



# Try & Discover

**T&D Holdings  
Integrated Report 2023**

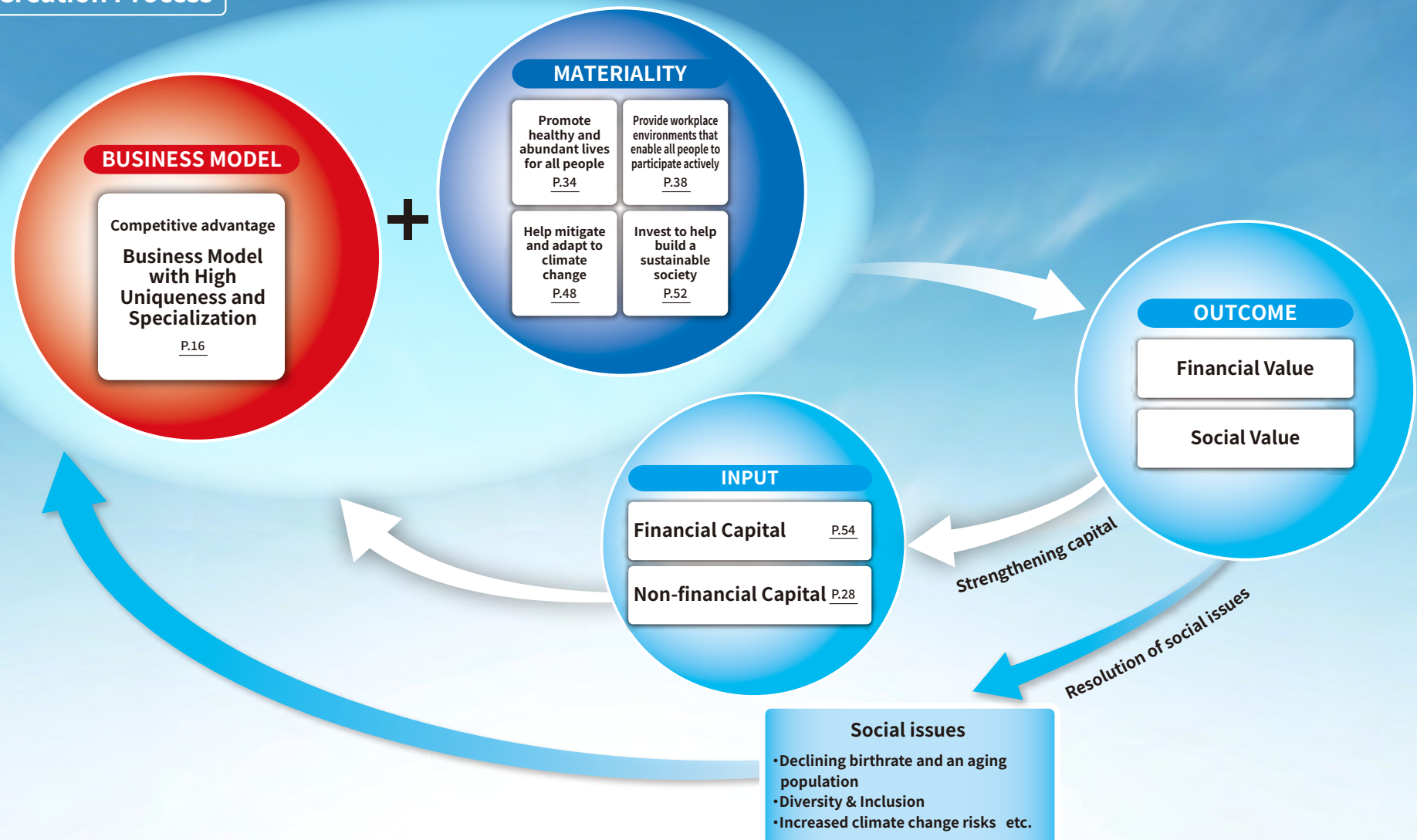
(Year ended March 31, 2023)

**T&D** Insurance Group

T&D Insurance Group's Corporate Philosophy — T&D Insurance Group's reason for existence —

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

### Value Creation Process







## T&D Insurance Group's Management Vision

— Group's aspiration and direction for medium- to long-term —

Sow happiness,  
make change  
with boldness

## 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.

Take the "one" in front of us as a starting point, and  
Let's recognize the world changing quicker than anyone else.  
Let's adapt to our changing society more flexibly than anyone else,  
Taking steps with initiative, with boldness.  
Let's go beyond the boundaries of organizations,  
Involve people who resonate with our beliefs, and  
Become a comprehensive insurance group that can create happiness  
For each and every person in the world.

### 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 Integrated Report 2023

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#### COVER STORY

The photographs featured on the cover and other opening pages are award-winning entries from the "Try & Discover Photo" which is sponsored by the T&D Insurance Group.

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## Key Concept

### Issuance of the T&D Holdings Integrated Report 2023

The T&D Insurance Group's corporate philosophy is "With our 'Try & Discover' motto for creating value, we aim to be a group that contributes to all people and societies." In accordance with this corporate philosophy, we are aiming for sustainable growth through creating shared value—creating both social value and economic value through our business.

Based on the Group's corporate philosophy, we have formulated the "Group Long-Term Vision (Try & Discover 2025) — In Pursuit of the Happiness of All Stakeholders —," which outlines the Group's medium- to long-term vision and strategic policies to achieve them in 2021. In the Group Long-Term Vision, we define the Group management vision as "sow happiness, make change with boldness."

We aim to be a group that widely contributes to people and society by creating value through our business model with high uniqueness and specialization and by addressing materiality (priority themes), while strengthening capital management and corporate governance.

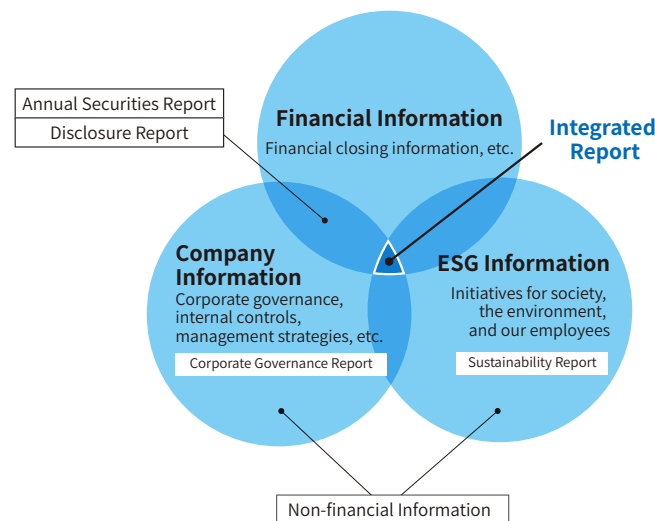
The Integrated Report 2023 will communicate the T&D Insurance Group's efforts in line with the Group's corporate philosophy and the Group Long-Term Vision.

# 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.

## The Positioning of the Integrated Report 2023

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.



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

## Reporting period:

Fiscal 2022: April 1, 2022 – March 31, 2023  
(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, 2023)

- FTSE4Good Index Series
- MSCI ESG Leaders Indexes Constituent
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- 2023 CONSTITUENT MSCI Japan ESG Select Leaders Index
- 2023 CONSTITUENT MSCI Japan Empowering Women Select Index (WIN)



FTSE4Good



FTSE Blossom  
Japan Index



FTSE Blossom  
Japan Sector  
Relative Index



<http://info.msci.com//36252/2017-06-27/kj5n9b>

**2023 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX**

**2023 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)**



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

The T&D Insurance Group's management vision, KPIs to realize this vision, and growth strategies to achieve these KPIs have been formulated as the Group Long-Term Vision.



