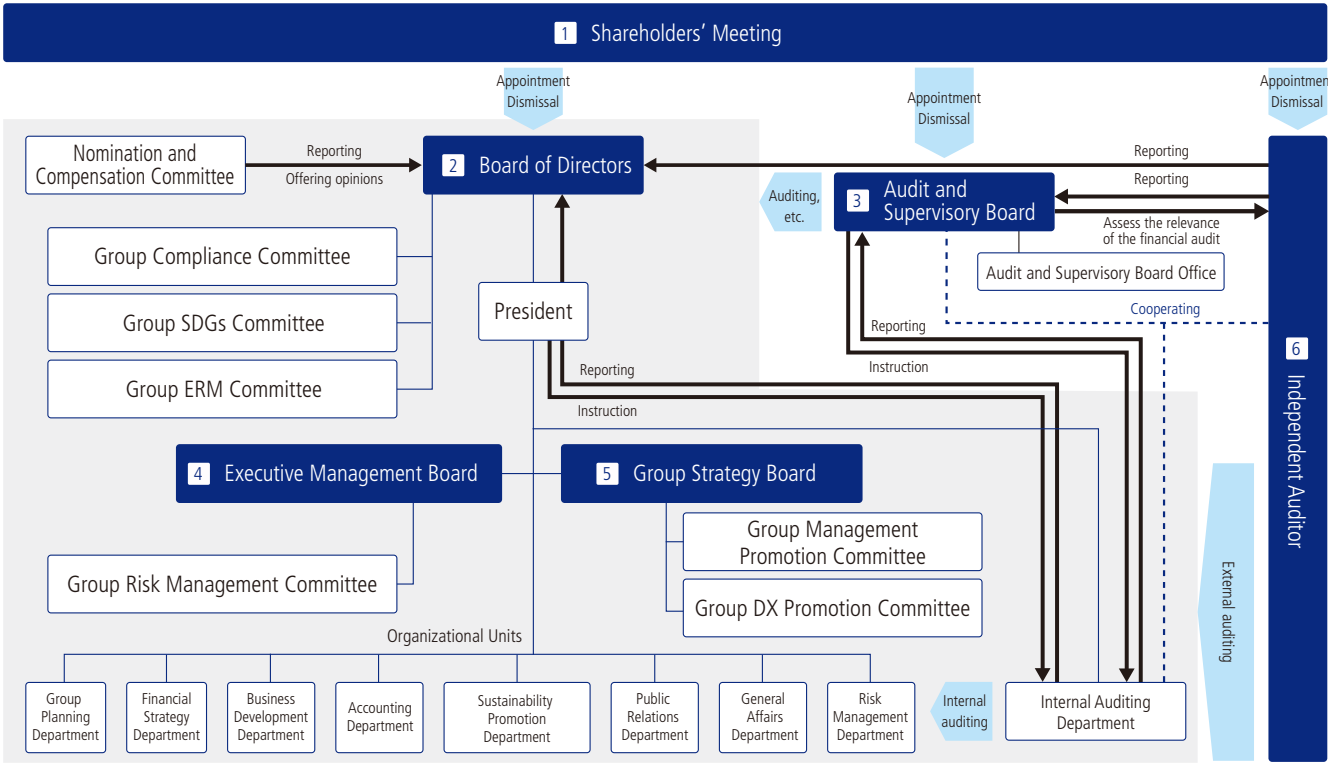
Corporate Governance

T&D Holdings has been enhancing its corporate governance by using a basic approach that involves creating efficient and transparent management systems to facilitate flexible and cohesive group operations.

The Company values the purport of the Japan’s Corporate Governance Code, which applies to listed companies, and, in addition to accepting all the code’s principles, we have established the Basic Policy on Corporate Governance as an initiative in response to its major principles.

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

Corporate Governance Framework



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 is composed of all directors and makes important management decisions while overseeing the execution of business in accordance with laws and ordinances, the Articles of Incorporation, and the Company's relevant rules. In addition, as a company with an Audit and Supervisory Board, some important business execution decisions are delegated from the Board of Directors to the directors themselves by resolution of the Board of Directors in accordance with the provisions of the Articles of Incorporation.		
3 Audit and Supervisory Board	The Audit and Supervisory Board is composed of Audit and Supervisory Board members, the majority of whom are outside directors. As an independent body entrusted by the Company's shareholders, the Audit and Supervisory Board fulfills its roles and responsibilities, including auditing the execution of duties by directors (excluding directors serving as Audit and Supervisory Board members) in accordance with laws and ordinances, the Articles of Incorporation, and the Company's relevant rules.		
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 management-related strategies and issues of the Company or those common to the Group.		
6 Information related to the Independent Auditor (FY2021)	Category	Remuneration for audit certification services (¥ millions)	Remuneration for non-audit certification services (¥ millions)
	Submitting company	199	6
	Consolidated subsidiaries	231	15
	Total	431	21

Working toward the T&D Insurance Group's Vision for Society

Try & Discover for Creation of Shared Value

Further Advancement of Capital and Risk Management

Corporate Governance

T&D Insurance Group's Business

Supplementary Materials and Corporate Data

Promoting Group Management

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

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

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

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

Corporate Governance System

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

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

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

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

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

Composition of Directors and the Board of Directors

The number of directors (excluding directors who are Audit and Supervisory Board members) of the Company shall be no more than nine, and the number of directors who are Audit and Supervisory Board members shall be no more than five, as stipulated by the Articles of Incorporation. The Board of Directors is made up of individuals representing a balance of knowledge, experience, and skills, and having diverse backgrounds as befitting the expansive range of business domains in the life insurance business, which is the core business of the Group.

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

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

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



Composition of the Audit and Supervisory Board

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

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



### Details of discussions at the Board of Directors meeting

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

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

Key themes discussed at the fiscal 2021 Board of Directors meeting

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


### Effectiveness Evaluation of the Board of Directors

To ensure the effectiveness of the Board of Directors as a whole  
(including the voluntary Nomination and Compensation Com-  
mittee), the Company conducts an annual performance review  
of the Board of Directors as a whole based on the self-evalua-  
tions of individual directors. The performance review examines  
whether the Board of Directors is functioning appropriately  
and producing results, and how the Board of Directors is con-

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

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

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

TOPIC

Discussions with outside directors

1. Information communicated by outside directors

Our outside directors offer effective, unreserved communication and opinions related to risks based on their big-picture under-standing of the Group's management issues and changes in the internal and external environment. More specifically, they help us to utilize the Group's management resources more efficiently, build and develop more suitable management and oversight systems for our business investment targets, etc.  
When we formulated the Group Long-Term Vision for fiscal 2021, our outside directors communicated information based on the perspectives of ordinary business companies and expressed valuable opinions regarding the necessity to create new sources of revenue in order to provide value to our shareholders and pursue independent initiatives aimed at the resolution of issues that became apparent during dialogues with society and investors and must be addressed to further improve the governance of the Group as a whole.  
Regarding the SDG's “good health and well-being,” our outside directors express their opinions regarding how our sales systems should be as well as how to develop work environments to facilitate remote work, etc. from the perspective of managing the safety and preventing the infection of our customers—especially policyholders—and our employees, and they provided such advice

since the beginning of the COVID-19 pandemic.  
As described above, our outside directors represent our shareholders from an independent position, and they maintain a suitable level of tension with and distance from our internal direc-tors as they strive to achieve communication suitable for helping to further improve the oversight functions and effectiveness of our Board of Directors while also facilitating the growth of the Company and improving our corporate value.

2. Meetings with outside directors

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

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

### Nomination and Compensation Committee

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

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

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

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

## Board of Directors Skills Matrix

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

The Company ensures a balance of expertise and experience

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

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

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

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

### Determination of compensation

#### ► Policies on determining compensation

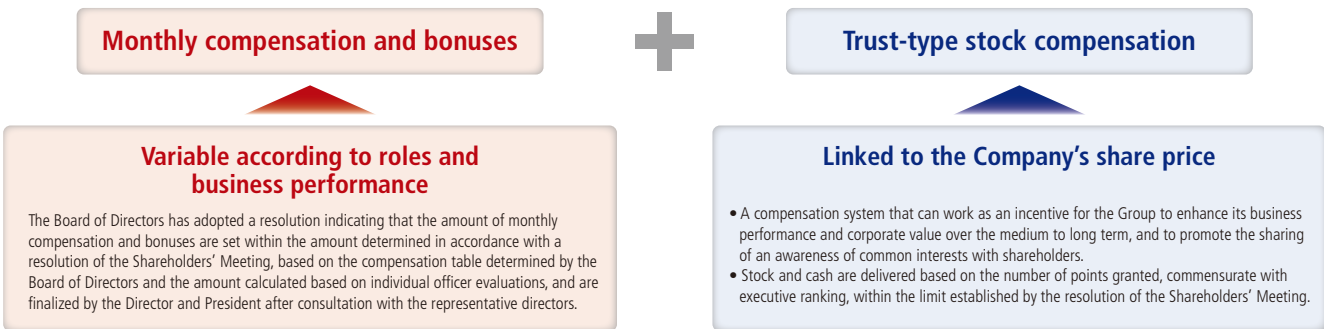
The Company's policy on executive compensation is set out in our Basic Policy on Corporate Governance.

#### Composition of executive compensation

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

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

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



Working toward the T&D Insurance Group's Vision for Society

Try & Discover for Creation of Shared Value

Further Advancement of Capital and Risk Management

Corporate Governance

T&D Insurance Group's Business

Supplementary Materials and Corporate Data

#### Individual officer evaluations

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

#### ► Calculation method

Assessment of Company performance	•To clarify the assessment according to how much progress has been made on achieving Company targets, total shareholder return (TSR) is used as a benchmark to assess the Company's performance, alongside a number of other performance indicators based on the Company's medium- to long-term management strategy. • For performance indicators, a coefficient according to the achievement rate for each item is multiplied to yield a score.
Evaluation of the division the officer is in charge of	•A score is calculated for each division based on how much progress has been made on the achievement of the execution plan for the division the officer is in charge of.

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

performance assessment is 100%.

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

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

##### 1. Single-year evaluation items

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

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

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

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

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

	Fiscal 2025 targets
Adjusted ROE	8.0%
ROEV	7.5%

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

##### 3. Market evaluation items

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

The actual TSR performance is 117.4% over five years.

Note: The TSR is calculated as described below.

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

##### 4. ESG evaluation items

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

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

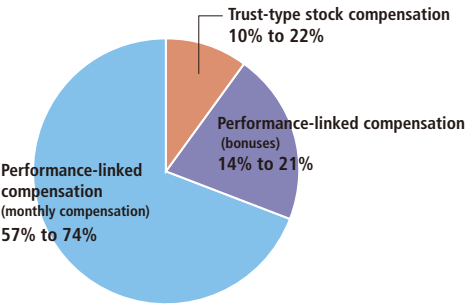
In terms of our actual customer satisfaction and employee satisfaction, we have reached or exceeded the levels for the previous fiscal year. In addition, we have reduced our CO<sub>2</sub> emissions by 1.3% compared to last year.



Payment ratios by type of compensation

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

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



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

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

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

Process for determining compensation

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

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

Appropriateness of compensation levels

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

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

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

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

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

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

Risk Management

► Integrated risk management (ERM)

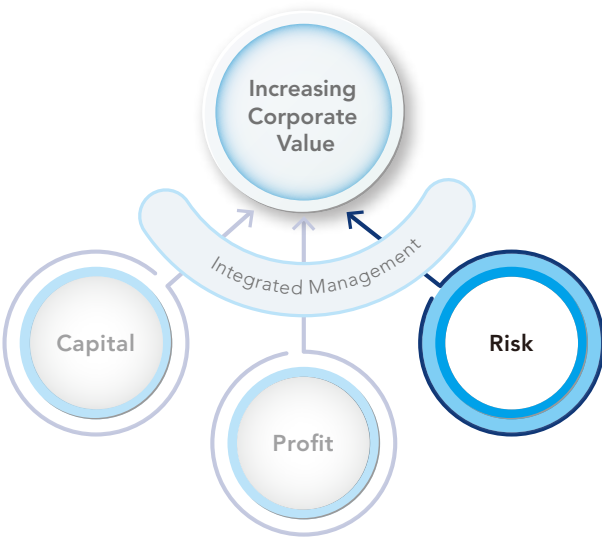
The T&D Insurance Group has established the ERM structure to integrally manage capital, profit, and risk in order to boost stable revenues while grasping the status of its risks and ensuring management soundness.

Among them, the Group manages risks as follows.

► Basic concept for risk management and risk management systems

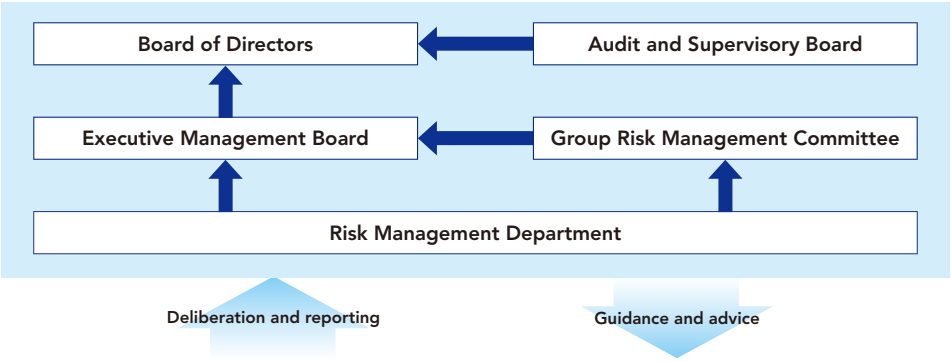
At the T&D Insurance Group, T&D Holdings has formulated a Group Risk Management Policy that sets forth the Group's basic approach to risk management and, based on this policy, its directly owned subsidiaries have developed risk management systems that cover their affiliates as well.

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



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

T&D Holdings



► Risk awareness and assessment (risk profiles)

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

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

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

► Risk classification and responses

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

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

• Risks as a holding company

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

► Action on integrated risk management

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

1. Risk quantification

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

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

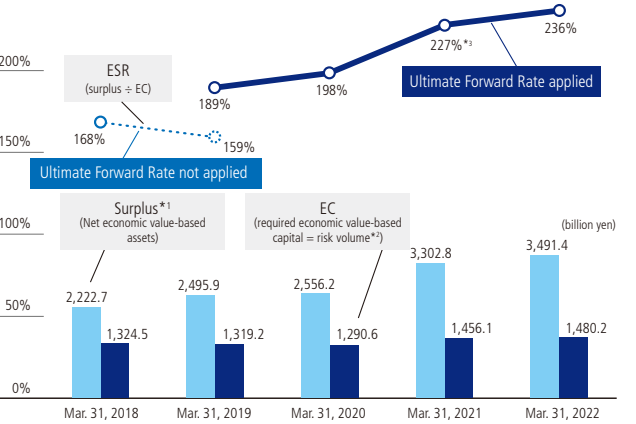
(Unit: billion yen)

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

\*1 Recorded as business investment risks that include insurance risks related to overseas insurance companies subject to investments (internally booked as subsidiaries and affiliates risk)  
\*2 The economic value-based risk volume (after the variance effect) calculated by using the internal model (measurement period: 1 year, VaR: 99.5%)  
\*3 The figures in the above table are the result of retroactively applying accounting associated with the restructuring of Fortitude announced on October 1, 2021.

2. Risk control

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



\*1 The difference between assets and liabilities evaluated based on economic value. The evaluation of assets and liabilities is calculated using basically the same assumptions as for MCEV. The capital cost rate used as the risk margin is set as 5%. In addition to applying the Ultimate Forward Rate since the end of March 2019, subordinated debt is added to the surplus.  
\*2 The economic value-based risk volume (after the variance effect) calculated by using the internal model (measurement period: 1 year, VaR: 99.5%). The necessary capital for MCEV is evaluated by using the same internal model.  
\*3 The figures above are the result of retroactively applying accounting associated with the restructuring of Fortitude announced on October 1, 2021.

3. Stress test implementation

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

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

Examples of efforts

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

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

(Responses)

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

	Risk taking policies	Risk management policies
(1) Insurance underwriting risk	Based on an awareness of the major impact that the life insurance underwriting of a life insurance company has on business over the long term, the Group fully analyzes and checks risk profiles as well as risk and return characteristics, both of which differ depending on products, thereby formulating product strategies.	Based on an awareness of the major impact that life insurance underwriting has on business over the long term, the Group determines, analyzes, and assesses the insurance underwriting risk and carries out appropriate controls.
(2) Investment risk	To make sure to pay insurance claims in the future, the Group sufficiently secures assets with optimal characteristics (current maturity, liquidity, and others) and develops asset management strategies by fully considering liability characteristics and risk tolerance. <ul style="list-style-type: none"><li>• Interest rate risks have a significant impact on the change of surplus due to the long-term nature of insurance liabilities; therefore, the Group strives to reduce such risks given their financial accounting-based and economic value-based effects.</li></ul>	Investment risks are classified as market risks (fluctuations in interest rates, share prices, and exchange rates), credit risks (deterioration of the financial conditions of an entity to which credit is provided), and real estate investment risks (decreases in profits and price related to real estate). Optimal risk controls are taken in accordance with the characteristics of each asset.
(3) Operational risk	The Group strives to prevent risks from occurring and reduce them so as not to harm its corporate value.	A system to control operational risks, such as administrative and system risks, is established.
(4) Affiliate and other entity risk	The Group analyzes and checks the soundness, profitability, and risk and return characteristics of the business while also assessing the appropriateness and reasonableness of investment. Then, the Group develops business investment strategies by considering their financial accounting-based and economic value-based effects.	Risks are properly controlled by assessing the income/expenditure situation as well as the potential for the occurrence of various risks at subsidiaries, affiliates, and business investment targets.
(5) Liquidity risk	The Group secures a certain level of liquidity and establishes a structure that enables a smooth securitization of assets in order to respond to liquidity risks.	The status of financing is categorized depending on its severity level. By determining a controlling method according to each category, the Group secures a certain level of liquidity and establishes a structure that enables the smooth securitization of assets for fund preparation.
(6) Reputational risk	The Group strives to prevent risks from occurring and reduce them so as not to harm its corporate value.	Information related to reputational risks is collected, and responses to reputational risks and a reporting system are clarified.