## Group's Management Vision

— T&D Insurance Group's aspiration and direction for medium- to long-term —

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

## Group KPIs

— Quantitative goals to achieve the management vision —

### Financial KPIs

- Group adjusted profit
- Adjusted ROE
- Value of new business
- ROEV

### Non-financial KPIs

- Customer satisfaction
- Employee engagement score
- CO<sub>2</sub> emission

## Group Growth Strategy

— Strategies for achieving Group KPIs —

Strengthening of core business

Diversification and optimization of business portfolio

Upgrading capital management

Promoting integrated Group management

SDGs management and creation of value

## Progress of Group KPIs

### Financial KPIs Financial Value

With regard to the realization of the Group Long-Term Vision (Try & Discover 2025), we are making steady progress toward achieving our target of 130.0 billion yen in Group adjusted profit in FY2025 through the implementation of various measures aimed at improving capital efficiency.

We will work to achieve our goals by boosting underwriting profitability through an increase in policies in force and by growing profits through expansion of the closed book business.

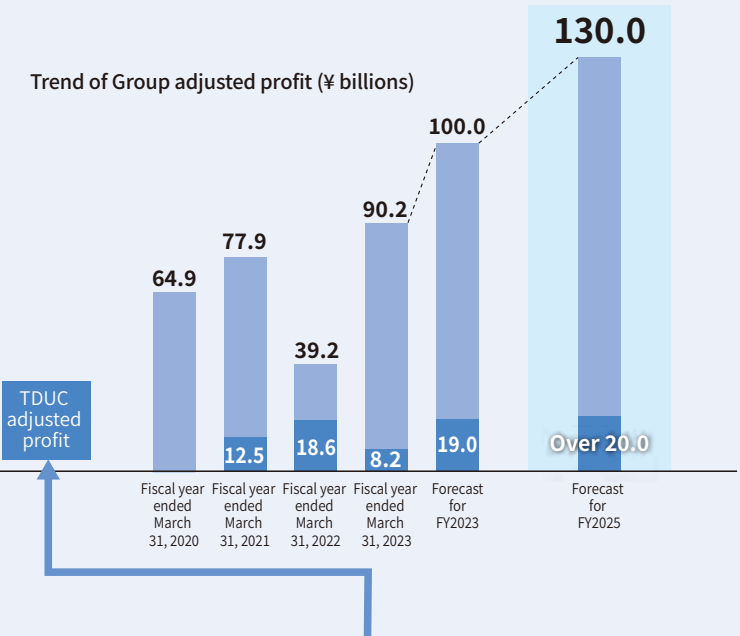
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Forecast for FY2023 (Announced in May 2023)	FY2025 target (Announced in May 2021)
Group adjusted profit* <sup>1</sup>	¥77.9 billion	¥39.2 billion	¥90.2 billion	¥100.0 billion	¥130.0 billion
Adjusted ROE	5.9%	2.7%	7.6%	10.1%	8.0%
Value of new business* <sup>2</sup>	¥143.4 billion	¥166.9 billion	¥167.0 billion (¥175.0 billion) * <sup>4</sup>	¥174.0 billion	¥200.0 billion
ROEV * <sup>3</sup>	25.4%	7.0%	2.9% (6.0%) * <sup>4</sup>	7.0%	7.5% in the medium to long term

\*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.

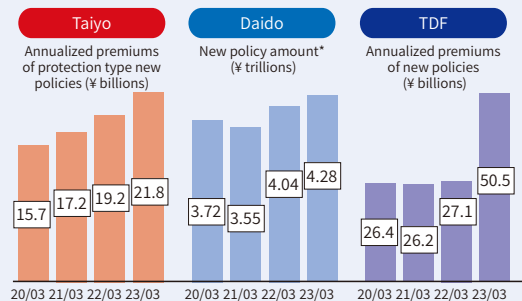
\*3 ROEV is based on figure excluding temporary valuation gains/losses, etc. related to Fortitude.

\*4 ( ) is an estimated amount calculated by the conventional ultimate forward rate (hereinafter UFR). UFR has been changed from the end of March 2023; UFR: from 3.8% to 2.9%, start year in extrapolation: from 31 year to 41 year, convergence year: from 60 years to 70 years.



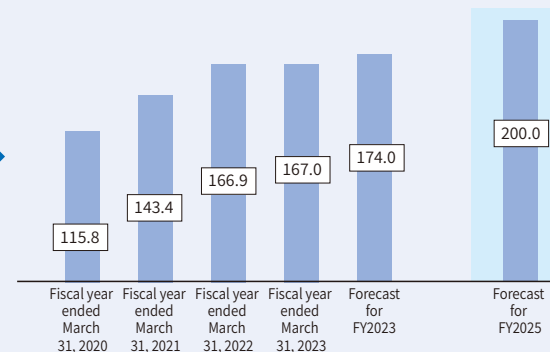
### Growth in new business value thanks to solid new policy sales results

#### Expansion of underwriting profitability through increased new policy sales results



\* In addition to death premiums, J type product (serious illness premiums), T type product (disability premiums), Kaigo Relief Alpha, etc. (nursing care premiums) included.

#### Trend of Value of new business (¥ billions)



### Expansion of the closed book business contributes to profit growth

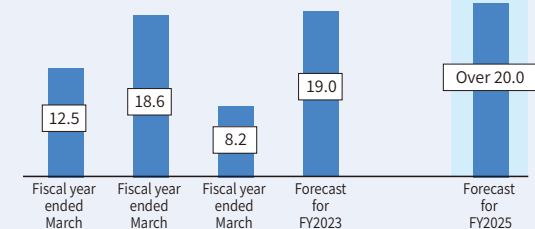
#### Total investment in Fortitude

Approx.  
¥140.0 billion  
||  
Approx.  
¥80.0 billion (2020)  
+  
Approx.  
¥60.0 billion (From 2022 to 2023)

#### Expanding of closed book business -TDUC-

##### Adjusted profit (billions of yen)

3-year total **¥39.4 billion**  
(approx. 20% of the Group adjusted profit in the same period)





## Progress of Group KPIs

## Non-financial KPIs Social Value

We have set “SDGs management and value creation” as one of the Group Growth Strategies in the Long-Term Vision, and we have established new “non-financial KPIs” to quantitatively measure the creation of social value. Non-financial KPIs are “customer satisfaction,” “employee engagement score,” and “CO<sub>2</sub> emissions,” and the status of target achievement is as follows.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Forecast for FY2025 (Announced in May 2021)
Customer satisfaction	Base year	Over target level	Over target level	Above or equal to FY2020 level <small>* Improvement from the current level is set as a target, as a relative assessment * Qualitative factors such as the opinions of external ESG assessment organizations are also taken into account</small>
Employee engagement score* <sup>1</sup>	Base year	Over target level	Over target level	
CO <sub>2</sub> emission* <sup>2</sup>	Reduction of 30.1% from FY2013 levels	Reduction of 31.0% from FY2013 levels	Reduction of 35.4% from FY2013 levels	Reduction of 40.0% from FY2013 levels

\*<sup>1</sup> Name changed from “Employee satisfaction” to “Employee engagement score” from FY2023.

\*<sup>2</sup> SCOPE1+2, value per unit of floor space.

Customer satisfaction\*<sup>3</sup>

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Taiyo Life</b>	91.8%	91.9%	91.6%
<b>Daido Life</b>	82.3%	81.1%	79.0%
<b>TDF Life</b>	72.8%	75.8%	76.7%

\*<sup>3</sup> Taiyo Life: Four levels - “satisfied,” “mostly satisfied,” “somewhat unsatisfied,” and “unsatisfied.” Aggregate the total of “satisfied” and “mostly satisfied.”