► Cyber security initiatives

The Group recognizes that one of the important tasks of management is properly protecting and managing information assets in compliance with laws and regulations. This specifically involves protecting information assets from increasingly sophisticated cyber threats. To fulfill our social responsibilities as a company engaged in life insurance business and other businesses, we have formulated our Group Information Security Policy and Rules on the Group's Cyber Security Management and made engagement in cyber security mandatory for all executives and employees. Cyber attacks, etc. have the potential to stop systems and impede our operations and to cause leakage of important information.

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

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


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

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

Compliance


► Basic compliance policies

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

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

► Basic policies to block relationships with antisocial forces

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

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

► Accountability

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

► Internal reporting system

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

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

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

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

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

Management Organization

Board of Directors  
(as of September 30, 2022)



Directors who are Audit and Supervisory Board Members  
(as of September 30, 2022)



	①	②
③	④	⑤
⑥	⑦	
	⑧	⑨
⑩	⑪	⑫

\*1 As of March 31, 2022  
\*2 FY2021

Director and Senior Managing Executive Officer

③ Masahiko Moriyama

Personal history

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

Significant concurrent positions  
Director of Daido Life

Reasons for selection

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

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

Director (part-time)

⑥ Naoki Soejima

Personal history

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

Significant concurrent positions

Representative Director and President of Taiyo Life

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

Representative Director and President

① Hirohisa Uehara

Personal history

Apr 1984 Joined Taiyo Life  
Jan 2005 General Manager of Investment Planning Department of Taiyo Life  
Feb 2005 Director of T&D Asset Management  
Apr 2007 General Manager of Group Planning Department of T&D Holdings  
Apr 2010 Director of T&D Asset Management  
Apr 2011 Executive Officer and General Manager of Group Planning Department of T&D Holdings  
Apr 2012 Director of T&D Financial Life  
Apr 2014 Executive Officer of Taiyo Life  
Jun 2014 Director and Executive Officer of Taiyo Life  
Apr 2015 Director and Managing Executive Officer of Taiyo Life  
Apr 2016 Director and Senior Managing Executive Officer of Taiyo Life  
Apr 2017 Director of Taiyo Life  
Executive Vice President of T&D Holdings  
Jun 2017 Director of T&D Financial Life  
Representative Director and Executive Vice President of T&D Holdings  
Apr 2018 Representative Director (current)

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

Director (outside director, part-time)

④ Naoki Ohgo

Personal history

Apr 1985 Joined McKinsey & Company, Inc.  
Jul 1999 Partner of McKinsey & Company, Inc.  
Jul 2005 Executive Officer of GE Consumer Finance K. K. (current Shinsei Financial Co., Ltd.)  
Aug2008 Representative Director of Root F Co., Ltd. (current)  
Jun 2017 Director of T&D Holdings (current)

Significant concurrent positions

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

Reasons for selection

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

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

Director (part-time)

⑦ Mutsurou Kitahara

Personal history

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

Significant concurrent positions

Representative Director and President of Daido Life

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

Representative Director and Executive Vice President

② Kanaya Morinaka

Personal history

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

Significant concurrent positions

Director of Daido Life  
Director of T&D Financial Life

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

Director (outside director, part-time)

⑤ Kensaku Watanabe

Personal history

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

Significant concurrent positions

Attorney

Reasons for selection

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

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

	①	②
③	④	⑤
⑥	⑦	
	⑧	⑨
⑩	⑪	⑫

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

⑩ Seiji Higaki

Personal history

Apr 1975 Joined The Daiwa Bank, Ltd.  
Jun 2003 Executive Officer of Resona Bank, Ltd.  
Jun 2005 Executive Officer of Resona Holdings, Inc.  
Jun 2006 Director of Resona Holdings, Inc.  
Jun 2007 Director, President and Representative Executive Officer of Resona Holdings, Inc.  
Apr 2009 Representative Director and Executive Officer of Resona Bank, Ltd.  
Jun 2011 Director and Vice Chairman of Resona Bank, Ltd.  
Apr 2013 Director of Resona Holdings, Inc.  
Jun 2013 Chairman of Resona Research Institute Co., Ltd.  
Jun 2018 Director of T&D Holdings  
Jun 2020 Director (Audit and Supervisory Board Member) of T&D Holdings (current)

Reasons for selection

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

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

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

⑧ Takashi Ikawa

Personal history

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

Significant concurrent positions

Audit & Supervisory Board Member of T&D United Capital

Reasons for selection

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

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

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

⑪ Shinnosuke Yamada

Personal history

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

Significant concurrent positions

Certified public accountant  
Auditor of EXEO Group, Inc.

Reasons for selection

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

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

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

⑨ Takashi Tojyo

Personal history

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

Reasons for selection

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

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

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

⑫ Atsuko Taishido

Personal history

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

Significant concurrent positions

Attorney

Audit & Supervisory Board Member of Pigeon Corporation

Reasons for selection

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

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



Stakeholder Engagement

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

For Shareholders and Investors

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

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

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

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



Scenes from an IR meeting for institutional investors and analysts

For Customers

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

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

For Agents and Tie-up Organizations

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

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

Meetings Held in FY2021

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

Evaluations by External Assessment Organizations

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

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

Evaluated 3,944 listed companies\*

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

**FY2021 All Japanese Listed Companies’ Website Ranking** (Nikko Investor Relations Co., Ltd.)

Evaluated all 3,888 listed companies\*

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

For Employees

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

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

For Protecting the Environment and Contributing to Local Communities

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

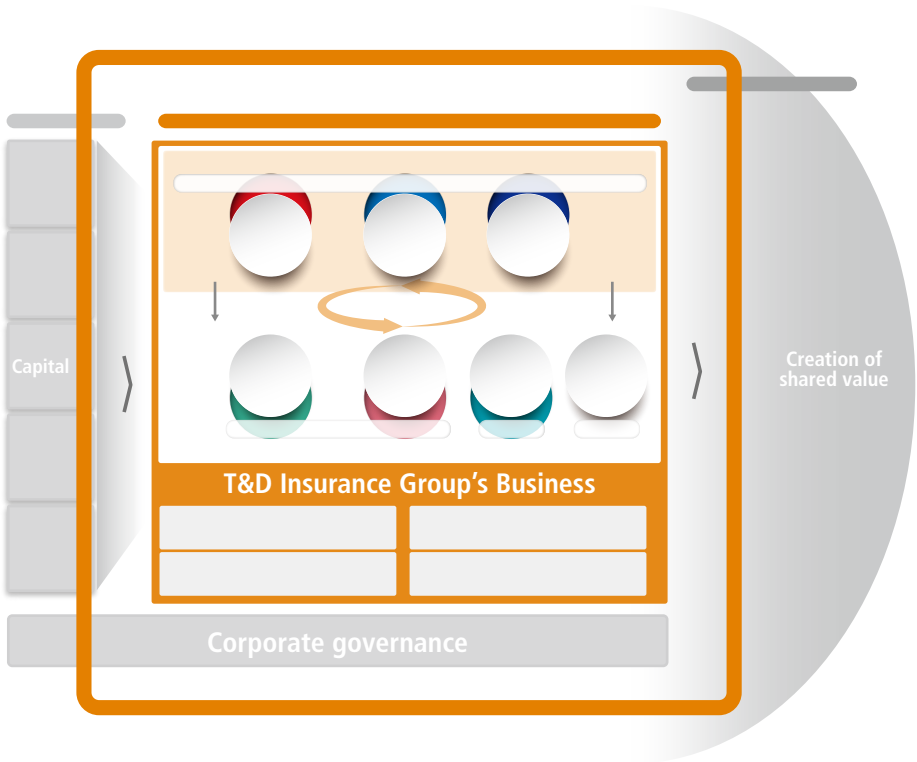
The Group participates in the UN Global Compact, Principles for Financial Action for the 21st Century, and other initiatives. It also exchanges views in a wide range of areas through study groups and dialogues with participating companies. Furthermore, the Group has opportunities to understand stakeholders’ expectations toward enterprises and to explore possibilities for the Group’s contribution through support for and participation in the activities of NPOs active in each field.



CHAPTER 05

T&D Insurance Group’s Business

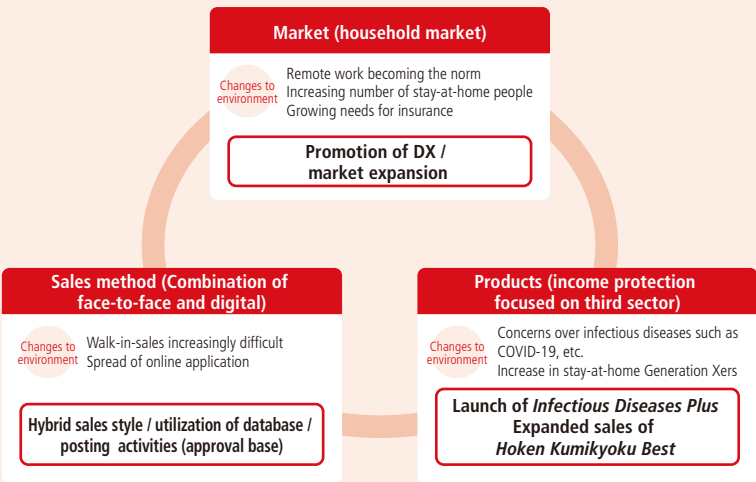
The Group’s core business of domestic life insurance is based on the pursuit of market-specialized strategies, and we complement this with business that has a high affinity to life insurance, including closed book business, asset management business, pet insurance business, and a diverse range of other businesses, through which we improve our Group’s corporate value.



# The Domestic Life Insurance Business



Taiyo Life’s core business is sales of life insurance in the household market. In addition to traditional face-to-face sales activities by in-house sales representatives, we are deploying a DX-driven “hybrid sales” approach that incorporates non-face-to-face services. By transforming our business model, we are providing state-of-the-art coverage to more customers.



## Strengths

- Solid foundation in the household market built by the continual development of new customers through “Combination Activity” where sales representatives form pairs on visit to individual households
- Provision of products that meet customer needs in response to social issues such as dementia, cancer, and critical illness
- Senior-friendly customer services such as *Kaketsuke-Tai*, in which office workers with specialized knowledge provide direct customer support for benefits claim procedures

## Growth Opportunities

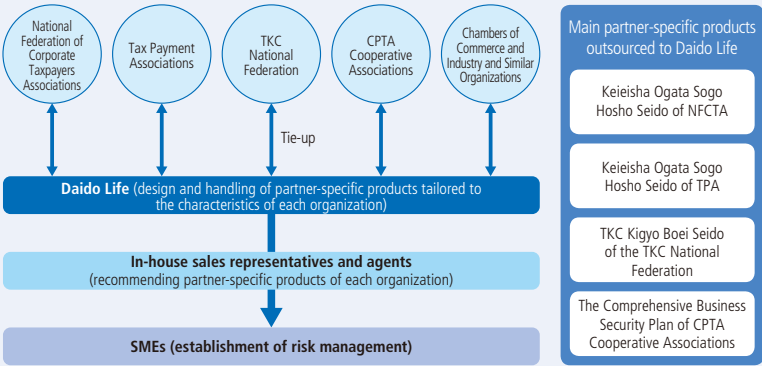
- Increase in senior population
- Increasing percentage of household decision makers at home due to the spread of remote work
- Increasing need for insurance during the COVID-19 pandemic
- Market expansion through diversification of channels such as infomercials and *Sma-Hoken*
- Extension of healthy life expectancy and growing awareness of health promotion among seniors

## Strategies

- Promote a hybrid sales approach using information from *Sma-Hoken* (internet channel), infomercials, and other channels
- Promote digitalization to enable face-to-face and non-face-to-face interactions, and build a system that can respond to a wide range of customer needs
- Provide products that integrate coverage for dementia, cancer, and critical illness with services that lead to early detection and early prevention



Daido Life is a life insurance company that specializes in the SME market, with contracts with some 370,000 corporate clients. The company, which ties up with SME-related organizations and tax accountants’ groups, positions the offering of its products and services developed according to the organization’s characteristics as its core business. The company has established a unique business model of offering these products and services as appropriate coverage for the SMEs through two channels: in-house sales representatives and agents.



## Strengths

- Superiority of business model
- Accumulation of management resources suited to developing the corporate market
- High-quality customer-support framework
- Comparatively sound finances

## Growth Opportunities

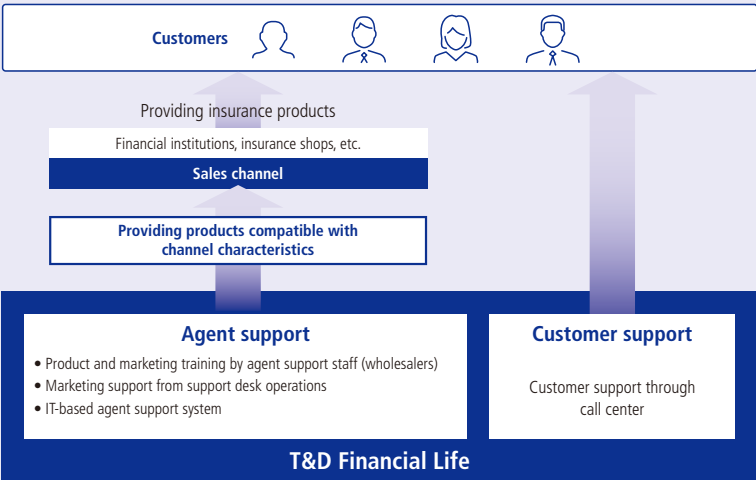
- Growing and increasingly diverse customer needs
  - Growing need for disability benefit insurance due to aging population and other factors
  - Growing need for business succession and inheritance measures due to tax reforms and other factors
- Increasing awareness of health promotion
- Progress in digital technologies enabling new operational innovations

## Strategies

- Development of new markets through the provision of solutions that integrate “coverage” and “prevention and improvement (recovery) services”
- Further contribute to the sustainable development and growth of SMEs by providing and expanding solutions that support SMEs in “promoting health-oriented management” and “solving management issues”
- Stronger growth through new channels, i.e., “financial institution agents” and “FP / inheritance consultants,” and through a “channel mix” combining the strengths of our in-house sales representatives and agents



T&D Financial Life specializes in providing products through independent insurance agents including financial institutions and insurance shops, which handle products from multiple insurers. The company is promoting the further expansion of agent networks, the speedy development of products differentiated by type of benefit and added value, and cost efficiencies, in order to enhance its presence in life insurance sales through the independent insurance agent channel.



## Strengths

- Concentrates management resources on the independent insurance agent channel, owns predominant agent channels of financial institutions, etc.
- Strength in product development to create unique products
- Streamlined system

## Growth Opportunities

- Increasing needs for asset formation and medical benefits due to an aging population
- Changes in the market, such as emerging new sales channels (e.g., OTC sales at banks and insurance shops), and entry of new players from different industries into the insurance shop field

## Strategies

- Create a well-balanced product portfolio by combining flat-rate and variable-rate products, and expand the top line through the development of the agency channel
- Develop and improve products with differentiated benefits based on the market environment
- Develop new channels and expand services for customers and agents through integration of real and virtual
- Improve convenience through the use of IT from a customer-oriented perspective





**A company that helps more customers live longer, healthier lives**

**Naoki Soejima**  
Taiyo Life Insurance Company  
Representative Director  
and President



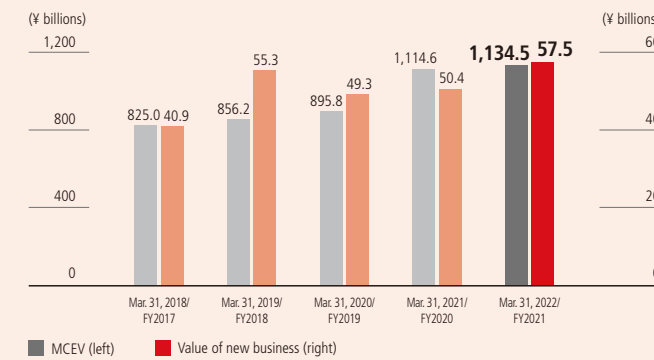
#### Strategy to achieve the management plan

In response to major changes in the social environment, Taiyo Life has made significant changes in the way it conducts business, including revising its business model. In addition to traditional "Combination Activity" where in-house sales representatives form pairs on visits to individual households, we are deploying a "hybrid sales" approach that combines face-to-face and non-face sales utilizing information obtained through TV commercials, internet advertising and other promotional channels.

With regard to products, to address social issues such as dementia, cancer, and critical illness, we are providing new coverage that integrates products and services leading to early detection and early prevention of these conditions. In addition, *Sma-Hoken*, our fully-online insurance, is a new concept-based insurance program with extensive after-sales services, combining a convenient online insurance quoting and enrollment process with attentive service from our highly trained personnel.