Daido Life: Seven levels - “highly satisfied,” “satisfied,” “mostly satisfied,” “neutral,” “somewhat unsatisfied,” “unsatisfied,” and “highly unsatisfied.” Aggregate the total of “highly satisfied,” “satisfied,” and “mostly satisfied.”

TDF Life: Five levels - “satisfied,” “mostly satisfied,” “average,” “somewhat unsatisfied,” and “unsatisfied.” Aggregate the total of “satisfied” and “mostly satisfied.”

Employee engagement score\*<sup>4</sup>

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>T&amp;D Holdings</b>	3.84	4.07	4.03
<b>Taiyo Life</b>	3.61	3.63	3.57
<b>Daido Life</b>	3.75	3.85	3.84
<b>TDF Life</b>	3.55	3.69	3.80

\*<sup>4</sup> Five level grade.

## Top Message

# The holding company will exercise strong leadership to promote integrated Group management.

T&D Holdings will welcome in its 20th anniversary next year. In addition to making sure we achieve the Group Long-Term Vision (Try & Discover 2025), we will once again return to the objectives set out when the Group integrated, bring together our Group management resources, and aim for continued growth and earnings expansion through optimized management and strategic concentrated investments.

Representative Director and President

**Hirohisa Uehara**





## Top Message

Integrity can be translated into the Japanese words *seijitsu*, *shinshi*, or *koketsu*. I believe that integrity is an essential quality of an organizational leader. Since I became President in April 2018, I have always been conscious of integrity. Rather than pursuing immediate profit and top line, I have earnestly worked on management measures that facilitate improved Group corporate value from a medium- to long-term perspective.

The first thing I focused on after becoming President was creating revenue sources other than the domestic life insurance business. Embodying this vision was the closed book business (“CB business”) initiative, and we decided to invest in Fortitude in 2019.

The next thing I worked on was formulating the Group Long-Term Vision. This was driven by a sense of crisis caused by the stagnant share price. Identifying the low capital efficiency rate as being the largest factor behind the stagnant share price, the underlying idea of the Group Long-Term Vision is to improve the share price by enhancing capital efficiency through the upgrading of Group capital management, in addition to sustainable growth in the domestic life insurance business and investment in growth areas such as the CB business. Furthermore, while indicators based on economic value, such as value of new business, are growing, we also acknowledge that the slow growth in indicators based on financial accounting, such as underwriting profitability, is a challenge. For this reason, we decided to embrace management that is based on both economic value and financial accounting.

During the IR Meeting held on May 29 this year, we reinforced the content of information disclosure and explanation and outlined past efforts to improve capital efficiency, as well as future tasks and policies. Many investors and analysts told us that they were able to truly feel how T&D is changing. While much of what I am about to discuss will overlap with the IR Meeting,

I would like to take this opportunity to once again look back over our management to date and give my own thoughts on the future of Group management.

### Review of FY2022

In FY2022, there were two main factors that put downward pressure on profits—more hospitalization benefits paid due to the COVID-19 pandemic and increased currency hedging costs due to widening interest rate differentials between Japan and overseas. There was a difficult environment to account settlement during the fiscal year, with the full year Group adjusted profit being revised downward from the initial forecast of 106 billion yen to 90 billion yen when first half accounts were disclosed.

Most of the hospitalization benefits payments related to COVID-19 infections, which was a factor in the downward revision, were payments for so-called “deemed” hospitalizations. April 2020 saw a lack of sufficient hospital beds due to an increased number of infections, and some patients had to receive treatment at an accommodation facility or at home under the supervision of a doctor or other medical profession. These patients were treated the same as hospitalizations under the policy terms and conditions, and payments for “deemed” hospitalizations refers to the special treatment of making these cases eligible for hospitalization benefits, etc. While this was a negative factor in profit terms, we were able to fulfil our mission as an insurance company in the time of the pandemic—protecting policyholders. I believe our sense of responsibility as an insurance company greatly increased. On the other hand, it is a fact that it was the kind of phenomenon that we had not envisaged when designing insurance products, and I believe we need to put it to use when developing products and managing risks in future.

The increase of currency hedging costs was signifi-

cantly higher than our conventional expectations. Our Group has been working on reducing hedged foreign bonds since FY2021, and we will keep an eye on the situation and work on making further improvements to our portfolio.

### Steadfast promotion of the Group Long-Term Vision

As mentioned above, we faced a severe external environment. Nevertheless, like I stated at the beginning of this message, we will steadily promote improvements to capital efficiency, one of the pillars of the Group Long-Term Vision. Essential to improving capital efficiency is creating stable capital through the core domestic life insurance business, releasing capital through reducing assets and liabilities with a low return relative to risk, and returning this capital to shareholders at the same time as improving the base profitability by redirecting investments to growth.

New policy sales results in the life insurance business grew year-on-year across all three Group companies for the second year running since the start of the Long-Term Vision, securing a standard much higher than FY2019 before the COVID-19 pandemic. New policy acquisitions are the source of future accounting profits, and I am proud of our strong new policy sales results, which is our major strength amidst the sluggish new policy sales results of our competitors.

Regarding recovery of allocated capital from



□ Closed Book Business P.24

□ Group Long-Term Vision  
“Try & Discover 2025” P.6

□ Progress of Group KPIs P.7

□ Message from the Head of  
Finance P.55

## Top Message

assets and liabilities with low return relative to risk, we are steadily implementing the following measures: (1) Ceded reinsurance of the negative spread block, (2) Reducing interest rate risk, (3) Reducing hedged foreign bonds, and (4) Reducing strategic shareholdings. In the two years since launching our Long-Term Vision, we have managed to reduce risk by around 78 billion yen. Together with the surplus expansion through the same measures, this contributed to a +15 pt increase in ESR. The ceded reinsurance of the negative spread block would have previously been a difficult measure to decide on as it entails recording a large negative in our accounts in the short term, but we judged it to be a necessary measure from the perspective of improving capital efficiency. This was also largely due to the background of our conviction that ceded reinsurance is an effective tool for an insurance company's financial strategy and capital management through the investment in the CB business that we started in 2019.

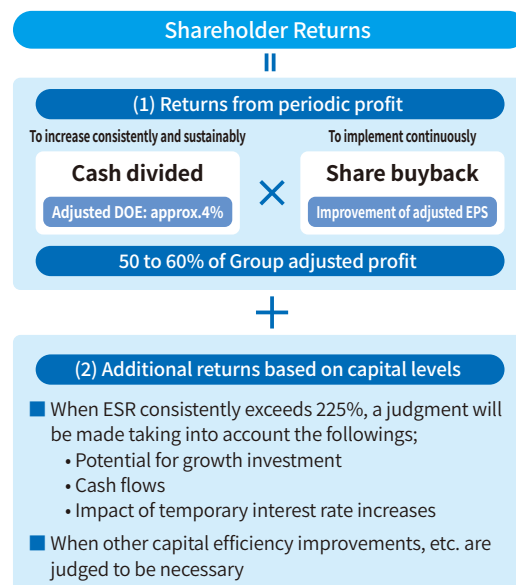
Regarding the CB business, which is positioned as a growth business, we made additional investments in Fortitude totaling to around 60 billion yen from 2022 to 2023, bringing our cumulative total investment in the company to approximately 140 billion yen. While there are fluctuations due to the financial environment, the CB business accounts for around 20% of Group adjusted profit, and has grown to become the second largest source of profit after the domestic life insurance business, thereby raising the level of the Group's consolidated profit.

### Redevelopment of shareholder return policy

FY2022 was a year of working on advancing our capital management. We thought that we could not

strengthen Group governance without increasing the efficacy of capital management and that we needed to flexibly allocate group management resources and boldly conduct management to circulate the Group's capital. Driven by these strong beliefs, we redeveloped our capital management by raising awareness internally and through engagement with the market.