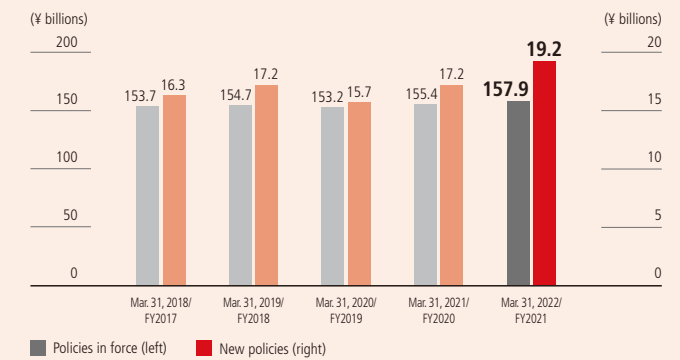
Going forward, as a life insurance company capable of responding to the changes of the times, we will continue to strive to be a company helping more customers live longer, healthier lives through the promotion of DX.

#### MCEV\* / Value of New Business\*



\* The company applies ultimate forward rate (UFR) from FY2019/Mar. 31, 2020.

#### Protection-type Annualized Premiums



**A trusted partner for SMEs that delivers value beyond expectations**

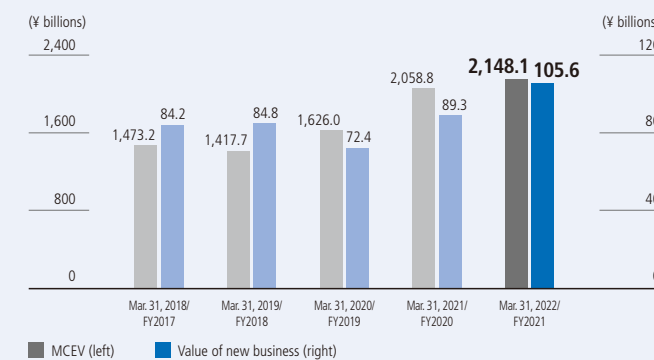
**Mutsurou Kitahara**  
Daido Life Insurance Company  
Representative Director  
and President



#### Strategy to achieve the management plan

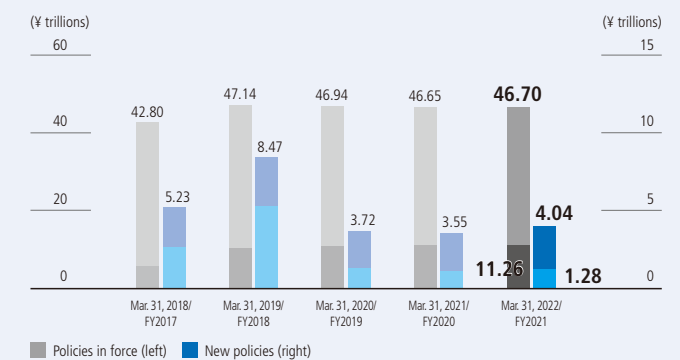
In recent years, the environment surrounding SMEs has been changing and their needs diversifying. Such examples include business owners who are now active for a longer period of time thanks to advances in medical technology and other areas, their needs to respond to inheritance and business succession issues, and growing interests in the importance of social issues such as the SDGs and health-oriented management. In this changing environment, we are working on (1) advancing the coverage to be provided to protect SMEs, and (2) supporting in solving issues to help SMEs resolve the various challenges they face. With respect to evolving our provision of coverage, we will continue our efforts at providing a full-range of protection integrating both corporations and individuals, as well as providing integrated prevention and protection and reducing the burden at the time of enrollment. With respect to working side-by-side on problems, we will evolve and expand the value we provide by working to support solutions to social issues such as the SDGs. Going forward, we will continue to further contribute to the business continuity, growth, and development of SMEs by refining our products and services and delivering value that exceeds their expectations.

#### MCEV\* / Value of New Business\*

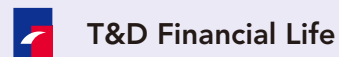


\* The company applies ultimate forward rate (UFR) from FY2019/Mar. 31, 2020.

#### Policy Amount



\* Disability benefit products include J-type, T-type, Kaigo Relief Alpha, Shunyu Relief, and so forth.



**Aiming to be a company of choice by treating customers and partners with care**

**Masafumi Itasaka**  
T&D Financial Life Insurance Company  
Representative Director  
and President

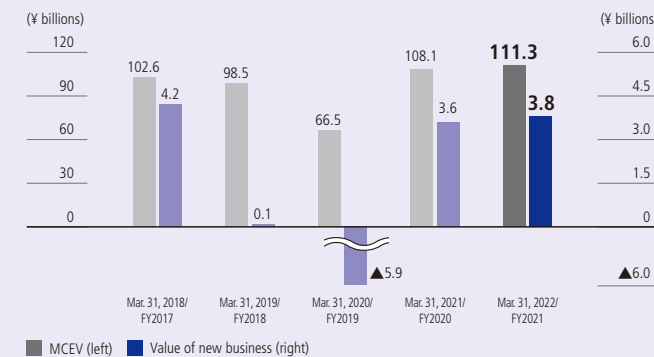


#### Strategy to achieve the management plan

Through its independent insurance agent channel, T&D Financial Life provides wealth creation products to support a comfortable retirement life by preparing for post-retirement expenditures and meet the need for protection for be-reaved families as well as protection-oriented products at an affordable price.

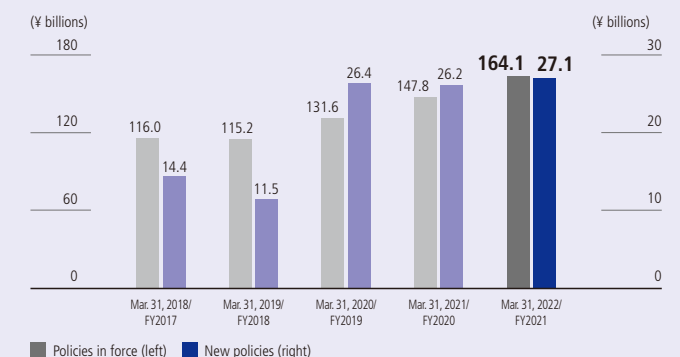
Although competition is fierce in the independent insurance agent channel, we expect continued share growth of the channel in life insurance market. In light of the arrival of the era of the 100-year life and the progression of Japan's super-aged society, we will expand our single-premium and level-premium products to meet customers' needs, and provide ancillary services that complement our insurance products. In addition, in the sales channel, we will expand customer contact points and enhance agent support through integration of real and virtual. Through these efforts, we aim to improve our presence and business performance in the independent insurance agent market as a company of choice by treating customers, agents, and other partners with care.

#### MCEV\* / Value of New Business\*



\* The company applies ultimate forward rate (UFR) from FY2019/Mar. 31, 2020.

#### Annualized Premiums



# Group Companies

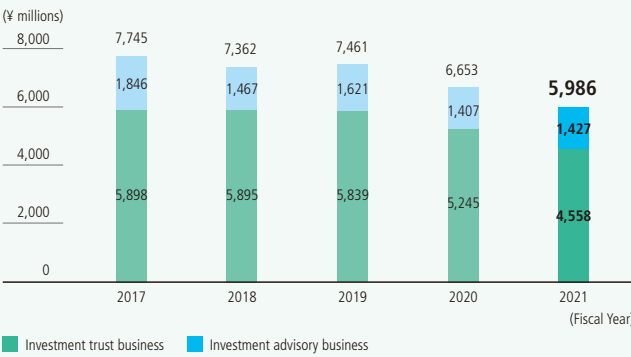
## T&D Asset Management

### One Step Forward, Together with Our Clients

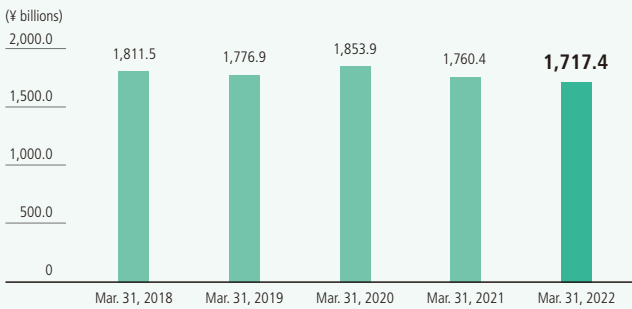
T&D Asset Management conducts investment trust business by offering investment trusts through financial institutions, and investment advisory business by managing the funds of pension funds and institutional investors. In today's rapidly changing society, in keeping with its principles of "Make a Difference," we will engage in distinctive operations and product development in response to emerging needs, and in so doing, strive to solve social

issues in our own small way by "creating value." As the asset management company of the T&D Insurance Group, T&D Asset Management collaborates with the Group life insurance business to upgrade its asset management. At the same time, we apply our advanced investment management practices for external businesses to expand our asset management business and contribute to increasing the Group's corporate value.

Operating Income (by Business)



Investment Trust AUM



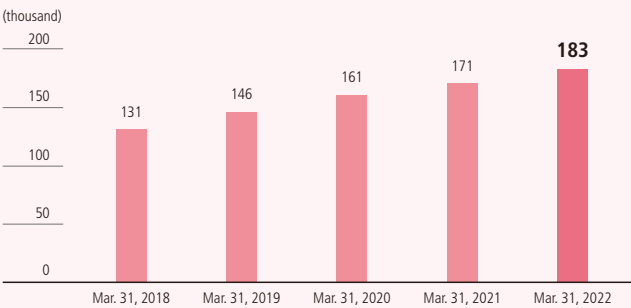
## Pet & Family Insurance

### Bringing peace of mind to a full life with pets who are members of the family

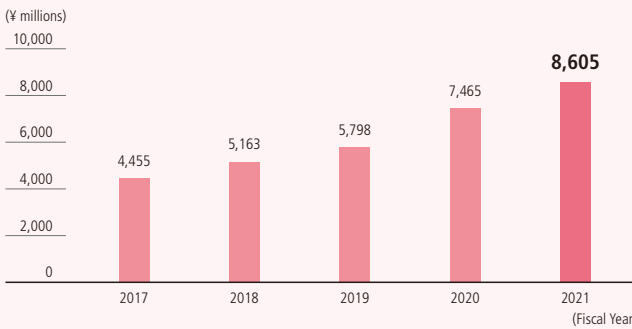
Pet & Family Insurance aims to be a company that contributes to people and society by bringing peace of mind to a full life with "pets who are members of the family" through pet insurance to our customers. Recognizing pets as members of the family and living with them for the rest of their lives is becoming the norm, and the COVID-19 pandemic caused pets and owners to spend even more time together. As pets become more

important as members of the family than ever before, our social mission as a provider of pet insurance is also becoming more important. We will continue to expand customer services and improve customer satisfaction by providing optimal, high-quality insurance products and services that meet customer needs so that both pets and their owners can lead healthy and fulfilling lives with peace of mind.

Number of Policies in Force



Net Premium Income (Pet Insurance)



\* The above represents the total of individual insurance and group insurance.

## T&D United Capital

### Realizing Dreams Together

As the driving force behind the Group's goal of diversification and optimization of business portfolio, T&Ds United Capital is working to expand the Group's earnings over the medium to long term by investing in new business areas that have a high affinity with the life insurance business. In fiscal 2019, we invested in the French asset management and investment company Tikehau Capital SCA, and in fiscal 2020, we made Fortitude Group Holdings, a

Bermuda-based reinsurance holding company, an equity-method affiliate. We are working to further strengthen our relationship with Fortitude in particular through reinsurance and additional investments. Having positioned the closed book business as a strategic focus area under the Group Long-Term Vision, we will continue to work to expand and strengthen this business going forward.

Equity acquisition of Bermuda-based reinsurance holding company, Fortitude Ltd.

#### FORTITUDE RE Characteristics of Fortitude Group Holdings, LLC

- Fortitude owns Fortitude Re, a Bermuda-based reinsurer; Fortitude International Re; and FLIAC, an insurance company based in Arizona in the U.S.
- Fortitude Re underwrites reinsurance for some in-force policies no longer sold by AIG.

Capital and business alliance agreement with French asset management and investment company Tikehau Capital SCA

#### TIKEHAU CAPITAL Characteristics of Tikehau Capital SCA

- Offers various alternative investments (management of mainly private debt, real estate, and private equity) to institutional and individual investors.

#### Aim of T&D United Capital

- By taking an equity stake in Fortitude as a strategic partner alongside Carlyle and AIG, T&D United Capital aims to diversify the Group's sources of revenue and create synergies over the medium- to long-term with the domestic life insurance business.

#### Aim of T&D United Capital

- Provide private debt products to mainly Japanese pension funds through collaboration between T&D Asset Management and Tikehau Capital SCA.
- Explore the possibility of engaging in joint marketing also for other managed products in Japan.



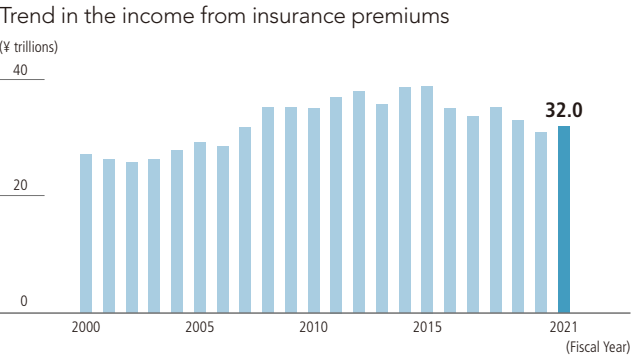
Overview of the Life Insurance Market

1 Market Scale

Income from insurance premiums in fiscal 2021 for Japan's life insurers\* totaled ¥32.0 trillion. The figure had been on a moderate upward trend since fiscal 2002, and is now rising again after a downturn.

The Japanese life insurance market is the third largest in the world after the U.S. and China. According to the latest research, the life insurance household participation rate is 89.8%, and nine out of ten households have taken out some form of life insurance, making Japan an “insurance superpower.”

\* There are a total of 42 Japanese life insurance companies. (As of April 1, 2022)



Source: Compiled by T&D Holdings based on “The summary of Life Insurance Business in Japan” published by the Life Insurance Association of Japan.  
Note: Excluding the numerical value of former postal life insurance up to fiscal 2007.

Domestic share of premium income (Year 2021)

Rank	Country	Premium income (100 millions USD)	Share
1	United States	6,096	20.3 %
2	China	3,654	12.2 %
3	Japan	2,958	9.9 %
4	United Kingdom	2,842	9.5 %
5	France	1,854	6.2 %
6	Italy	1,460	4.9 %
7	Germany	1,099	3.7 %
8	Korea	1,018	3.4 %
9	India	966	3.2 %
10	Taiwan	890	3.0 %
	Others	7,133	23.8 %
	World total	29,975	100.0 %

Source: Compiled by T&D Holdings based on sigma 4/2022 - World insurance: inflation risks front and centre.

2 Diversification of Customers' Life Insurance Needs

Changes in household composition due to such factors as the declining birthrate, aging population, and late marriage have decreased the need for large death benefits aimed at heads of households. Meanwhile, the needs for third sector insurance such as medical and nursing care products are increasing.

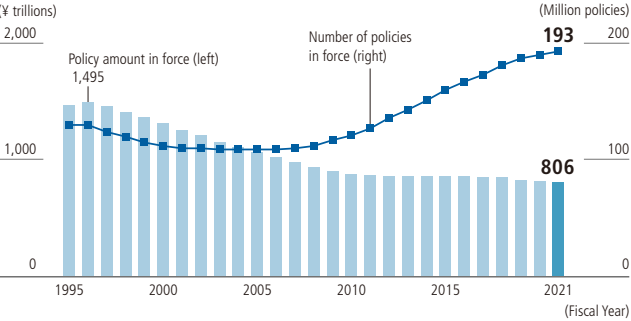
► Policy Amount in Force and Number of Policies in Force

The policy amount in force, which is the total death benefit amount of individual insurance policies held by life insurance companies, was ¥806 trillion in fiscal 2021, down from the peak of ¥1,495 trillion in fiscal 1996. Meanwhile, the number of policies in force, which is the number of individual insurance policies held by life insurance companies, was 193.01 million in fiscal 2021, marking the 14th straight year of increase.

► Number of Policies in Force for Individual Insurance by Type

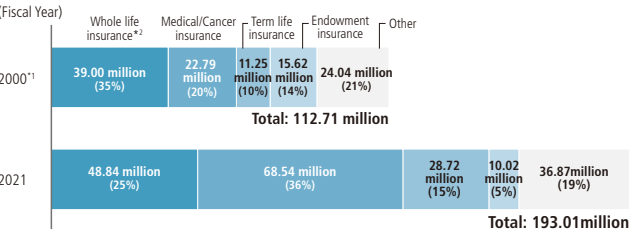
Turning to the breakdown of numbers of policies in force by type, the proportion of policies taken by medical and cancer insurance has increased significantly, from 20% in fiscal 2000 to 36% in fiscal 2021. The number of policies has also increased 3 times, from 22.79 million to 68.54 million, indicating increasing customer needs for third sector products.

Trend in the policy amount and the number of policies in force for individual insurance



Source: Compiled by T&D Holdings based on the summary of Life Insurance Business in Japan published by the Life Insurance Association of Japan  
Note: Excluding the numerical value of former postal life insurance up to fiscal 2007.

Number of Policies in Force for Individual Insurance by Type



Source: Compiled by T&D Holdings based on the summary of Life Insurance Business in Japan published by the Life Insurance Association of Japan

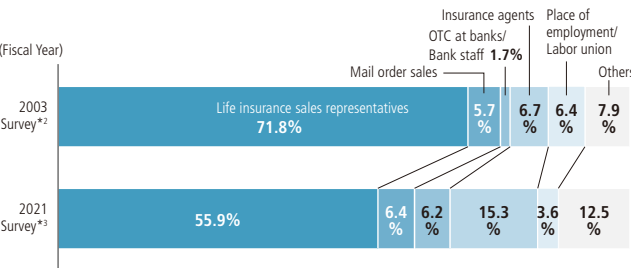
\*1 Excluding the numerical value for former postal life insurance in fiscal 2000.  
\*2 Whole life insurance is the sum of whole life insurance, fixed-term whole life insurance and variable interest type savings-type whole life insurance.

3 Diversification of Sales Channels

The sales channels of life insurance companies are growing more diverse with, in addition to the in-house sales representative channel, a recently increasing presence of OTC insurance sales at banks, and agent channels including insurance shops.

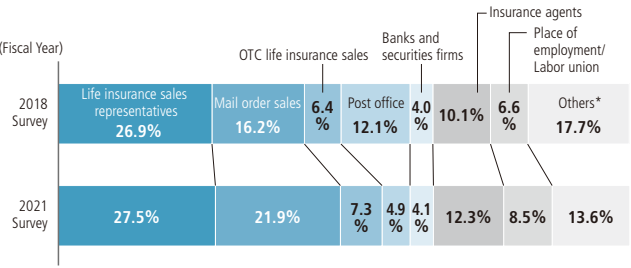
The results of a fiscal 2021 survey revealed that customers are even more likely to purchase insurance in the future via mail order channels such as insurance sales agents and the internet. Sales channel diversification and channel mixing (i.e., combination of both face and non-face-to-face) are developing, mainly as a result of the increase in non-face-to-face sales due to the COVID-19 pandemic.

Sales channels of private life insurers\*1



Source: Compiled by T&D Holdings based on the results of the Corporation Sample Survey on Life Insurance (FY2003 and FY2021) of Japan Institute of Life Insurance.  
\*1 Excluding Japan Post Insurance Co., Ltd.  
\*2 Policies taken out during 1998-2003.  
\*3 Policies taken out during 2016-2021.  
\*4 Including those policies through indistinct channels.

Channels through which customers are likely to purchase insurance



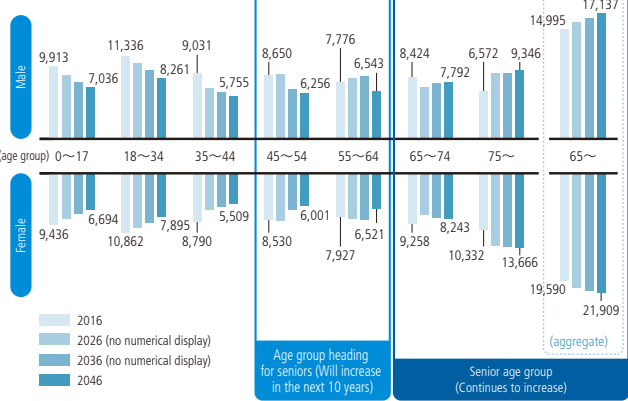
Source: Compiled by T&D Holdings based on the results of the Corporation Sample Survey on Life Insurance (FY2021) of Japan Institute of Life Insurance.  
\* Including unknown.

4 The Future of the Japanese Life Insurance Market

In Japan, it is certain that the declining birthrate and aging population will continue to progress, going forward. As the future financial burden of social security will become even greater, it is possible that the role played by private life insurance will increase further in the future, with a focus on seniors, as private security that complements public security.

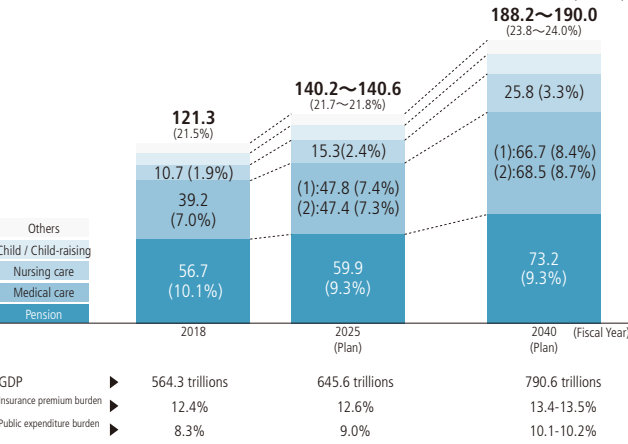
Meanwhile, as the social insurance premium burden is expected to increase as the number of young people declines, the inclusion of young people has become an important issue for life insurance companies.

Estimated Future Population by Gender and Age Group (Unit: 1,000 Persons)



Source: Compiled by T&D Holdings based on “Estimated Future Population of Japan (2017 Estimates)” (birth median (death median) estimates), by the National Institute of Population and Social Security Research.

Outlook for Social Security Benefits



Note: For medical care, two assumptions regarding unit price growth rates are set, and two benefit costs ((1) and (2)) are indicated.  
\* Figures inside ( ) are percentages compared to GDP. Insurance premium and public expenditure burdens are each expressed as a percentage compared to GDP.  
Source: Compiled by T&D Holdings based on “Environment Surrounding Social Security around 2040” by the Ministry of Health, Labour and Welfare.

Reference

Types of Life Insurance

There are three main types of life insurance : death insurance, pure endowment insurance, and accident and sickness insurance.

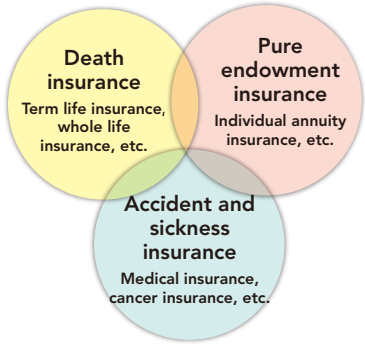
Death insurance	Insurance benefits are paid when the insured individual dies. Typical products include term life insurance and whole life insurance.
Pure endowment insurance	Insurance benefits are paid when the insured individual remains alive after a certain period of time. A typical product is individual annuity insurance.
Accident and sickness insurance	Insurance benefits are paid when the insured individual becomes ill, falls into certain conditions due to diseases or accidents, or dies from an accident. Typical products include medical insurance and cancer insurance.

These insurances are sold not only as single products but in various combinations in accordance with customer needs and so forth.

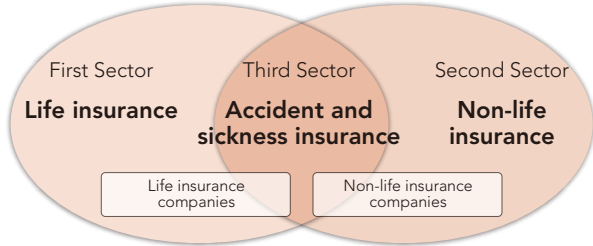
In the Japanese insurance industry, insurance related to a person's life and death are called “First Sector” insurance and only life insurance companies are allowed to sell these products. In contrast, insurance which compensate damages caused by a fortuitous accident are called “Second Sector” insurance and only non-life insurance companies are allowed to sell these products. The “death insurance” and “pure endowment insurance” categories listed on the left fall under the First Sector.

Accident and sickness insurance do not belong to either of the First Sector or Second Sector insurance categories, and are called “Third Sector” insurance. Both life insurance companies and non-life insurance companies can sell Third Sector products. A typical Third Sector insurance product sold by non-life insurance companies is “accident insurance,” which insures against injuries.

Types of life insurance



Types of insurance



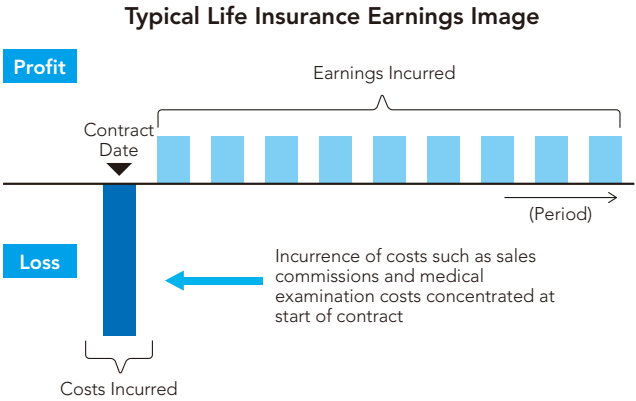
Special Characteristics of Life Insurance Accounting

Due to the long-term nature of life insurance policies, misalignments in the recognition of revenue and expenses occur, as shown on the right.

In single fiscal year accounting, profits decline due to increased costs when sales results are good, while profits increase due to decreased costs when results are not good.

Meanwhile, from a long-term perspective, an increase in the policy amount in force leads to an increase in future revenue sources, while a decrease in the policy amount in force is a factor in future profit decline.

Accordingly, as life insurance accounting has special characteristics, we use economic values such as Embedded Value (EV) when representing life insurance company corporate value.



Glossary

A

A company with an Audit and Supervisory Board	A publicly-listed company with an Audit and Supervisory Board comprised of at least three directors serving as Audit and Supervisory Board members (and outside directors as the majority of its members). The Board audits and supervises the execution of duties by directors not serving as Audit and Supervisory Board members.
Adjusted DOE	Calculated by dividing total dividend value by shareholders' equity on the balance sheet which is exempt of an accumulated amount of unrealized gains/losses caused by discrepancy of accounting treatment of assets and liabilities.
Adjusted ROE	Calculated by dividing Group adjusted profit by average net asset balance.
Annualized premiums	An adjusted figure for premiums paid using monthly, annual, or lump-sum payment methods showing total premiums paid on an annual basis.
Assumed business expense rate	One of the forecast rates used in the calculation of insurance premiums. It is the rate used to include business expenses necessary for administering insurance policies.
Assumed investment yield	One of the forecast rates used in the calculation of insurance premiums. It is the predetermined discount rate based on the expected earnings from the investment of insurance premiums.

C

Closed book business	A business model in which an insurance company generates profit by obtaining and consolidating blocks of policies in force for products that are no longer sold (closed book) and enhancing their value. In Western countries, there has been an increase in the number of closed books separated as a part of revisions of the business strategy and the product portfolio according to changes in the business environment.
Contingency reserve	A reserve included as part of the policy reserve to account for the risk of insurance payment events occurring at a higher-than-expected rate due to higher-than-expected mortality and morbidity rates, and the risk of actual investment yields being lower than the assumed investment yields related to outstanding policies. Contingency reserve can be classified into: Contingency reserve I Corresponds to insurance risk Contingency reserve II Corresponds to assumed investment yield risk Contingency reserve III Corresponds to minimum guarantee risk relating to variable annuity and others Contingency reserve IV Corresponds to insurance risk of Third Sector insurance
Core profit	An indicator showing core period earnings of life insurance companies, made up of insurance income and expenses (which include income from insurance premiums and insurance benefits and business expenses), and investment income and expenses (which include mainly interest, dividends and income from real estate for rent). It is not an item on the Company's statement of operation, but is calculated by deducting capital gains, such as gains (losses) on sales of securities and other one-time gains (losses), from ordinary profit.
Cost of shareholder's capital	Of capital raised by a company, costs required to procure funds from investors. Also can be defined as the rate of return anticipated by an investor on an investment.

E

Economic value-based solvency regulation	The solvency regulation is a rule to enable an insurance company to properly pay insurance benefits in the future. An economic value-based solvency regulation, proposed to be introduced in 2025, stipulates that insurance liabilities shall also be assessed based on the current value.
ERM (Enterprise Risk Management)	A strategic management method used to achieve managerial goals such as raising corporate value and maximizing earnings, through the integrated management of capital, profit and risk.
ESG investment	Selective investments focused on companies that pay adequate attention to the environmental, social and governance factors.
ESR (Economic Solvency Ratio)/ Core ESR	An indicator of capital adequacy based on economic value, calculated by dividing net assets based on economic value (surplus), by the risk volume (economic capital (EC)) quantified using the internal model. An ESR of 100% means that capital and risk are equal. The higher the ESR, the greater the amount of capital secured relative to risk. Although ESR is widely used mainly in Europe, there is no standardized calculation method. Each life insurance company calculates ESR individually based on its internal models. Core ESR means economic value-based capital efficiency and used as an indicator for considering return to shareholders. Differs from ESR in terms of considering the quality of capital (especially availability) and specifically calculated by subtracting subordinated debt, and unrealized gains and losses on insurance liabilities after the application of UFR from surplus and dividing the resulting number by EC.

EV (Embedded Value)

Generally, life insurance policies extend over significantly long durations, resulting in a time gap between the recognition of revenues and expenses. EV is a concept used for measuring the corporate value of a life insurance company in consideration of this gap. EV (embedded value) refers to the amount of net assets after tax, which is considered to be attributable to shareholders, and is the sum of adjusted net assets calculated based on balance sheets, etc., and the value of in-force business calculated based on policies in force.  
<Specific nature of life insurance accounting>  
From the perspective of financial accounting, a life insurance company successfully acquiring new business in a year apparently shows a decrease in profit for the corresponding period, due to a heavier burden of initial costs, such as sales commissions. While there is a constant inflow of premiums each year, expenses gradually decrease over time, which results in the accumulation of earnings over longer periods.



Glossary

G

General account	The aggregate of a life insurer’s assets, other than those allocated to separate accounts. General account assets are invested by a company to meet fixed guaranteed rates of return for policyholders, and that company bears the investment risk on such assets.
Group adjusted profit	Calculated by subtracting unrealized gains/losses caused by discrepancy of accounting treatment of assets and liabilities from net income, and then adding additional internal reserves in excess of the legal standard requirements to the resulting number.

J

Japan’s Corporate Governance Code	Guidelines for corporate governance drafted by the Financial Services Agency and the Tokyo Stock Exchange, which indicate a “a structure for transparent, fair, timely and decisive decision-making by companies, with due attention to the needs and perspectives of shareholders and also customers, employees and local communities,” in the form of a code of conduct to be observed by a listed company.
Japan’s Stewardship Code	Code of conduct for behavior for institutional investors setting out the principles as “responsible institutional investors,” designed to prompt sustainable growth of corporations through investment and dialogue.

L

Level-premium products	A type of insurance where the amount of the premium is constant from inception to the expiry of the premium payment period.
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M

MCEV (Market Consistent EV)	MCEV refers to Market Consistent EV, which is a method for evaluating EV in consistency with financial markets. MCEV is an EV calculated based on the MCEV Principles established in June 2008 by the CFO Forum (an organization of major European insurance companies), whereby a market consistent evaluation method was applied with a view to further unify the calculation standards.
Mortality rate	Rates of death, varying by such parameters as gender, age, and health, used in pricing and computing liabilities for future policyholder benefits for life insurance and annuity products.

N

Non-participating policy	Policies under which the policyholder receives no policyholder dividends. Non-participating policies generally feature lower premiums than participating or semi-participating policies.
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P

Participating policy	Policies under which the policyholder is eligible to share in the divisible surplus of a company—calculated based on the mortality rate margin, investment yield margin, and business expense margin—through the receipt of annual policyholder dividends.
P/EV ratio	A ratio calculated by dividing an aggregate market value by EV (Embedded Value). An indicator which compares a company’s share price to its per-share EV.
Policy amount	Aggregate sum insured by a life insurance company. The total of policy amount at the end of a fiscal year is called the “policy amount in force.” The total policy amount of policies (including converted policies) sold in a year is called the “new policy amount.”
Policy reserve	A reserve established for the fulfillment of insurance claims and other payments related to a company’s outstanding policies that are expected to be paid in the future. The policy reserve consists of a premium reserve, an unearned premium reserve, a repayment reserve, and a contingency reserve. A company uses the net level premium method to calculate the amount it sets aside each year as a policy reserve. The policy reserve is one of the three reserves comprising the reserve for policy and other reserves.
Positive spread/Negative spread	<p>The state in which actual investment earnings exceed the expected return based on the assumed investment yield is referred to as a “positive spread.” A “negative spread” is when actual investment earnings are below the expected return.</p> <p>Positive spread (Negative spread denoted in bracket) = (Investment yield on core profit – Average assumed investment yield) × Policy reserve in general account</p> <ul style="list-style-type: none"><li>• “Investment yield on core profit” is calculated by dividing the numerator as investment earnings in general account included in core profit less the provision for interest portion of reserve for dividends to policyholder by the denominator as policy reserve in general account.</li><li>• “Average assumed investment yield” is calculated by dividing the numerator as assumed interest by the denominator as policy reserve in general account.</li><li>• “Policy reserve in general account” represents the policy reserve in general account less contingency reserve calculated by the following method.</li></ul> <p>Policy reserve in general account = (Policy reserve at beginning of fiscal year + Policy reserve at the end of fiscal year – Assumed interest) × 1/2</p>

R

Reserve for policyholder dividends	A reserve used to fund the payment of policyholder dividends. The reserve for policyholder dividends is one of the three reserves comprising the reserve for policy and other reserves. For a mutual life insurance company, a transfer to reserve for policyholder dividends is treated as a disposition of net surplus. For a joint stock corporation, provision for reserve for policyholder dividends is treated as an expense.
Reserve for price fluctuations	Pursuant to provisions of the Insurance Business Act, companies maintain reserves to cover losses due to price fluctuations in assets subject to market price volatility, particularly investments in domestic and foreign stocks, yen-denominated bonds, and foreign currency-denominated bonds. This reserve may be used only to reduce deficits arising from price fluctuations of those assets.
ROEV/Core ROEV	ROEV stands for Return on Embedded Value, which is an indicator for measuring capital efficiency by assuming an increase in EV as profit in consideration of the specialty of life insurance accounting. Core ROEV is an indicator using an increase in EV mainly through the acquisition of new business.