Concerning our policy on shareholder returns, we recognized issues in three areas: (1) predictability, (2) return level, (3) dual criteria for economic solvency ratio (ESR) and Core ESR. Throughout the year, we held thorough discussions within the company, particularly with the Board of Directors, as well as communicating with investors and analysts. In addition to integrating Core ESR and ESR, we organized shareholder return into (1) Return from periodic profit (50-60% of Group adjusted profit), and (2) Additional return based on capital levels. Moving forward, we will strengthen



returns in line with this policy. At the same time, we will proactively consider investments that will bring a revenue rate higher than the capital cost and that will help strengthen existing Group business.

### Share valuation

Our share price has risen around 60% from 1,426 yen at the end of March 2021, which was the beginning of the Group Long-Term Vision, to 2,311 yen at the end of July 2023. The PBR has also recovered from 0.5x to over 1x. However, since PBR does not take into account retained liabilities and value of in-force business unique to life insurance companies, we recognize that P/EV, which is based on EV, which represents the corporate value of life insurance companies, is important as a share price valuation index for life insurance companies. P/EV increased from the 0.2x range at the end of March 2021 to the 0.3x range. However, needless to say, the 0.3x range is not satisfactory. We believe that the uncertainty of future profits included in the value of in-force business on EV is a discount factor to some extent. However, we recognize that what this valuation essentially means is that when EV is considered as capital, the market is evaluating that the profit level is not yet sufficient and the capital is not fully utilized. As a result, I believe it will be necessary to further promote efforts towards our Group Long-Term Vision goal of improving capital efficiency in future.

### Improving capital efficiency

While both boosting profit and controlling capital are important in order to improve capital efficiency, the most important factor is boosting profit.

Our Group's present measures to improve profits can

□ Shareholder Returns P.57

□ Improving Share Valuation P.56

□ Message from the Head of Finance P.55



## Top Message

be split into three main categories.

The first is improving underwriting profitability.

Many life insurance products have an ultralong policy period, and are structured to continually record revenue over a long period until the policy ends. Our current solid new policy sales results will contribute to improving future underwriting profitability. When it comes to improving underwriting profitability, there are no measures with immediate effect. Instead, we have to steadily accumulate high quality in-force policies. Underwriting profitability is not directly affected by financial market fluctuations (with the exception of the COVID-19 pandemic), meaning that this is essentially stable profit. The cornerstone of the Group's profit improvement measures is to accumulate in-force policies through expansion of new policy sales results and to steadily and continuously increase insurance income. We believe that the accumulation of insurance earnings, which are highly stable in terms of profits, will also help to reduce the cost of shareholder's capital.

The second is improving asset management profitability.

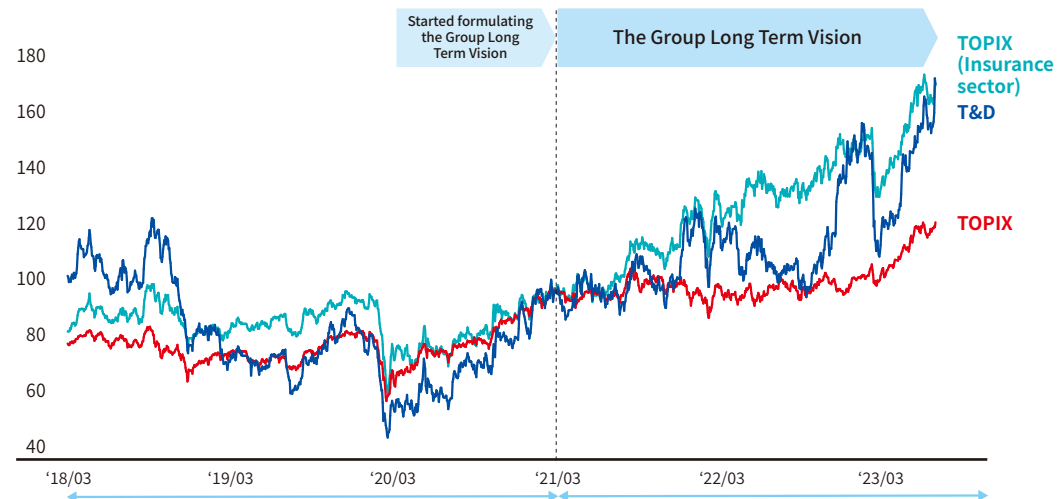
Our current initiative in this area is the rebalance of our hedged foreign bonds in order to deal with increased currency hedging costs. We are seeking to increase our investment yield by purchasing more yen-dominated ultra-long-term bonds and alternative investments such as private equity from foreign bonds, which have low yields after taking into account currency hedging. Furthermore, we plan to keep an eye on the situation and increase our investments in attractive foreign credit on the global market. In addition, we are working on reducing strategic shareholdings. This will allow us to increase our net investment capacity and take advantage of stock diversification, with the goal of

increasing the risk-to-return ratio of our equity investments as a whole.

The unambiguous requirement of life insurance company asset management is to steadily earn the scheduled interest promised to policyholders. ALM is the basis of the Group's asset management, and we plan to continue to reduce interest risk. At the same time, from the perspectives of risk diversification and acquiring excess return, we will also diversify into foreign currency bonds, domestic and foreign stocks, and alternative investments. In addition, we believe that one of the strengths of life insurance company asset management is the ability to take a certain degree of

risk from a long-term perspective on assets that are illiquid in the short term, such as private equity and overseas credit investments, by taking advantage of the ultra-long term nature of life insurance liabilities.

The third is expanding revenue in the CB business, which we perceive as a growth domain. We will increase the ratio of the CB business to consolidated profits by improving the profits of investee Fortitude. While Fortitude's business model is to earn excess returns on asset management revenues, taking advantage of the long-term and illiquid nature of the liabilities, the basic policy is to pursue excess returns by allocating a certain portion of assets to low-liquidity



Percentage Change of TSR	'18/03-	'19/03-	'20/03-	'21/03-	'22/03-
T&D	+64.5%	+131.8%	+192.3%	+74.6%	+44.1%
TOPIX	+53.1%	+61.2%	+78.2%	+25.3%	+22.9%
TOPIX (Insurance sector)	+103.3%	+103.7%	+124.3%	+75.2%	+33.0%

\* As of July 31, 2023

\* Total Shareholder Return (TSR): Profitability calculated pre tax and assumes that all dividends are reinvested.

\* End of March 2021 set as 100.

(Source) Bloomberg

## Top Message

assets with relatively high credit ratings, backed by the expertise of co-investor Carlyle. Although there is a certain degree of volatility due to the financial environment, we believe that stable excess returns can be achieved over the medium to long term.

While we will also pursue new investment opportunities that contribute to risk diversification, we will make prudent investment decisions while confirming that IRR and ROI exceed the cost of capital and keeping in mind the cash flow of the CB business as a whole. Through these three profit improvement measures, we will first steadily achieve the Group Long-Term Vision target of 130 billion yen in Group adjusted profit for FY2025, following which we hope to achieve further profit improvements.

### Pursuing Group synergies

In April of this year, for the first time since the establishment of HD, we aired a TV commercial as a Group. The promotion of integrated Group management is essential if we are to achieve further profit growth beyond the 130 billion yen Group adjusted profit mark and look ahead to the next 10 to 20 years. In FY2023, the third year of the Group Long-Term Vision, we would particularly like to accelerate initiatives in this field. Concerning this point, I would like us to revisit the objectives outlined when the Group integrated, namely: “strengthen the life insurance business by maximizing the strengths and uniqueness of the three companies’ business models,” and “aiming for continuous growth and earnings expansion by combining group management resources, improving management efficiency, and making strategic concentrated investments.” The Group has so far placed more emphasis on the former

and has not yet achieved sufficient results in the latter, and we believe that there is much room for improvement. To be specific, for the corporate and asset management divisions, which share many common operations, there is room for improvement both in terms of cost reduction and improvement in the quality of operations through sharing within the Group. In particular, with respect to asset management, the Group's general account assets are approximately 15 trillion yen, and a 1.5 billion yen pre-tax profit improvement can be expected from a 1bp yield improvement alone, so we believe the benefits of the integration will be significant. From 2021, a portion of Taiyo Life and Daido Life's alternative investment functions have been transferred to T&D Asset Management, and we are gradually expanding the assets under management. In addition, we would like to reiterate our intention to promote the mutual use of real estate within the group.

We believe there is significant room for group synergies in terms of strengthening the life insurance business. Currently, each of the three life insurance companies is taking measures to expand contacts with customers, but the possibilities are vast when considering the Group as a whole. While we are strengthening cross-selling among Group companies, what we are particularly looking forward to is the expansion of customer touchpoints through the pet insurance business, and we believe that we can achieve unprecedented results by utilizing Pet & Family as a starting point for the expansion of Group customer touchpoints.

A certain amount of friction is inevitable with regard to business integration, and the group's internal discussions to date have produced many reasons why integration cannot be done and disadvantages of integration.

Reflecting on these points, the holding company intends to take a strong leadership role in implementing business integration from the viewpoint of Group optimization.

### Developing Group management personnel

The development of Group management personnel who can think in terms of group optimization is one of the most important issues for the future of our group, and is a theme that we are currently focusing on. A point that I consider to be particularly important in this context is experiencing the operations of the holding company and operations of Group companies other than one's own company. While it is obviously necessary to become familiar with the operations of the company you have joined, this is not enough from a Group management perspective. It is necessary to develop a Group perspective by experiencing the operations of Group companies. In order to generate Group synergies, we strongly feel that collaboration among subsidiaries needs to be strengthened and that the management of each subsidiary also needs to have a group perspective. From the viewpoint of employee success, we believe it is significant to expand the field to the entire Group, rather than limiting it to only the company the employee belongs to.

Additionally, while it is needless to say that the integrity I mentioned earlier is needed for personnel who will take on Group management, I believe another essential characteristic is being able to engage in constructive dialogue with the market. Market opinions can sometimes go too far, and we do not believe that all of them are correct. However, there are many things we can realize through dialogue with the market, and we will continue to place importance on this going forward. We

☐ Domestic Life Insurance Business P.18-23

☐ Asset Management Business P.25

☐ Non-life Insurance Business P.26

☐ Succession Plan P.81

☐ Group Employee Dialogue P.43

☐ Expanding the range of Group management personnel P.41

## Top Message



would like to assign management personnel to the Group who can explain the company's management policies and results to the market in a correct and easy-to-understand manner, and create a positive cycle in which constructive opinions obtained through dialogue with the market are utilized in management, thereby increasing the share price.

### Try & Discover

Our company was founded in April 2004, and we will be welcoming in our 20th anniversary next year. As we approach our 20th anniversary, we would like to reaffirm our management philosophy of "Try & Discover" within the Group. For example, All Right, which was founded last September, is a big "Try" for the Group. The company was established to construct new customer touchpoints by using digital tools and collaborating with partners. Because this is a new initiative, we are truly practicing Try & Discover, and we will use this company as an opportunity to deeply instill a culture of Try & Discover throughout the Group as a whole.

We are sometimes told that there is little room for a life insurance business, which insures people, to grow in Japan, which is facing a declining population. However, the Group believes that there is still much room to address the role of life insurance companies in Japan.

For example, it is predicted that global warming will

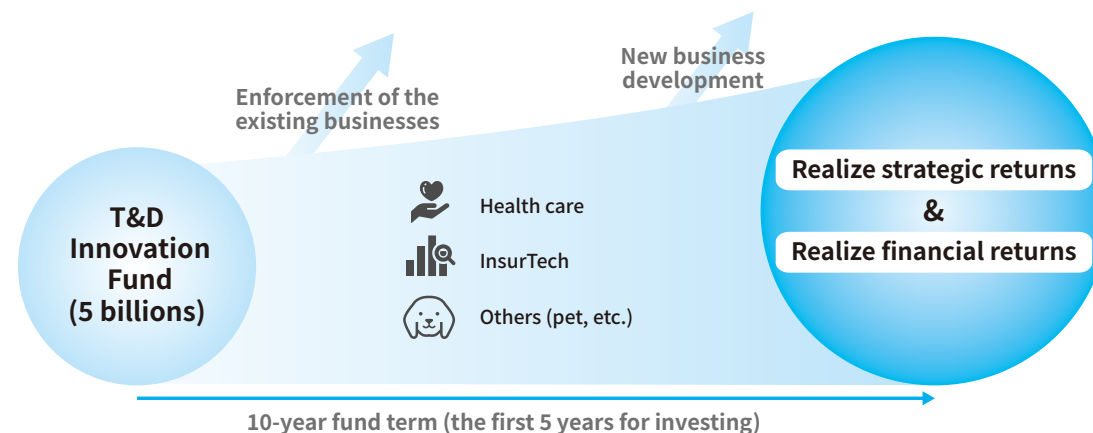
increase. Damage caused by natural destruction and natural disasters brought about by climate change is likely to increase not only in terms of physical damage but also in terms of human suffering (health damage), increasing the need for insurance against health damage. We cannot yet say that we are adequately prepared for unknown viruses such as COVID-19.

While the majority of the services that the Group currently provides to its customers are life insurance, it is conceivable that the Group could delve deeper into its business model and offer other services in areas that are highly compatible with life insurance. Last year, we established T&D Innovation Fund as corporate venture capital (CVC), and are investing primarily in healthcare and insurance tech, which have a high affinity with the life insurance business. Driven by the Try & Discover philosophy, we will strengthen existing Group business and cultivate new business through initiatives such as open innovation with investee start up companies.

Allow me to conclude by saying that when I once again look at the change in share price to date, while the share

price has in some aspects been on the excessive side, I believe it is generally a good representation of our reality. Our share price, which temporarily fell below 1,000 yen from March to May 2020, has turned around and has now recovered to 2,000 yen after the formulation and implementation of the Group Long-Term Vision. In order to further increase our share price, we will strive not only to steadily achieve the goals set forth in the Group Long-Term Vision, but also to further strengthen and enhance our investor relations activities. Although it is not integrity that I mentioned at the beginning, I believe that the foundation of IR is also sincerity, and we intend to maintain and improve the relationship of trust with our investors and analysts through sincere IR. We will conduct disciplined management that fully incorporates the voices of the market and our stakeholders into our operations. Nothing would give us greater pleasure than to see investors and analysts realize that T&D is changing even more through our future IR activities. We kindly ask for your continued support.