S

Separate account	Assets related to variable insurance and variable annuity products, as well as some group pension products (including employee pension fund insurance and national pension fund insurance), are managed in a separate account for the purpose of directly returning investment results to policyholders. The investment results, less asset management fees, of the separate account assets are attributable to all policyholders so that the insurance company bears limited or no investment risk on such assets.
Single-premium insurance	A type of insurance where the premium is paid in lump-sum at the conclusion of the policy which covers the entire insurance period.
Social bond	Bond issued to raise funds for contributing to solutions to global social issues, such as support for emerging countries and measures against global warming.
Solvency margin ratio	A risk indicator calculated as the total solvency margin (including net assets, the reserve for price fluctuations, contingency reserve, reserve for possible loan losses, etc.) divided by 1/2 of total risk, which includes such factors as insurance risk due to a major earthquake or other disaster, investment risk, and various other risks. If a life insurance company’s solvency margin ratio falls below 200%, the regulatory authorities will require management to introduce corrective measures to quickly return the company to soundness.
Surrender and lapse amount	The total amount of money reimbursed on the surrender or lapse of insurance policies in a given fiscal year. Surrender occurs when policyholders choose to discontinue their policies. Lapse occurs when the deadline for payment of premiums that are in arrears is exceeded.

T

Third sector insurance	In the Japanese insurance industry, life insurance products and non-life insurance products are called “First Sector” and “Second Sector” insurance products, respectively, and insurance products which have intermediate characteristics of both products are called “Third Sector” insurance products. Examples include medical care, cancer, accident, and nursing care insurance.
Total payout ratio	An indicator showing the ratio of return to shareholders. Calculated by dividing the sum of total dividend value and the amount of share buybacks by Group adjusted profit.
Trust-type stock compensation	A stock compensation system under which a Trust established by T&D Holdings through entrusting money, acquires the Company’s stocks, and through the Trust, the Company provides eligible directors with its stocks corresponding to the number of points granted to them by the Company.

U

Ultimate Forward Rate (UFR)	A very long-term interest rate level that is thought to be realized macroeconomically. The Group begins interest rate extrapolation from 31 years and sets the convergence point for the ultimate forward rate level at 60 years.
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V

Value of new business	The value of distributable earnings to shareholders expected to be generated in the future from insurance policies (including converted policies) sold in a year, converted to a present value as at the valuation date.
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# Status of Stock Holdings

## I. Standards and ways of thinking by category in investments

The Group holds investment stocks for the purpose of pure investment in order to reap earnings by an increase in equity value and by receiving dividends and so forth.

In addition, the Group holds investment stocks for purposes other than pure investment (hereinafter “non-pure investment stocks” or “strategic shareholdings”).

The purpose of holding non-pure investment stocks/strategic shareholdings is to maintain and expand long-term, stable business relationships, to maintain and strengthen business partnerships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.

The Company has set its policies regarding the Group’s strategic shareholdings of listed stocks and its standpoint on exercise of the voting rights under the Basic Policy on Corporate Governance, as per below.

### 1. When holding strategic shareholdings of listed stocks, the Group shall adhere to the following policies:

- a. The purpose of holding strategic shareholdings of listed stocks shall be to maintain and expand long-term, stable business relationships, to maintain and strengthen business partnerships, and to reap medium- to long-term benefits by an increase in equity value and by receiving dividends and so forth.
- b. Every year, the boards of directors of the Company and its Group companies that hold strategic shareholdings shall verify the propriety of holding individual strategic shareholdings by concretely examining the adequacy of the holdings, whether the benefits and risks commensurate with the capital cost, and other factors.
- c. If the continued holdings of individual strategic shareholdings were deemed inadequate as a result of verifying the propriety of the holding, such strategic shareholdings shall be subject to sales and the strategic shareholdings shall be reduced.
- d. The Group shall disclose its details of the verification of above (b) and (c) annually.

### 2. The Group believes that the appropriate exercise of the voting rights of strategic shareholdings will encourage the establishment of sound corporate governance systems and sustained growth at counterparty companies. At the same time, the Group believe that the appropriate exercise of these voting rights is a crucial means of helping to bolster shareholder interests. Accordingly, the Group shall exercise the voting rights of its strategic shareholdings.

### 3. In the course of exercising voting rights as stipulated in the preceding item, the Company shall strive to share a common awareness with the counterparty company by engaging in dialogue and other forms of communication from a medium- to long-term perspective, while respecting the counterparty company’s management decisions, rather than making judgments based on formal standards. In cases where it is judged that shareholder interests could be impaired, the Company shall express its position through the appropriate exercise of its voting rights.

In order to validate the appropriateness of strategic shareholdings, the Board of Directors of the Company and those of Group companies examine whether the benefits of each business are proportionate to the capital cost. Moreover, we may sell full or partial amount of strategic shareholdings that was determined to be sold, through thorough communication with the issuer.

In fiscal 2021, we reduced the number of holdings of 15 stocks to zero by selling, etc., and sold some of the other 5 stocks. As a result, we reduced the balance by about 43 billion yen on a market price basis.

Going forward, the balance of strategic shareholdings will be first proceeded to be reduced to approximately 20% of Group net asset, and furthermore by the end of fiscal 2025.

## II. Taiyo Life Insurance Company's stock holding status

Of the Company and its consolidated subsidiaries, Taiyo Life is the consolidated subsidiary with the largest balance of investment stock. The status of Taiyo Life’s stock holding is as follows:

### 1. Investment Stocks for which the holding purpose is other than pure investment

- a. Policies to hold shares, methods to verify the rationality to hold shares, verification contents at the Board of Directors meetings about the appropriateness to hold individual companies  
Every year, the boards of directors of the Company and Taiyo Life Insurance Company shall verify the propriety of holding individual non-pure investment stocks by concretely examining the adequacy of the holdings, whether the benefits and risks are commensurate with the capital cost, and other factors.

### b. The number of stocks and the amounts on Balance Sheets

	The number of stocks	Total of balance sheet amount (¥millions)
Unlisted stocks	7	2,897
Stocks other than unlisted stocks	19	199,182

(Stocks with increased number of shares in this fiscal year)

	The number of stocks	Total of acquisition cost related to the increase in the number of shares (¥millions)	The reasons for increasing the number of shares
Unlisted stocks	0	—	—
Stocks other than unlisted stocks	0	—	—

(Stocks with decreased number of shares in this fiscal year)

	The number of stocks	Total of sale price related to the decrease in the number of shares (¥millions)
Unlisted stocks	0	—
Stocks other than unlisted stocks	3	8,668



Status of Stock Holdings

c. The information about the number of the stocks and balance sheet amount for Specified Investment Shares and Regarded as Holding Shares  
Specified Investment Shares

Stocks	Year ended March 31, 2022	Year ended March 31, 2021	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
SHIMADZU CORPORATION	7,411,520	7,411,520	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. There is joint development of services in the insurance field. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	31,387	29,683		
Daiwa Securities Group Inc.	41,140,000	41,140,000	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	28,497	23,536		
Keio Corporation	5,862,032	5,862,032	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	28,049	43,613		
MITSUI & CO., LTD.	8,160,800	8,160,800	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	27,159	18,786		
Mitsui Fudosan Co., Ltd.	8,096,575	8,096,575	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	21,213	20,350		
TOKYU CORPORATION	9,566,559	9,566,559	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	15,229	14,101		
Tsubakimoto Chain Co.	3,559,663	3,559,663	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	10,874	10,856		
Mitsubishi Estate Co., Ltd.	5,775,000	7,700,000	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	10,504	14,880		
Sompo Holdings, Inc.	998,820	1,996,820	The purpose of holding the stocks is to maintain and strengthen business partnerships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 1
	5,374	8,470		
RAITO KOGYO CO., LTD.	2,734,500	2,734,500	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	5,340	5,140		
Obayashi Corporation	5,486,400	5,486,400	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	4,937	5,568		
Tsubakimoto Kogyo Co., Ltd.	573,805	573,805	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	2,100	2,180		
Kurimoto, Ltd.	1,209,075	1,209,075	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	1,898	2,117		

Stocks	Year ended March 31, 2022	Year ended March 31, 2021	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
Electric Power Development Co., Ltd. (J-POWER)	1,085,040	1,085,040	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	1,896	2,098		
Sotetsu Holdings Co., Ltd.	760,000	760,000	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	1,741	1,884		
Taikisha Ltd.	422,029	422,029	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	1,285	1,280		
Takasago Thermal Engineering Co., Ltd.	678,347	678,347	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	1,176	1,169		
Daiwa Motor Transportation Co., Ltd.	375,000	375,000	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	300	331		
MEIWA INDUSTRY CO., LTD.	210,120	210,120	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	214	188		
Mitsubishi Chemical Holdings Corporation	—	18,838,372	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	N
	—	15,633		
Mitsubishi UFJ Financial Group, Inc.	—	15,220,718	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	N
	—	9,006		
Tsukishima Kikai Co., Ltd	—	1,885,000	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	2,418		
Toppan Printing CO., LTD.	—	474,544	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	887		
Advance Create Co., Ltd.	—	731,000	Taiyo Life Insurance Company used to have the stocks to maintain and expand business partnerships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	N
	—	788		
Meito Sangyo Co., Ltd.	—	150,000	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	226		
San ju San Financial Group, Inc.	—	50,000	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	N *Note 2
	—	69		

\*Note 1 The subsidiary Sompo Japan Insurance Inc. holds stocks.  
\*Note 2 The subsidiary San ju San Bank, Ltd. holds stocks.  
\*Note 3 The "—" symbol indicates that the relevant stock is not held.

Regarded as Holding Shares  
Not applicable.

Status of Stock Holdings

2. Stocks for which the holding purpose is pure investment

	Fiscal 2021		Fiscal 2020	
	The number of stocks	Total of balance sheet amount (¥millions)	The number of stocks	Total of balance sheet amount (¥millions)
Unlisted stocks	34	7,219	38	19,370
Stocks other than unlisted stocks	34	224,348	29	219,928

	Fiscal 2021 (¥ millions)			
	Total dividends received	Total gains (losses) on sales	Total of valuation gains (losses)	
			Net unrealized gains (losses)	Valuation losses
Unlisted stocks	244	(4,349)	207	857
Stocks other than unlisted stocks	7,226	1,340	50,438	36

3. Change in investment purpose during fiscal 2021

a. Stocks of which the holding purpose has been changed from pure investment to other than pure investment

Not applicable.

b. Stocks of which the holding purpose has been changed from other than pure investment to pure investment

Stock	The number of shares	Balance sheet amount ¥millions
Mitsubishi Chemical Holdings Corporation	18,838,372	15,392
Mitsubishi UFJ Financial Group, Inc.	15,220,718	11,572
Tsukishima Kikai Co., Ltd	1,885,000	2,041
Toppan Printing CO., LTD.	474,544	1,027
Meito Sangyo Co., Ltd.	150,000	238
San ju San Financial Group, Inc.	50,000	73

III. Daido Life Insurance Company's stock holding status

Of the Company and its consolidated subsidiaries, Daido Life is the consolidated subsidiary with the second largest balance of investment stock. The status of Daido Life's stock holding is as follows:

1. Investment Stocks for which the holding purpose is other than pure investment

a. Policies to hold shares, methods to verify the rationality to hold shares, verification contents at the Board of Directors meetings about the appropriateness to hold individual companies

Every year, the boards of directors of the Company and Daido Life Insurance Company shall verify the propriety of holding individual non-pure investment stocks by concretely examining the adequacy of the holdings, whether the benefits and risks are commensurate with the capital cost, and other factors.

b. The number of Stocks and the amounts on Balance Sheets

	The number of stocks	Total of balance sheet amount (¥millions)
Unlisted stocks	97	11,268
Stocks other than unlisted stocks	50	248,413

(Stocks with increased number of shares in this fiscal year)

	The number of stocks	Total of acquisition cost related to the increase in the number of shares (¥millions)	The reasons for increasing the number of shares
Unlisted stocks	0	—	—
Stocks other than unlisted stocks	1	251	For additional purchase as the purpose of further strengthening relationship for business alliances.

(Stocks with decreased number of shares in this fiscal year)

	The number of stocks	Total of sale price related to the decrease in the number of shares (¥millions)
Unlisted stocks	2	15
Stocks other than unlisted stocks	11	4,887



Status of Stock Holdings

c. The information about the number of the stocks and balance sheet amount for Specified Investment Shares and Regarded as Holding Shares  
Specified Investment Shares

Stock	Year ended March 31, 2022	Year ended March 31, 2021	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share  Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
Mitsubishi UFJ Financial Group, Inc.	64,168,770	64,168,770	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in a wide range of fields such as insurance and asset management, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks that have been commensurate with the capital costs.	N
	48,787	37,968		
SMC Corporation	295,200	313,700	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N
	20,321	20,174		
ONO PHARMACEUTICAL CO., LTD.	6,549,500	6,549,500	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	20,080	18,928		
Nuernberger Beteiligungs-Aktiengesellschaft	1,727,036	1,727,036	The purpose of holding the stocks is to maintain and strengthen business partnerships in insurance products/services, asset management, and technology fields such as information systems, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	18,768	17,148		
TKC Corporation	5,138,092	5,138,092	The purpose of holding the stocks is to maintain and strengthen partnerships to support the continuation and development of SMEs, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	17,058	18,086		
Daiwa House Industry Co., Ltd.	5,000,000	5,000,000	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	16,005	16,205		
Kansai Paint Co., Ltd.	7,607,000	7,607,000	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	15,008	22,478		
Resona Holdings, Inc.	28,590,000	28,590,000	The purpose of holding the stocks is to maintain and strengthen business partnerships in the sales field for solving management issues of small and medium enterprises such as "health and productivity management" and "inheritance and business succession," and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 1
	14,984	13,288		
Ezaki Glico Co., Ltd.	3,500,400	3,500,400	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	13,021	15,559		
FUJI CORPORATION	4,811,200	4,811,200	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	10,695	13,639		

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\*Note 1 The subsidiary Resona Bank, Limited. holds stocks.  
\*Note 2 The “\*” symbol indicates that the statement is omitted because the amount on the balance sheet of the issue is less than 1/100 of the capital amount.

Regarded as Holding Shares  
Not applicable.

Status of Stock Holdings

2. Stocks for which the holding purpose is pure investment

	Fiscal2021		Fiscal 2020	
	The number of stocks	Total of balance sheet amount (¥ millions)	The number of stocks	Total of balance sheet amount (¥ millions)
Unlisted stocks	11	465	12	3,603
Stocks other than unlisted stocks	69	91,151	71	86,012

	Fiscal 2021 (¥millions)			
	Total dividends received	Total gains (losses) on sales	Total of valuation gains (losses)	
			Net unrealized gains (losses)	Valuation losses
Unlisted stocks	39	—	60	—
Stocks other than unlisted stocks	1,277	(2,316)	25,350	—

3. Change in investment purpose during fiscal 2021

Stocks of which the holding purpose has been changed from pure investment to other than pure investment  
Not applicable.

Stocks of which the holding purpose has been changed from other than pure investment to pure investment  
Not applicable.

IV. T&D Holdings, Inc.

The status of the Company's stock holding is as follows:

1. Investment Stocks for which the holding purpose is other than pure investment

a. Policies to hold shares, methods to verify the rationality to hold shares, verification contents at the Board of Directors meetings about the appropriateness to hold individual companies  
Not applicable.

b. The number of Stocks and the amount on Balance Sheets  
Not applicable.

(Stocks with increased number of shares in this fiscal year)  
Not applicable.

(Stocks with decreased number of shares in this fiscal year)  
Not applicable.

c. The information about the number of the stocks and the balance sheet amount for Specified Investment Shares and Regarded as Holding Shares  
Specified Investment Shares  
Not applicable.

Regarded as Holding Shares  
Not applicable.

2. Stocks for which the holding purpose is pure investment

Not applicable.

3. Change in investment purpose during fiscal 2021

Stocks of which the holding purpose has been changed from pure investment to other than pure investment  
Not applicable.

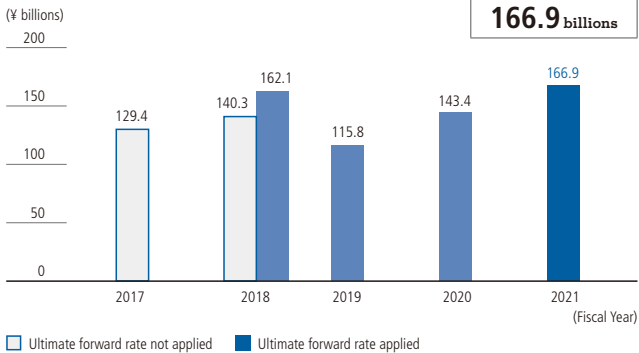
Stocks of which the holding purpose has been changed from other than pure investment to pure investment  
Not applicable.



# Financial Highlights

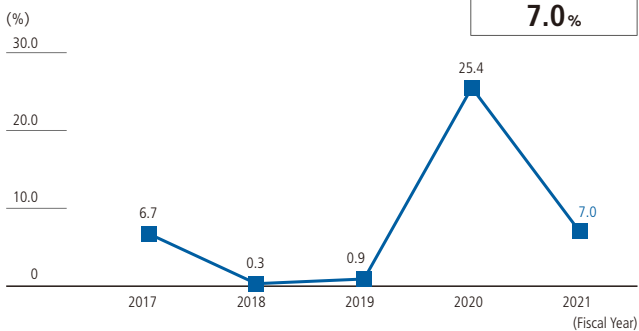
## Key Performance Indicators

### Value of New Business



The value of new business increased by ¥23.5 billion from the previous fiscal year to ¥166.9 billion, mainly due to an increase in new policies.

### ROEV\*

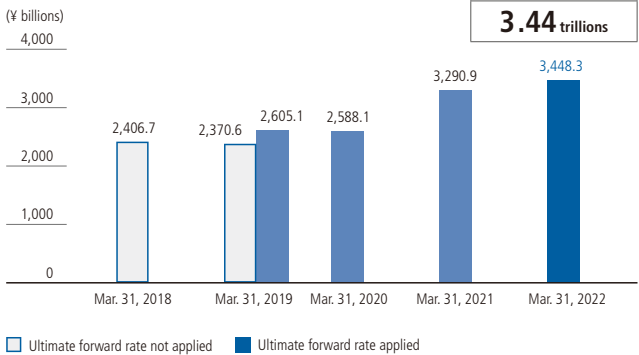


\* ROEV = Amount of EV increase (excluding increases or decreases in capital, etc.) ÷ Average EV balance (Group basis)  
Base excluding valuation gains/losses, etc. related to Fortitude, Application of UFR from fiscal 2019.

ROEV was 7.0% due to an increase in Group MCEV excluding valuation gains/losses, etc. related to Fortitude from the end of the previous fiscal year.

## Corporate Value

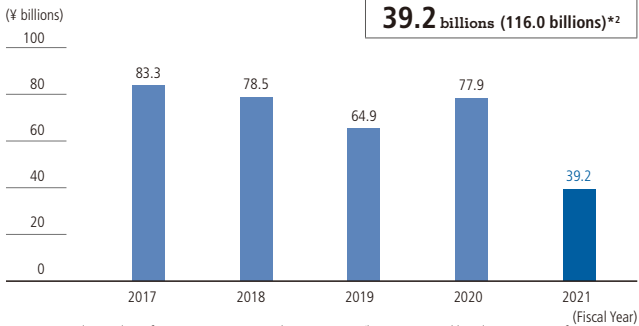
### Group MCEV



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

Group MCEV increased by ¥157.4 billion from the previous fiscal year-end to ¥3,448.3 billion, mainly due to the accumulation of value of new business.

### Group Adjusted Profit\*

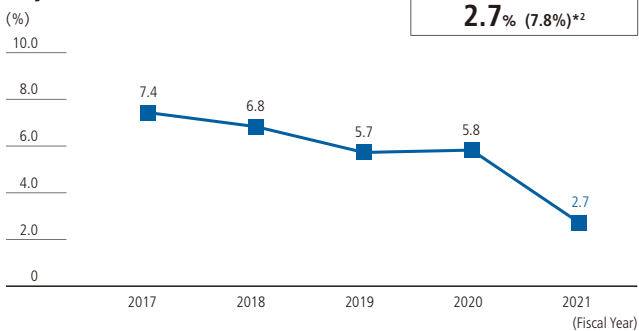


\*1 Group adjusted profit = net income ± valuation gains/losses caused by discrepancy of accounting treatment of assets and liabilities + additional internal reserves in excess of the legal standard requirements  
Adjusted net income was described until fiscal 2018.

\*2 Figures in parentheses in the chart exclude the impact related to Taiyo Life's reinsurance (news release dated March 31, 2022)

Group adjusted profit was ¥39.2 billion due to the negative ¥76.7 billion impact of Taiyo Life's reinsurance. Excluding this impact, however, profit increased significantly from the previous fiscal year due to strong asset management performance.

### Adjusted ROE\*



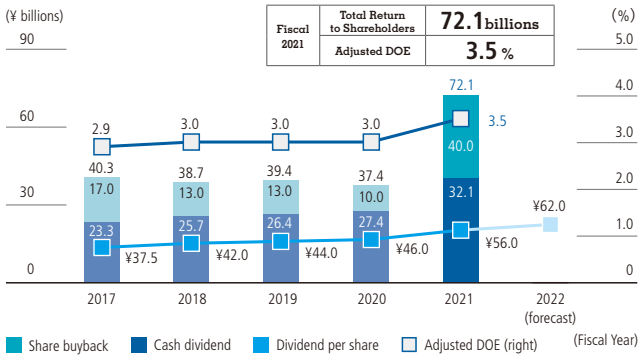
\*1 Adjusted ROE = Group adjusted profit / Average net asset balance  
Adjusted net income was described until fiscal 2018.

\*2 Figures in parentheses in the chart exclude the impact related to Taiyo Life's reinsurance (news release dated March 31, 2022)

Excluding the impact of Taiyo Life's reinsurance, adjusted ROE was 7.8%, up from 5.8% in the previous fiscal year.

## Return to Shareholders

### Total Return to Shareholders + Adjusted DOE\*



\* Adjusted DOE = Total dividend value/shareholders' equity (excluding valuation gains/losses caused by discrepancy of accounting treatment of assets and liabilities of Fortitude)

In fiscal 2021, the Company increased the annual dividend per share by ¥10 from the previous fiscal year to ¥56. In addition, we conducted a share buyback of ¥40.0 billion, providing a total return to shareholders of ¥72.1 billion.

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## Consolidated Results of Operations

In fiscal 2022, net income is expected to be ¥17.0 billion, similar to the fiscal 2021 level. This is due to valuation losses caused by discrepancy of accounting treatment of assets and liabilities in Fortitude's results of January to March 2022, mainly as a result of increased interest rates in the U.S.

### Fiscal 2022 Full-year Earnings Forecasts\* [Consolidated and Three Life Insurance Companies]

	T&D Holdings		Taiyo Life		Daido Life		T&D Financial Life	
	Fiscal 2021 (actual)	Fiscal 2022 (forecasts)	Fiscal 2021 (actual)	Fiscal 2022 (forecasts)	Fiscal 2021 (actual)	Fiscal 2022 (forecasts)	Fiscal 2021 (actual)	Fiscal 2022 (forecasts)
Ordinary revenues	2,614.3	2,390.0	1,439.8	840.0	1,032.6	1030.0	485.3	480.0
Ordinary profit	57.0	84.0	(86.6)	56.0	122.7	102.0	5.6	0.0
Net income	14.1	17.0	(74.1)	28.0	76.2	62.0	3.1	(1.0)
Income from insurance premiums			598.1	680.0	808.0	820.0	367.1	450.0
Core profit (new standard)			46.3	50.0	129.6	94.0	(3.0)	(3.0)
Positive spread (new standard)			34.1	42.0	52.2	24.0	(2.6)	(3.0)
Core profit			55.1		131.6		(2.6)	
Positive spread			42.9		54.2		(2.2)	

\* Disclosed on May 13, 2022.

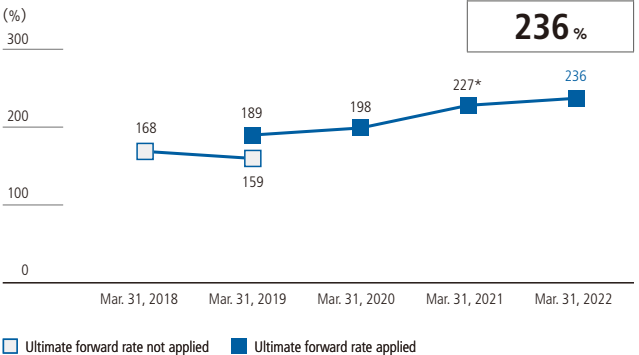
### Core Profit

	(¥ billions)		
	Taiyo Life	Daido Life	T&D Financial Life
Fiscal 2021 Core profit	55.1	131.6	(2.6)
Items excluded from calculation of core profit			
Gains and losses on cancellation of investment trusts	3.6	0.0	0.3
Exchange rate fluctuation portion of gain/loss on revaluation of securities	0.4	—	—
Items included in calculation of core profit			
Hedging costs related to foreign exchange	(4.7)	(1.9)	—
Fiscal 2021 Core profit (new standard)	46.3	129.6	(3.0)

Effective from the fiscal year ending March 31, 2023, the method of calculating core profit will be revised. The table on the left shows the changes due to the revision of the method of calculating core profit in the fiscal year ended March 31, 2022.

## Financial Soundness

### ESR



\* Figures reflect the retroactive application of the accounting treatment of Fortitude's reorganization announced on October 1, 2021.

The economic solvency ratio (ESR) increased by 9 percentage points from the previous fiscal year-end to 236%, due to an increase in surplus, mainly from the acquisition of new policies and an increase in unrealized gains on liabilities resulting from higher domestic interest rates, among other factors.

### Rating\* / Solvency Margin Ratio

	Rating Agencies			Solvency margin ratio
	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)	Standard & Poor's (S&P)	
T&D Holdings	AA-	—	—	1,026.3%
Taiyo Life	AA-	AA-	A	734.2%
Daido Life	AA-	AA-	A	1,203.8%
T&D Financial Life	AA-	AA-	—	749.5%

Rating is as of January 25, 2022  
Solvency margin ratio is as of March 31, 2022

\* Long-term issuer rating for T&D Holdings and insurance claims paying ability ratings for the three life insurance companies.

The solvency margin ratio was 1,026.3% on a consolidated basis, 734.2% for Taiyo Life, 1,203.8% for Daido Life and 749.5% for T&D Financial Life, indicating sufficient financial soundness.

# Non-financial Highlights

## Creating a workplace environment where employees reach their potential

The T&D Insurance Group has been promoting to nurture a corporate culture where diverse human resources can feel job satisfaction and reach their potential. Given that women represent the majority of the Group's employees, the active participation of female employees is recognized as a crucial management priority. To this end, each

Group company is introducing various support systems to enhance work-life balance. We are working to increase employment opportunities for people with disabilities by creating workplaces which are comfortable for them to work in.

### Employee satisfaction

\* Five rated evaluation

	FY2020	FY2021
T&D Holdings	3.84	4.11
Taiyo Life	3.61	3.60
Daido Life	3.75	3.88
T&D Financial Life	3.55	3.67

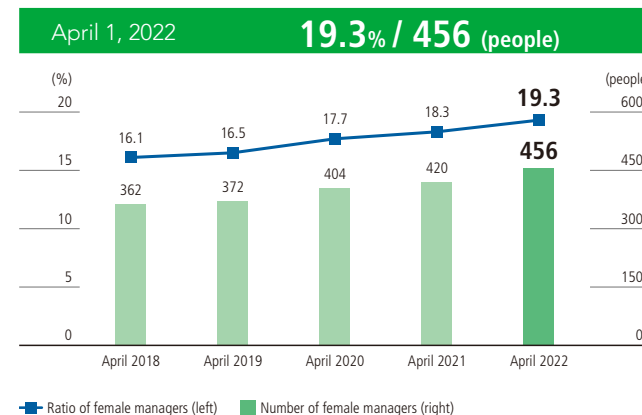
### Recognition for health and productivity management initiatives



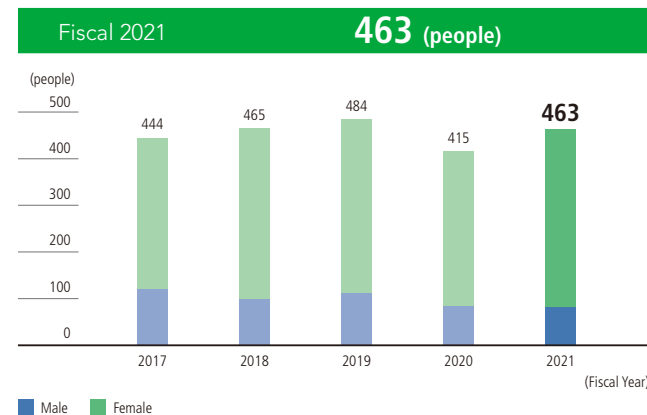
#### Certified Health and Productivity Management Organizations - White 500 -

Taiyo Life, Daido Life, and T&D Financial Life have been approved as Certified Health and Productivity Management Organizations (White 500) under a certification system aimed to promote health and productivity management for employees organized by the Ministry of Economy, Trade and Industry (METI). Taiyo Life and Daido Life have earned this certification for six consecutive years.

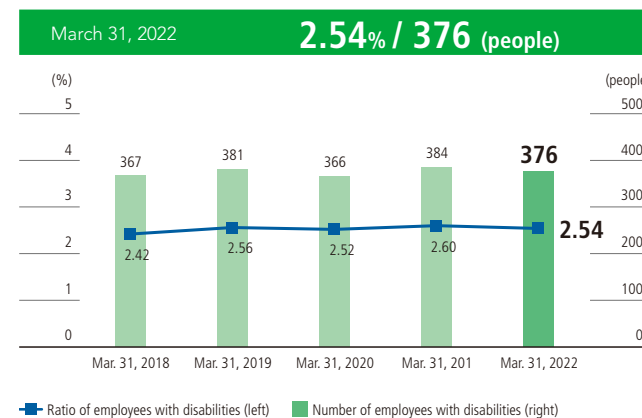
### Ratio/number of female managers



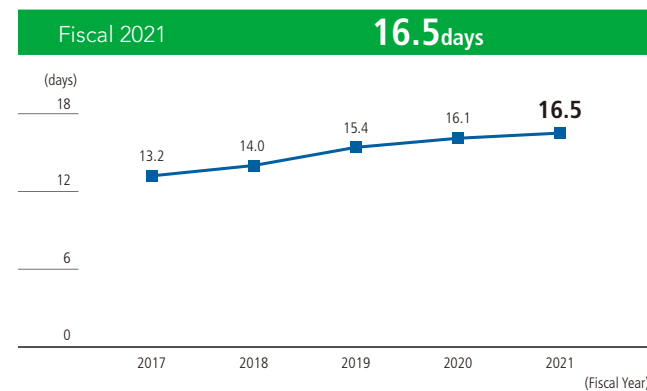
### Number of employees taking child care leave



### Ratio/number of employees with disabilities



### Average number of paid leave days taken



\* The above ratio of female managers, number of employees taking child care leave, ratio of employees with disabilities and average number of days of paid leave taken are for the total of three life insurance companies.

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## Initiatives on customer-oriented services

The T&D Insurance Group emphasizes clarity for the customer and strives to provide services customers can trust.

The T&D Insurance Group takes "customer-oriented" as a shared Group-wide value, and has established the

### Main awards received for initiatives on customer service

#### Taiyo Life

- Received the UCDA 2021 "Ease of understanding Information" Award and the "Another Voice" Award at the UCDA Award 2021

#### Daido Life

- Received the highest rank of "3 Star" for HDI-Japan's "Quality Service" for two consecutive years

"T&D Insurance Group Basic Policy on Customer-oriented Business Operations." Each Group company is taking steps in accordance with such value.

Assessments of the policies of the three life insurance companies on customer-oriented operations

		FY2020	FY2021
Taiyo Life	Overall satisfaction level	91.8%	91.9%
Daido Life	Overall satisfaction level	82.3%	81.1%
T&D Financial Life	Satisfaction level at the contract signing stage	98.1%	98.1%

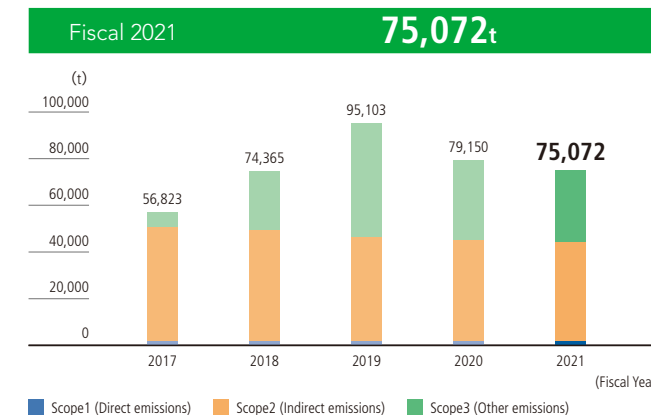
\* Survey implementation methods differ for each company.

[https://www.td-holdings.co.jp/information/business\\_operations.html](https://www.td-holdings.co.jp/information/business_operations.html) (Japanese)

## Environmental initiatives

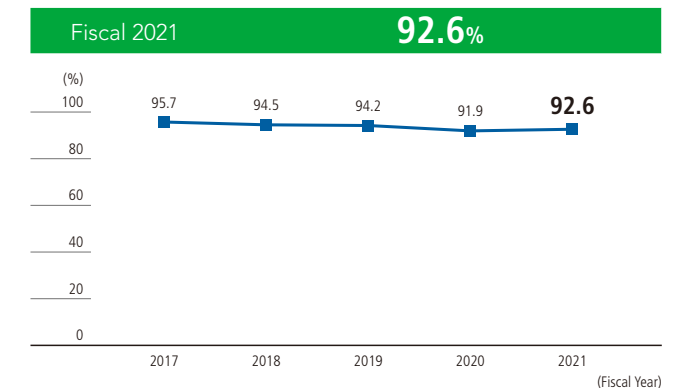
The T&D Insurance Group has enacted "T&D Insurance Group Environmental Policy." Recognizing the environmental burden of resource or energy consumption and waste emissions, we are working toward reducing environmental impact by conserving energy or resources, recycling resources, and promoting green purchasing.

### CO<sub>2</sub> emissions volume

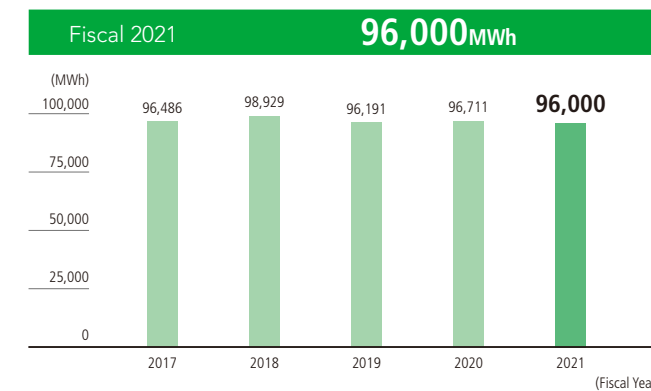


\* Emissions have greatly increased since fiscal 2018, because of the addition of categories 1, 2, and 7 to Scope3.