□ New Sector — All Right P.27







# Strategies to Realize the Group's Corporate Philosophy

## Growth strategy of the applicable Group Long-Term Vision

Strengthening of core business

Diversification and optimization of business portfolio

Upgrading capital management

Promoting integrated Group management

SDGs management and creation of value

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## Business Portfolio

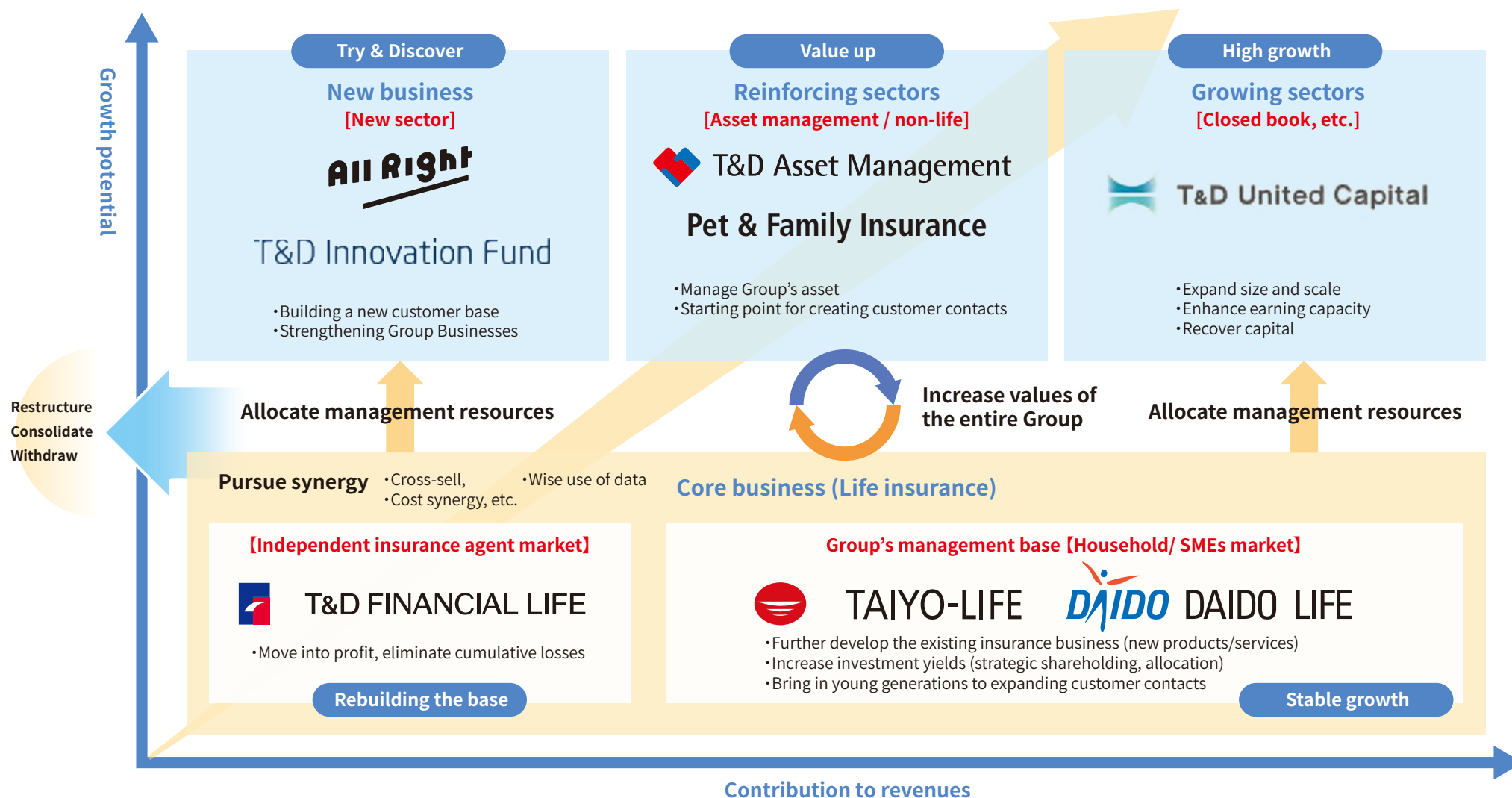
The Group is a life insurance group with the domestic life insurance business as its core business.

In addition to strengthening our core business for sustainable growth, we are allocating capital to growing sectors, such as closed book business, in order to build a foundation for growth and profitability outside of the domestic life insurance business.

The asset management and non-life insurance businesses will contribute to the enhancement of

the Group's corporate value by not only acquiring revenue, but also by serving as a starting point for the Group's collaborative asset management and the expansion of customer contact points.

In addition, in the new sector's area, All Right, which was established in September 2022, is working on the creation of new customer contact points using digital tools.

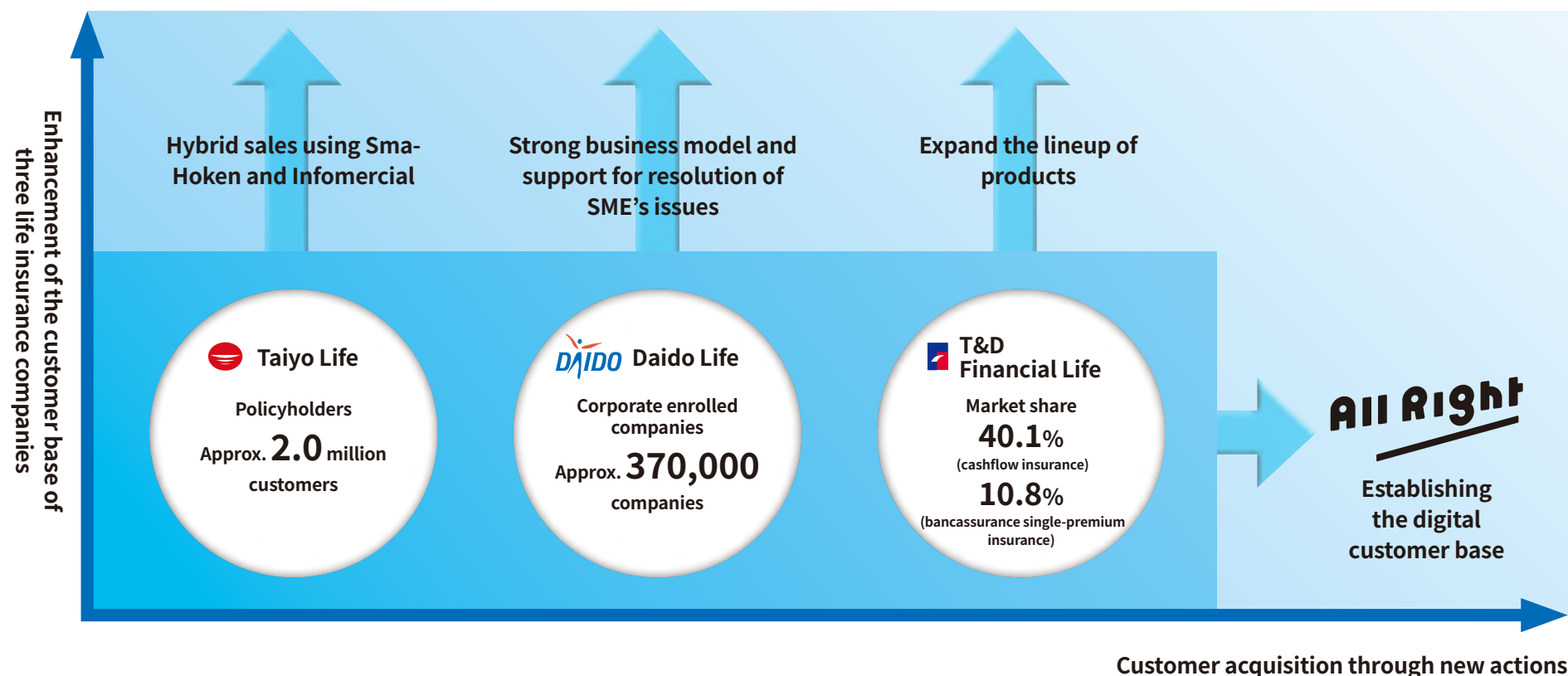


## Enhancement of the Group's Customer Base

### Strengthening and enhancing our customer base by providing value that goes beyond life insurance

The three life insurance companies are deepening their existing business through the promotion of hybrid-style sales and further enhancement of their product lineup. Furthermore, through open innovation with partner companies using digital tools with a focus on All Right, we will create new

customer contact points and expand the Group's customer base by evolving and diversifying the value we provide and the customer contact points in response to the changing times and environment.