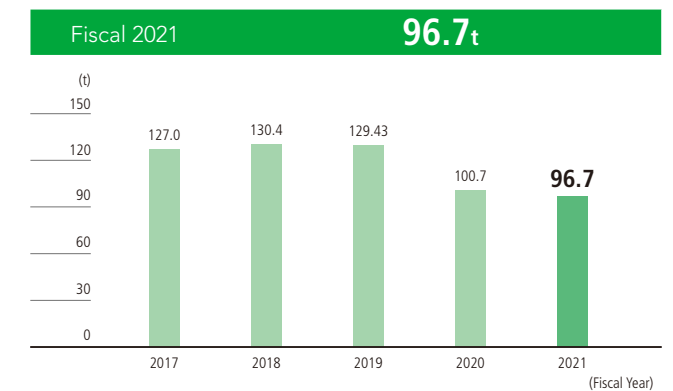
### Green Purchasing Ratio



### Electricity consumption



### Office paper consumption





# Selected Financial Data

## T&D HOLDINGS

¥ millions					
Years ended March 31	2018	2019	2020	2021*2	2022
<b>Statement of Operation Data:</b>					
<b>Ordinary revenues:</b>					
Income from insurance premiums	¥1,483,719	¥1,676,184	¥1,753,508	¥1,783,369	¥1,781,952
Investment income	372,753	393,901	369,419	453,706	476,904
Other ordinary income	71,813	70,076	75,001	73,963	338,770
Equity in earnings of affiliates	72	—	—	102,914	16,749
<b>Total ordinary revenues</b>	<b>1,928,359</b>	<b>2,140,162</b>	<b>2,197,928</b>	<b>2,413,953</b>	<b>2,614,377</b>
<b>Ordinary expenses:</b>					
Insurance claims and other payments	1,146,175	1,141,636	1,193,510	1,308,157	2,174,187
Provision for policy and other reserves	262,894	469,615	431,011	484,929	1,945
Investment expenses	96,288	112,285	164,819	110,235	82,332
Operating expenses	202,366	201,563	212,453	214,509	229,279
Other ordinary expenses	64,159	68,086	70,424	67,988	69,602
<b>Total ordinary expenses</b>	<b>1,771,884</b>	<b>1,993,213</b>	<b>2,072,506</b>	<b>2,185,820</b>	<b>2,557,348</b>
<b>Ordinary profit</b>	<b>156,475</b>	<b>146,949</b>	<b>125,422</b>	<b>174,649</b>	<b>57,029</b>
<b>Net extraordinary gains (losses)</b>	<b>(16,485)</b>	<b>(17,890)</b>	<b>(6,055)</b>	<b>(12,591)</b>	<b>(9,816)</b>
<b>Provision for reserve for policyholder dividends</b>	<b>30,331</b>	<b>27,144</b>	<b>21,883</b>	<b>24,429</b>	<b>24,284</b>
<b>Income before income taxes</b>	<b>109,657</b>	<b>101,915</b>	<b>97,483</b>	<b>137,628</b>	<b>22,928</b>
<b>Income taxes:</b>					
Current	34,106	32,383	31,768	28,969	3,730
Deferred	(2,044)	(3,316)	(1,425)	(744)	4,779
<b>Total income taxes</b>	<b>32,061</b>	<b>29,066</b>	<b>30,343</b>	<b>28,224</b>	<b>8,510</b>
<b>Profit attributable to non-controlling interests</b>	<b>19</b>	<b>22</b>	<b>36</b>	<b>890</b>	<b>237</b>
<b>Profit attributable to owners of parent</b>	<b>¥ 77,577</b>	<b>¥ 72,825</b>	<b>¥ 67,103</b>	<b>¥ 108,512</b>	<b>¥ 14,180</b>

¥ millions					
As of March 31	2018	2019	2020	2021*2	2022
<b>Balance Sheet Data:</b>					
<b>Assets:</b>					
<b>Total assets</b>	<b>¥15,262,398</b>	<b>¥15,794,711</b>	<b>¥16,520,137</b>	<b>¥17,826,238</b>	<b>¥17,813,408</b>
<b>Liabilities:</b>					
Policy reserves	13,395,725	13,859,097	14,282,219	14,765,300	14,505,391
<b>Total liabilities</b>	<b>14,109,362</b>	<b>14,635,123</b>	<b>15,396,987</b>	<b>16,324,441</b>	<b>16,423,901</b>
<b>Net assets:</b>					
Total shareholders' equity	833,779	863,933	889,817	960,015	898,301
Total accumulated other comprehensive income	313,645	289,181	226,124	533,641	482,949
<b>Total net assets</b>	<b>¥ 1,153,036</b>	<b>¥ 1,159,588</b>	<b>¥ 1,123,149</b>	<b>¥ 1,501,796</b>	<b>¥ 1,389,506</b>

\*1 The above figures are calculated based on the prevailing accounting standards of each fiscal year.

\*2 Figures reflect the retroactive application of the accounting treatment of Fortitude's reorganization announced on October 1, 2021.

¥ millions					
Years ended March 31	2018	2019	2020	2021	2022
<b>Policy Results *: Policy amount in force</b>					
<b>Policy amount in force</b>	<b>¥66,010,749</b>	<b>¥69,264,639</b>	<b>¥67,362,978</b>	<b>¥65,638,037</b>	<b>¥64,228,285</b>
<b>New policy amount</b>	<b>7,273,000</b>	<b>9,985,762</b>	<b>4,711,892</b>	<b>4,220,821</b>	<b>4,642,915</b>
<b>Surrender and lapse amount</b>	<b>3,884,453</b>	<b>4,625,021</b>	<b>4,206,148</b>	<b>3,891,199</b>	<b>4,007,120</b>

\* The total of individual insurance, individual annuities and Daido Life's *J-type product*, *T-type product*, *Kaigo Relief Alpha*, etc. The new policy amounts include net increases from conversions.

<b>Other Data:</b>					
<b>Core profit</b>	<b>¥ 148,466</b>	<b>¥ 149,638</b>	<b>¥ 166,227</b>	<b>¥ 161,039</b>	<b>¥ 184,059</b>
<b>Group MCEV *1</b>	<b>2,406,700</b>	<b>2,370,600</b>	<b>2,588,100</b>	<b>3,377,600</b>	<b>3,508,500</b>
<b>Value of New Business *1</b>	<b>129,400</b>	<b>140,300</b>	<b>115,800</b>	<b>143,400</b>	<b>166,900</b>
<b>Consolidated solvency margin ratio</b>	<b>1,061.8%</b>	<b>1,093.1%</b>	<b>1,107.0%</b>	<b>1,094.7%*3</b>	<b>1,026.3%</b>
<b>ESR *2</b>	<b>168%</b>	<b>159%</b>	<b>198%</b>	<b>227%*3</b>	<b>236%</b>

\*1 Group MCEV, Value of New Business is shown in terms of hundreds of millions of yen. Based on Ultimate Forward Rate since fiscal 2019.

\*2 In addition to applying the Ultimate Forward Rate, subordinated debt is added to the surplus since the end of March 2020.

\*3 Figures reflect the retroactive application of the accounting treatment of Fortitude's reorganization announced on October 1, 2021.

<b>Non-financial indicators:</b>					
<b>Ratio of female managers</b>	<b>16.1%</b>	<b>16.5%</b>	<b>17.7%</b>	<b>18.3%</b>	<b>19.3%</b>
<b>CO<sub>2</sub> emissions volume*</b>	<b>56,823t</b>	<b>74,365t</b>	<b>95,103t</b>	<b>79,584t</b>	<b>75,072t</b>
<b>Electricity consumption</b>	<b>96,486MWh</b>	<b>98,929MWh</b>	<b>96,191MWh</b>	<b>96,711MWh</b>	<b>96,000MWh</b>
<b>Office paper consumption</b>	<b>127.0t</b>	<b>130.4t</b>	<b>129.43t</b>	<b>100.7t</b>	<b>96.7t</b>

\* Categories 1, 2, and 7 have been added to Scope 3 since fiscal 2018.

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## TAIYO LIFE

¥ millions					
Years ended March 31	2018	2019	2020	2021	2022
<b>Statement of Operation Data:</b>					
<b>Ordinary revenues:</b>					
Income from insurance premiums	¥511,900	¥715,120	¥593,679	¥619,721	¥598,144
Investment income	189,495	190,444	196,911	165,283	174,377
Other ordinary income	37,319	12,044	11,947	12,296	667,370
<b>Total ordinary revenues</b>	<b>738,716</b>	<b>917,610</b>	<b>802,538</b>	<b>797,301</b>	<b>1,439,893</b>
<b>Ordinary expenses:</b>					
Insurance claims and other payments	522,746	521,457	542,912	569,480	1,381,684
Provision for policy and other reserves	885	183,693	43,421	46,414	1,649
Investment expenses	45,292	52,386	76,173	46,919	36,965
Operating expenses	76,698	76,730	75,077	76,509	80,675
Other ordinary expenses	30,301	29,147	28,171	26,371	25,560
<b>Total ordinary expenses</b>	<b>675,925</b>	<b>863,413</b>	<b>765,756</b>	<b>765,695</b>	<b>1,526,535</b>
<b>Ordinary profit</b>	<b>62,790</b>	<b>54,196</b>	<b>36,782</b>	<b>31,606</b>	<b>(86,642)</b>
<b>Net extraordinary gains (losses)</b>	<b>(4,254)</b>	<b>(5,370)</b>	<b>(1,594)</b>	<b>(4,592)</b>	<b>(3,665)</b>
<b>Provision for reserve for policyholder dividends</b>	<b>15,664</b>	<b>13,138</b>	<b>10,197</b>	<b>12,574</b>	<b>12,572</b>
<b>Income before income taxes</b>	<b>42,870</b>	<b>35,687</b>	<b>24,990</b>	<b>14,440</b>	<b>(102,881)</b>
<b>Income taxes:</b>					
Current	10,238	10,798	10,391	5,956	(23,042)
Deferred	2,151	(657)	(1,218)	(1,800)	(5,691)
<b>Total income taxes</b>	<b>12,390</b>	<b>10,140</b>	<b>9,172</b>	<b>4,156</b>	<b>(28,734)</b>
<b>Net income</b>	<b>¥ 30,480</b>	<b>¥ 25,547</b>	<b>¥ 15,817</b>	<b>¥ 10,284</b>	<b>¥ (74,147)</b>

¥ millions					
As of March 31	2018	2019	2020	2021	2022
<b>Balance Sheet Data:</b>					
<b>Assets:</b>					
<b>Total assets</b>	<b>¥7,219,463</b>	<b>¥7,411,864</b>	<b>¥7,660,474</b>	<b>¥8,235,372</b>	<b>¥7,693,272</b>
<b>Liabilities:</b>					
Policy reserves	6,389,235	6,569,075	6,608,629	6,654,572	6,001,168
<b>Total liabilities</b>	<b>6,810,776</b>	<b>6,996,551</b>	<b>7,269,351</b>	<b>7,708,881</b>	<b>7,351,808</b>
<b>Net assets:</b>					
Total shareholders' equity	290,945	304,203	303,647	302,568	186,925
Total valuation and translation adjustment	117,742	111,109	87,476	223,923	154,538
<b>Total net assets</b>	<b>¥ 408,687</b>	<b>¥ 415,312</b>	<b>¥ 391,123</b>	<b>¥ 526,491</b>	<b>¥ 341,464</b>

\* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

¥ millions					
Years ended March 31	2018	2019	2020	2021	2022
<b>Policy Results *: Policy amount in force</b>					
<b>Policy amount in force</b>	<b>¥21,154,486</b>	<b>¥19,945,620</b>	<b>¥18,023,246</b>	<b>¥16,278,405</b>	<b>¥14,527,568</b>
<b>New policy amount</b>	<b>1,686,796</b>	<b>1,196,690</b>	<b>540,573</b>	<b>243,585</b>	<b>179,669</b>
<b>Surrender and lapse amount</b>	<b>1,236,078</b>	<b>1,240,097</b>	<b>1,149,490</b>	<b>941,331</b>	<b>915,627</b>
<b>Surrender and lapse rate</b>	<b>5.69%</b>	<b>5.86%</b>	<b>5.76%</b>	<b>5.22%</b>	<b>5.62%</b>

\* The total of individual insurance and individual annuities. The new policy amounts include net increases from conversions.

<b>Other Data:</b>					
<b>Core profit</b>	<b>¥ 48,547</b>	<b>¥ 51,859</b>	<b>¥ 54,387</b>	<b>¥ 52,703</b>	<b>¥ 55,122</b>
<b>MCEV *</b>	<b>825,000</b>	<b>856,200</b>	<b>895,800</b>	<b>1,114,600</b>	<b>1,134,500</b>
<b>Solvency margin ratio</b>	<b>835.1%</b>	<b>849.7%</b>	<b>805.5%</b>	<b>852.8%</b>	<b>734.2%</b>
<b>Number of in-house sales representatives</b>	<b>8,942</b>	<b>8,440</b>	<b>8,071</b>	<b>8,473</b>	<b>8,534</b>

\* MCEV is shown in terms of hundreds of millions of yen. Based on Ultimate Forward Rate since fiscal 2019.

Selected Financial Data

DAIDO LIFE

¥ millions					
Years ended March 31	2018	2019	2020	2021	2022
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥790,852	¥ 828,003	¥ 818,070	¥ 808,161	¥ 808,083
Investment income	171,830	191,065	165,137	185,876	191,249
Other ordinary income	25,387	26,492	31,916	28,796	33,357
Total ordinary revenues	988,070	1,045,561	1,015,124	1,022,834	1,032,690
Ordinary expenses:					
Insurance claims and other payments	496,329	510,573	522,146	511,604	516,795
Provision for policy and other reserves	232,739	259,032	214,775	221,616	211,578
Investment expenses	46,233	61,342	61,569	66,440	44,781
Operating expenses	103,602	103,883	107,649	106,644	116,139
Other ordinary expenses	19,767	21,458	22,826	20,622	20,614
Total ordinary expenses	898,672	956,290	928,967	926,928	909,910
Ordinary profit	89,397	89,270	86,157	95,905	122,780
Net extraordinary gains (losses)	(11,698)	(11,956)	(3,703)	(7,123)	(5,267)
Provision for reserve for policyholder dividends	14,668	14,005	11,687	11,854	11,711
Income before income taxes	63,031	63,308	70,766	76,927	105,800
Income taxes:					
Current	22,854	21,414	21,646	25,029	29,892
Deferred	(4,396)	(3,634)	(1,330)	(2,965)	(313)
Total income taxes	18,458	17,779	20,315	22,064	29,578
Net income	¥ 44,572	¥ 45,528	¥ 50,450	¥ 54,863	¥ 76,222

¥ millions					
As of March 31	2018	2019	2020	2021	2022
Balance Sheet Data:					
Assets:					
Total assets	¥6,573,924	¥6,843,179	¥7,037,507	¥7,554,346	¥7,837,366
Liabilities:					
Policy reserves	5,729,754	5,986,450	6,195,363	6,415,546	6,624,897
Total liabilities	5,913,402	6,180,746	6,393,649	6,701,219	6,978,638
Net assets:					
Total shareholders' equity	466,141	489,267	513,114	541,184	532,210
Total valuation and translation adjustment	194,380	173,165	130,743	311,942	326,517
Total net assets	¥ 660,521	¥ 662,433	¥ 643,858	¥ 853,127	¥ 858,727

\* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

¥ millions					
Years ended March 31	2018	2019	2020	2021	2022
Policy Results *:					
Policy amount in force	¥42,803,504	¥47,146,055	¥46,947,214	¥46,656,071	¥46,703,372
Individual term life insurance	34,724,011	35,305,536	34,688,890	34,301,814	34,214,918
J-type product, T-type product, and Kaigo Relief Alpha, etc.	5,426,922	10,057,448	10,514,377	10,633,572	10,821,740
New policy amount	5,231,498	8,474,888	3,724,420	3,550,612	4,041,989
Individual term life insurance	2,944,065	4,128,641	2,460,009	2,474,808	2,844,737
J-type product, T-type product, and Kaigo Relief Alpha, etc.	2,523,252	5,085,094	1,224,617	1,039,312	1,192,846
Surrender and lapse amount	2,582,199	3,295,771	2,976,811	2,846,020	2,972,735
Surrender and lapse rate	6.30%	7.70%	6.31%	6.06%	6.37%

\* The total of individual insurance, individual annuities, . The new policy amounts include net increases from conversions.

Other Data:					
Core profit	¥ 100,781	¥ 99,245	¥ 116,903	¥ 111,604	¥ 131,632
MCEV *	1,473,200	1,417,700	1,626,000	2,058,800	2,148,100
Solvency margin ratio	1,206.2%	1,271.9%	1,335.3%	1,293.5%	1,203.8%
Number of in-house sales representatives	3,714	3,786	3,746	3,766	3,699
Number of agents	13,992	14,132	14,413	14,775	15,137

\* MCEV is shown in terms of hundreds of millions of yen. Based on Ultimate Forward Rate since fiscal 2019.