## Domestic Life Insurance Business

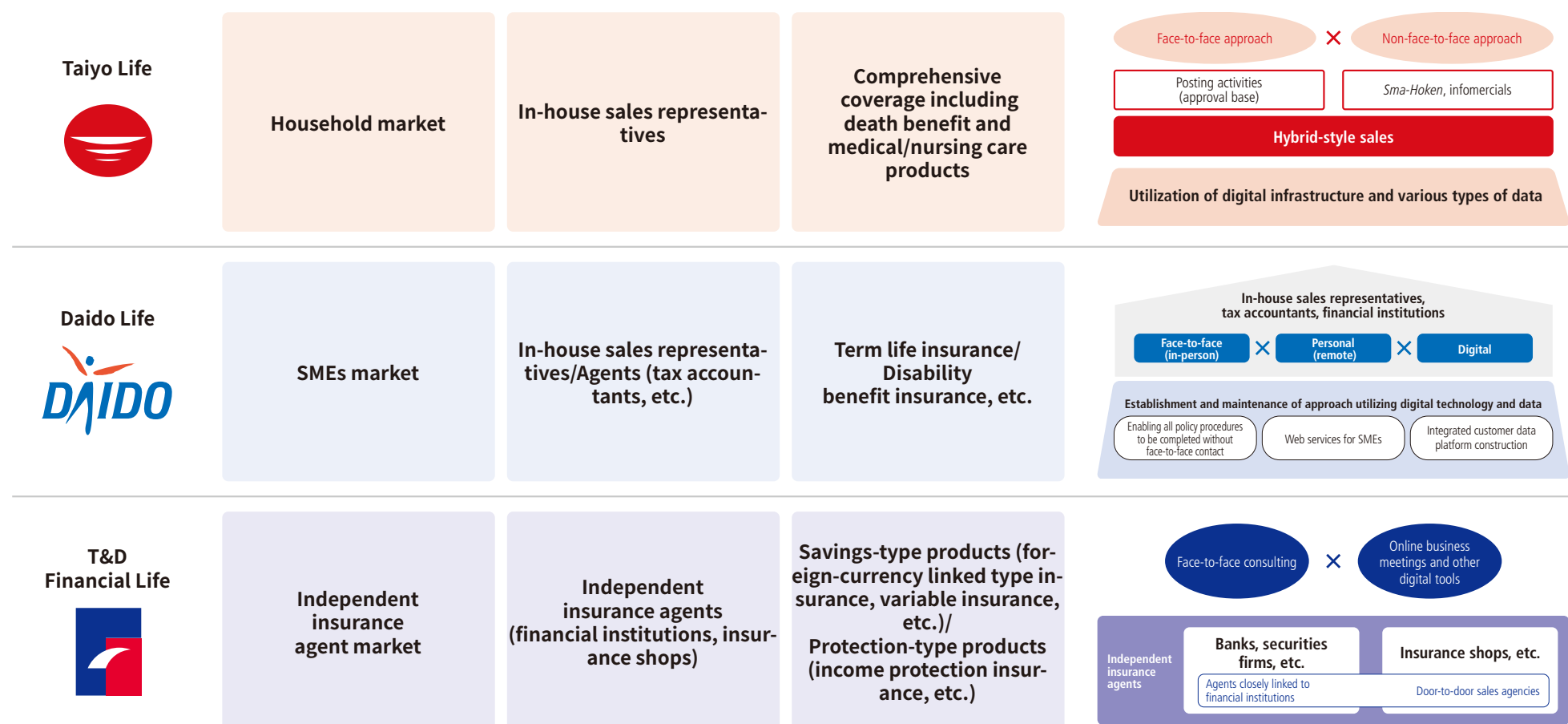
### Establishing a business model with high uniqueness and specialization through market strategy integrating markets, channels, and products

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 SMEs 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 the promotion

of hybrid-style sales that utilizes information acquired through *Sma-Hoken* and other means. Daido Life is developing remote and digital technologies, 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.



## Household Market — Taiyo Life (1)

### To be a company that supports healthy long lives of many customers

In May 2023, Taiyo Life welcomed in its 130th anniversary. In response to significant changes to the social environment, the company has always developed its business in accordance with society and customer needs. For example, in addition to the conventional visits in pairs by in-house sales representatives, the company has developed “hybrid-style sales” that integrates face-to-face and non-face-to-face sales activities using digital technologies. We will continue to achieve further growth as a company that supports the health and longevity of our customers.



Taiyo Life Insurance Company  
Representative Director and President

#### Naoki Soejima

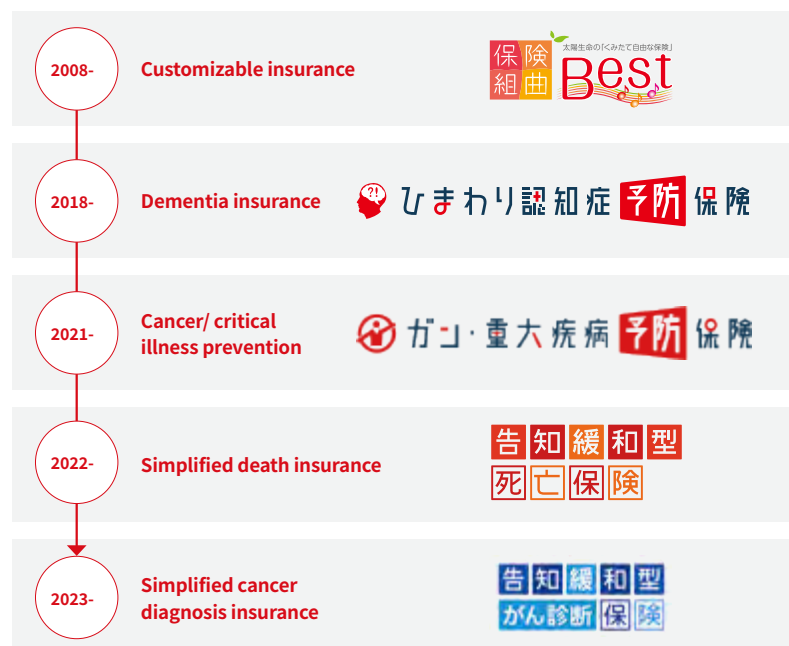
Director of T&D Holdings (part-time)  
Joined Taiyo Life Insurance in 1981 and has been in current position since April 2019.

### Provision of products and services that meet new needs

#### Provision of industry-pioneering new coverage

Taiyo Life is constantly taking up the challenge of providing new products and services to respond to social changes and shifts in customer needs. To date, the company has unveiled many industry-pioneering products and services, such as *Hoken Kumikyoku Best*, a system that responds to diversifying customer needs by freely combining coverages, and *Himawari Dementia Prevention Insurance* to help people deal with dementia positively and live out their retirement years with peace of mind.

As we enter the age of one-hundred-year lives, we expect that customers' desire to live longer, healthier, and more energetic lives will continue to increase in the future. By leveraging its advanced product development capabilities, Taiyo Life will seize business opportunities and support the health and longevity of many customers by identifying new needs ahead of its competitors and promptly providing products and services that meet those needs.