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T&D FINANCIAL LIFE

¥ millions					
Years ended March 31	2018	2019	2020	2021	2022
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥176,474	¥127,853	¥335,910	¥348,020	¥367,118
Investment income	12,982	17,221	11,924	106,851	113,353
Other ordinary income	7,036	5,683	6,660	5,789	4,839
Total ordinary revenues	196,492	150,758	354,495	460,661	485,311
Ordinary expenses:					
Insurance claims and other payments	124,953	106,894	125,135	222,904	270,745
Provision for policy and other reserves	50,164	26,791	174,312	216,631	183,641
Investment expenses	4,888	1,941	30,117	127	840
Operating expenses	12,349	11,453	19,373	20,216	20,543
Other ordinary expenses	1,592	1,612	3,309	3,727	3,873
Total ordinary expenses	193,948	148,694	352,249	463,608	479,644
Ordinary Profit (loss)	2,543	2,064	2,246	(2,947)	5,667
Net extraordinary gains (losses)	(461)	(552)	(756)	(868)	(880)
Provision for (Reversal of) reserve for policyholder dividends	(1)	0	(0)	0	(0)
Income (loss) before income loss	2,083	1,511	1,490	(3,816)	4,788
Income taxes:					
Current	199	(456)	(754)	(2,212)	(3,115)
Deferred	295	956	1,178	1,180	4,704
Total income taxes	494	500	424	(1,031)	1,589
Net income (loss)	¥ 1,588	¥ 1,011	¥ 1,065	¥ (2,784)	¥ 3,199

¥ millions					
As of March 31	2018	2019	2020	2021	2022
Balance Sheet Data:					
Assets:					
Total assets	¥1,365,878	¥1,438,819	¥1,645,401	¥1,850,918	¥2,007,568
Liabilities:					
Policy reserves	1,274,376	1,300,935	1,475,204	1,691,538	1,875,148
Total liabilities	1,292,955	1,361,498	1,564,466	1,782,638	1,943,616
Net assets:					
Total shareholders' equity	71,616	72,627	73,693	70,909	74,108
Total valuation and translation adjustment	1,306	4,693	7,240	(2,628)	(10,155)
Total net assets	¥ 72,922	¥ 77,321	¥ 80,934	¥ 68,280	¥ 63,952

\* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

¥ millions					
Years ended March 31	2018	2019	2020	2021	2022
Policy Results *:					
Policy amount in force	¥2,052,758	¥2,172,963	¥2,392,518	¥2,703,559	¥2,997,343
New policy amount	354,705	314,183	446,898	426,624	421,257
Surrender and lapse amount	66,174	89,152	79,846	103,847	118,758
Surrender and lapse rate	3.52%	4.34%	3.67%	4.34%	4.39%

\* The total of individual insurance and individual annuities.

Other Data:					
Core profit (loss)	¥ (863)	¥ (1,466)	¥ (5,063)	¥ (3,268)	¥ (2,694)
MCEV *	102,600	98,500	66,500	108,100	111,300
Solvency margin ratio	1,258.3%	1,101.7%	1,033.6%	826.8%	749.5%

\* MCEV is shown in terms of hundreds of millions of yen. Based on Ultimate Forward Rate since fiscal 2019.



# Stock Information

As of March 31, 2022

## BASIC INFORMATION

Stock Exchange Listings	Tokyo Stock Exchange	
Industry and Security Code	Insurance, 8795	
Trading Unit	100 shares	
Number of Shares of Common Stock	Authorized: 1,932,000,000 Issued: 589,000,000	
Fiscal Year-End	March 31 every year	
Ordinary General Meeting of Shareholders	June every year	
Date of Record	Ordinary General Meeting of Shareholders March 31 every year Dividends March 31 every year (interim dividend, when paid, on September 30)	
Public Notice	<ul style="list-style-type: none"><li>Electronic public notice (Japanese only)</li><li>URL: <a href="https://www.td-holdings.co.jp/information/public.html/">https://www.td-holdings.co.jp/information/public.html/</a></li><li>If the Company is unable to issue an electronic public notice due to an accident or any other unavoidable reason, a public notice will be issued in the Nihon Keizai Shimbun (daily newspaper).</li></ul>	
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan URL: <a href="https://www.tr.mufg.jp/english/">https://www.tr.mufg.jp/english/</a>	
Number of Shareholders	212,485	

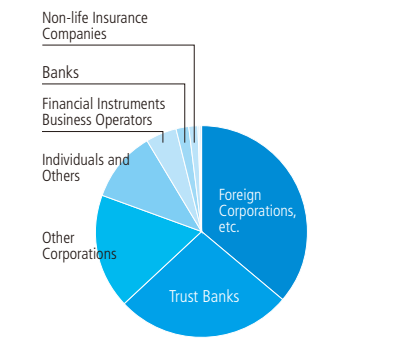
## PRINCIPAL SHAREHOLDERS

Name of Shareholders	Number of Shares Held (Thousands of shares)	Percentage of Total Shares Outstanding (%)
The Master Trust Bank of Japan Ltd. (Trust Account)	101,470	18.04
Custody Bank of Japan, Ltd. (Trust Account)	32,173	5.72
SSBTC CLIENT OMNIBUS ACCOUNT	12,608	2.24
STATE STREET BANK WEST CLIENT – TREATY 505234	9,444	1.68
JPMorgan Securities Japan Co., Ltd.	8,311	1.48
JP MORGAN CHASE BANK 385781	8,103	1.44
Custody Bank of Japan, Ltd. (Trust Account4)	7,107	1.26
STATE STREET BANK AND TRUST COMPANY 505103	6,943	1.23
THE BANK OF NEW YORK MELLON 140044	6,675	1.19
AIG General Insurance Company, Ltd.	6,000	1.07

Note: In addition to the above, the Company holds 26,458 thousands of shares in treasury shares, which are excluded from the principal shareholders stated above. Further, the percentage of total shares outstanding is calculated after deducting the treasury shares.

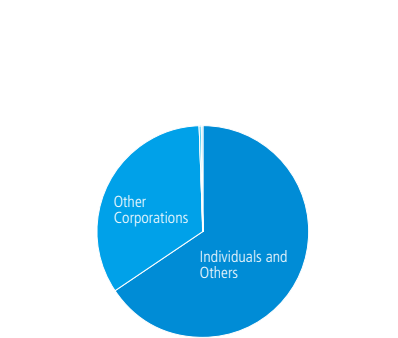
## COMPOSITION OF SHAREHOLDERS AND SHARES

Proportion of Shares Held



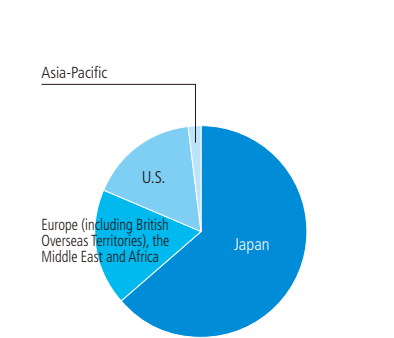
	Shares	%
Foreign Corporations, etc.	213,545	36.26
Trust Banks	158,060	26.84
Other Corporations	103,207	17.52
Individuals and Others	64,783	11.00
Financial Instruments Business Operators	27,881	4.73
Banks	10,888	1.85
Non-life Insurance Companies	8,362	1.42
Other Financial Institutions	1,429	0.24
Life Insurance Companies	841	0.14

Composition of Shareholders



	Shareholders	%
Individuals and Others	139,831	65.80
Other Corporations	71,805	33.79
Foreign Corporations, etc.	745	0.35
Financial Instruments Business Operators	36	0.02
Trust Banks	21	0.01
Life Insurance Companies	16	0.01
Banks	14	0.01
Other Financial Institutions	12	0.01
Non-life Insurance Companies	4	0.00
Government and Local Public Bodies	1	0.00

Regional Distribution of Shares Held



	%
Japan	63.74
Europe (including British Overseas Territories), the Middle East and Africa	17.89
U.S.	16.65
Asia-Pacific	1.71
Others	0.00

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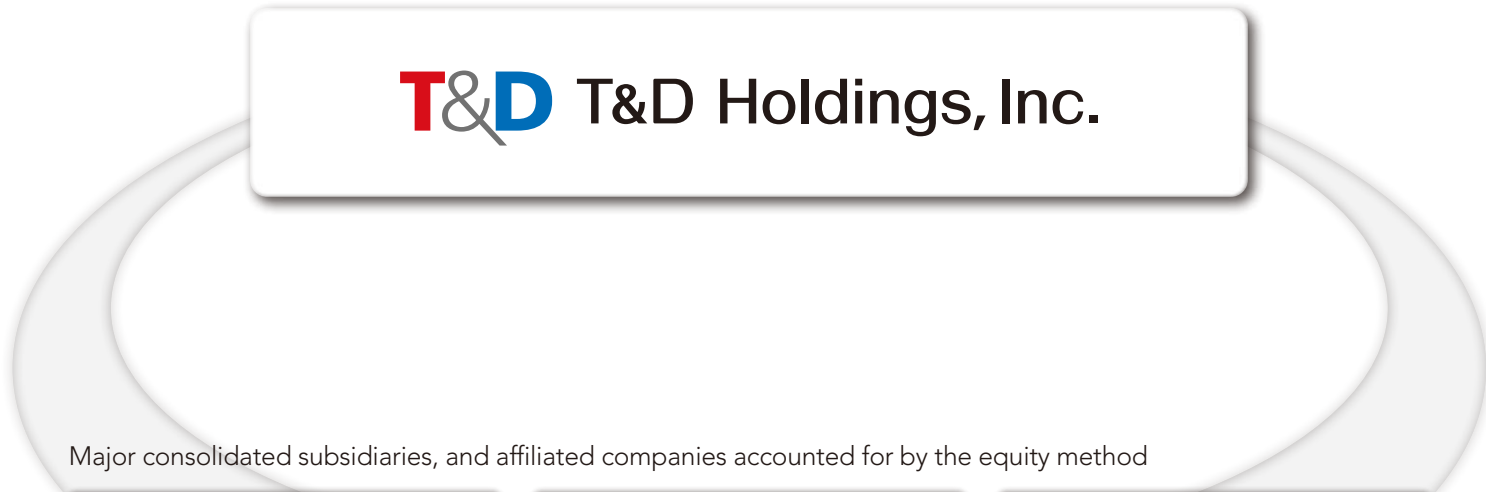
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# Group Companies

The T&D Insurance Group comprised the holding company, 19 consolidated subsidiaries, and 5 affiliated companies. Centered on the life insurance business, the T&D Insurance Group's operations are outlined below:



## Insurance & Insurance-related Businesses

### Insurance

- Taiyo Life Insurance Company (Life insurance business)
- Daido Life Insurance Company (Life insurance business)
- T&D Financial Life Insurance Company (Life insurance business)
- Pet & Family Insurance Co., Ltd. (Nonlife insurance Business)
- Capital Taiyo Life Insurance Limited (Life insurance Business)
- FGH Parent, L.P. (Insurance holding company)

### Insurance-related

- All Right Co., Ltd. (Services related to healthcare and fields of health)
- T&D Confirm Ltd. (Policyholder confirmation services)
- Toyo Insurance Agency Co., Ltd. (Insurance agent)
- Daido Management Service Co., Ltd. (Insurance agent)
- Taiyo Life Aging Society Institute (Survey and research on health and medical care)

## Investment-related Businesses

### Investment Management and Advisory, etc.

- T&D Asset Management Co., Ltd. (Investment advisory and investment trust services)

### Other Investment-related

- T&D United Capital Co., Ltd. (Principal investment, Investment management [administration])
- T&D United Capital North America Inc. (Principal investment, Investment management [administration])
- T&D Lease Co., Ltd. (Leasing)
- Taiyo Credit Guarantee Co., Ltd. (Credit guarantee services)
- Alternative Investment Capital Ltd. (Investment in private equity funds)

## Administration-related Businesses

### Administration-related

- T&D Customer Services Co., Ltd. (Life insurance policy clerical services, including drafting, amendment, custody and distribution of documents, and delivery of securities)

### General Affairs and Calculation-related

- T&D Information Systems, Ltd. (Computer software and system services)
- Nihon System Shuno, Inc. (Premium collection)
- Zenkoku Business Center Co., Ltd. (Premium collection)
- Thuriya Ace Technology Company Limited (Designing and developing information technology, information technology systems, software solutions and business solutions for the insurance industry)

Companies marked by ■ are consolidated subsidiaries, and companies marked by ● are affiliated companies accounted for by the equity method.

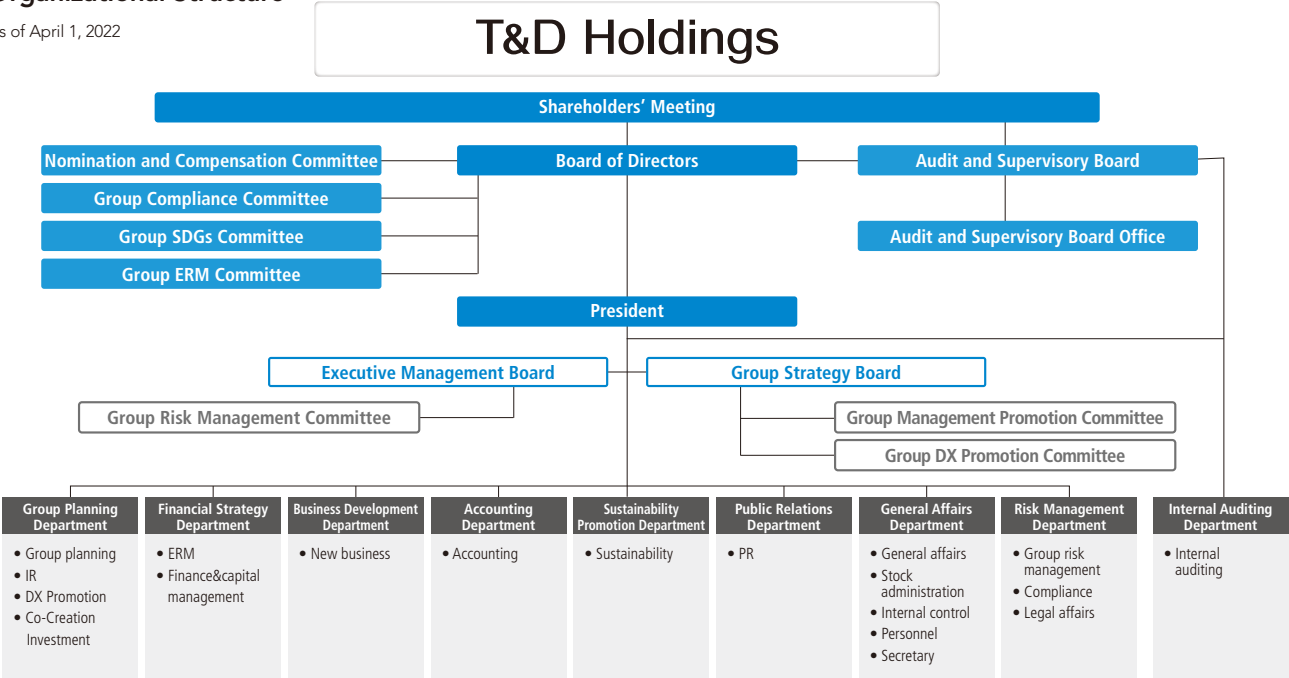
Corporate Overview

As of March 31, 2022

Company Name	T&D Holdings, Inc.
Date of Establishment	April 1, 2004
Location of Headquarters	2-7-1, Nihonbashi, Chuo-ku, Tokyo 103-6031, Japan Tel: +81-(0)3-3272-6110 Fax: +81-(0)3-3272-6552
Type of Business	Management control of life insurance subsidiaries under the Insurance Business Act of Japan and other laws and regulations, and other businesses associated with the above
Paid-in Capital	207,111.86 million yen
Security Code	8795
Stock Exchange Listings	Tokyo Stock Exchange (Prime Market)
Number of Common Stocks Issued	589,000,000 shares
Number of Employees	117

Organizational Structure

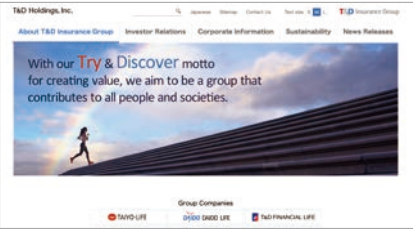
As of April 1, 2022



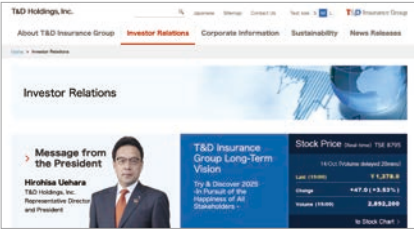
Websites

For more detailed information on the contents of this report, please see the Company's websites.

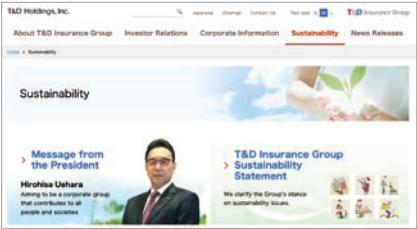
Website of T&D Holdings, Inc.  
<https://www.td-holdings.co.jp/en/>



Investor Relations  
<https://www.td-holdings.co.jp/en/ir/>



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



Unpacking the vision through a story

Pride of T&D

We have always protected the happiness of people.  
By facing each and every customer with care,  
Together, we have supported their livelihoods as one.

T&D's challenge

Now, society is changing at unprecedented pace and people's lifestyles are diversifying.  
There is no standard anymore for the way families are, the way we work,  
As well as the shapes our happiness might take.  
Can we really say that today's insurance answers such turbulent change?

Actions T&D should take and what we want to become

One by one, by carefully stacking the trust we have gained from our customers,  
The strength that only our group has nurtured becomes visible.  
The possibility it withholds expands widely, going beyond all prevailing boundaries.

The society T&D aspires for

Our origin is to face each "one" in front of us with care.  
To recognize change and take on challenges with boldness.  
This accumulation is what creates happiness in the world.  
This is what we believe to be true.





# T&D Holdings, Inc.

7-1, Nihonbashi 2-chome,  
Chuo-ku, Tokyo 103-6031, Japan  
Tel: +81 3 3272-6110 Fax: +81 3 3272-6552  
<https://www.td-holdings.co.jp/en/>