#### 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.

We will assist customers with the procedures to ensure that they receive their benefits and check that no claims have been missed



##### 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.



## Household Market — Taiyo Life (2)

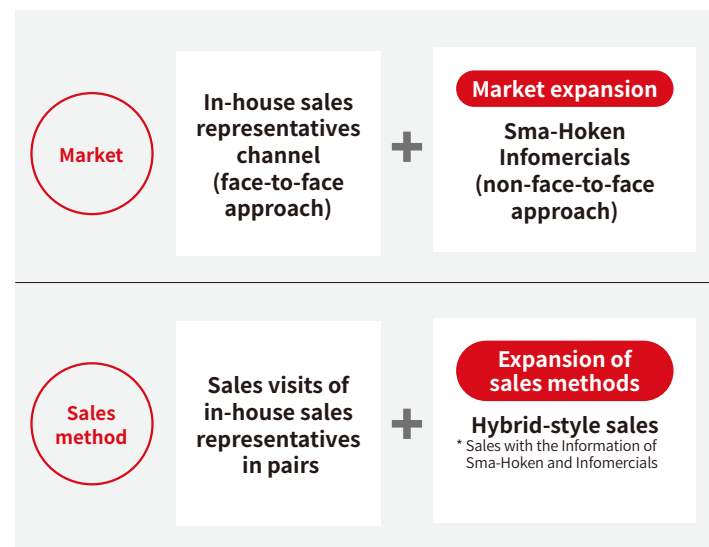
### Transformation of business model

#### Promotion of hybrid-style sales

Taiyo Life has drastically changed its business model in response to the changes in the social environment caused by the COVID-19 pandemic. Conventionally, in-house sales representatives visited households in the suburbs of branch offices in pairs to conduct face-to-face approaches. In addition to this, we are promoting a “hybrid-style sales” that integrates face-to-face and non-face-to-face sales by utilizing information obtained via promotions such as TV commercials and internet advertisements, such as *Sma-Hoken* (internet channel) and infomercials.

Diversification of channels such as *Sma-Hoken* and infomercials has expanded our customer contact points, and by linking the information obtained from these channels to our in-house sales representatives, the number of net new contracts has increased. Furthermore, hybrid-style sales has increased the productivity of each sales representative, leading to a positive cycle of increased retention of sales representatives and higher number of sales representatives.

#### Hybrid-style sales



#### Sma-Hoken, our fully-online insurance

[From October 2019]

- Insurance quotation and application possible online
- Unprecedented new concept of fully-online insurance with complete after-sales services

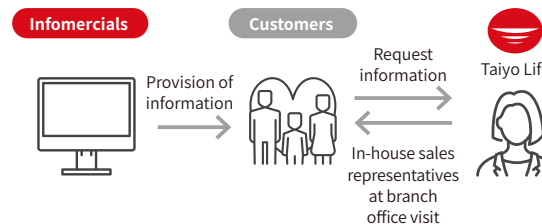


- Provide thoughtful service through the human talent developed by the company during the after-sales services
- Expand remote applications (non-face-to-face sales)

#### Infomercials

[From September 2016]

- Present infomercials, informational commercials that include explanations of insurance products and user feedback





## SMEs Market — Daido Life (1)

### “A Trusted Partner for SMEs” that delivers value beyond expectations

As the environment surrounding small and medium-sized enterprises (SMEs) changes and their needs diversify, Daido Life is working on evolving the provision of coverage to protect SMEs, as well as providing support for solving various issues faced by SMEs, accompanying them to solve their problems. By refining our products and services and delivering value that exceeds expectations to SMEs, we will further contribute to their business continuity, growth, and development.



Daido Life Insurance Company  
Representative Director and President

#### Mutsurou Kitahara

Director of T&D Holdings (part-time)  
Joined Daido Life in 1982. Served as Managing Executive Officer, etc. of T&D Holdings since 2015, and assumed current role in April 2021.

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

#### Building a unique business model

Daido Life is a life insurance company that specializes in the SMEs market. By building a unique business model that provides the coverage SMEs need for business continuity through SMEs-related organizations, it has built a win-win relationship for customers and tie-up organizations, establishing an efficient and solid marketing base.



Market	SMEs market
Channel	Sales reps, Agents (CPTAs)
Product	Term life insurance, Disability benefit, etc.

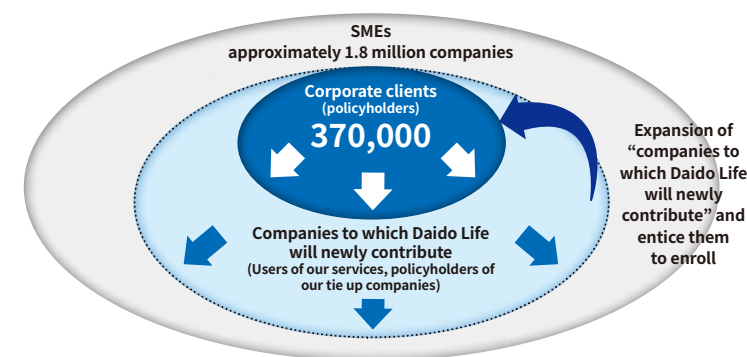
Promotion of welfare systems [Sales reps/agents] → Corporate clients (customers)

#### Win-win relationships of business model

Corporate clients (customers)	<ul style="list-style-type: none"> <li>Recommendation from credible organizations and consulting tax accounts.</li> <li>Discounted premium rates for groups.</li> </ul>
Tie up organizations	<ul style="list-style-type: none"> <li>Enhancement of trust relationships with member corporates and partners.</li> <li>Commission fees for agents.</li> </ul>
Daido Life	<ul style="list-style-type: none"> <li>Establishment of the effective and solid sales base.</li> </ul>

#### Expansion of customers (value recipients)

Approximately 370,000 SMEs are enrolled in Daido Life's insurance. As a company that provides full coverage to everyone working in SMEs, we will promote further expansion of member companies through the creation of new channels as well as consulting services in collaboration with tie-up organizations. Furthermore, as a company that supports the resolution of social issues of SMEs. We will work on expanding to become a company that contributes by providing solutions outside of insurance.



## SMEs Market — Daido Life (2)

### Improvement and expansion of value added services

#### Advancing the coverage provided

Since the launch of *J-type product* in 2010, Daido Life has enhanced its products covering the risk of disability and has promoted its total coverage, which is provided alongside death benefits.

In 2022, we offered *Kaisha Minnade KENCO+*, a health-promoting insurance that enables employees to engage in promotion of Kenkokeiei® (Health and Productivity Management) while preparing for unexpected retirement.

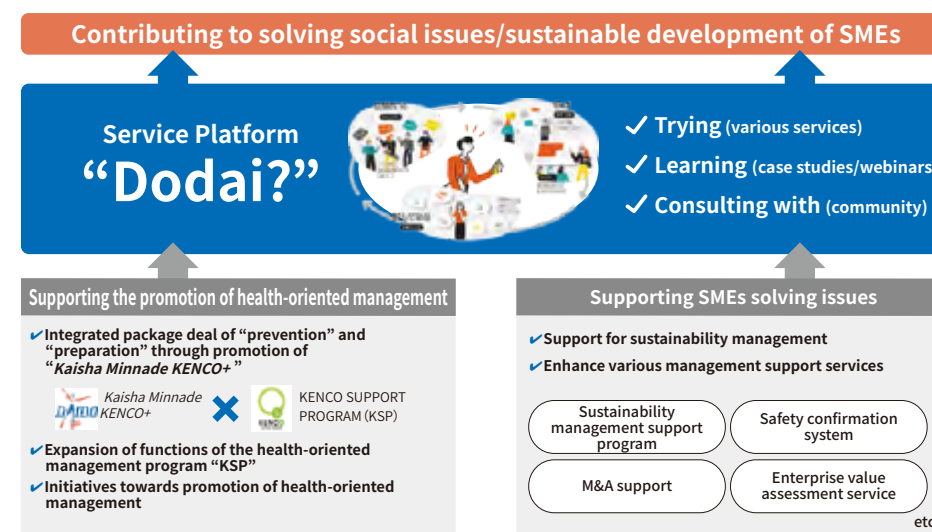
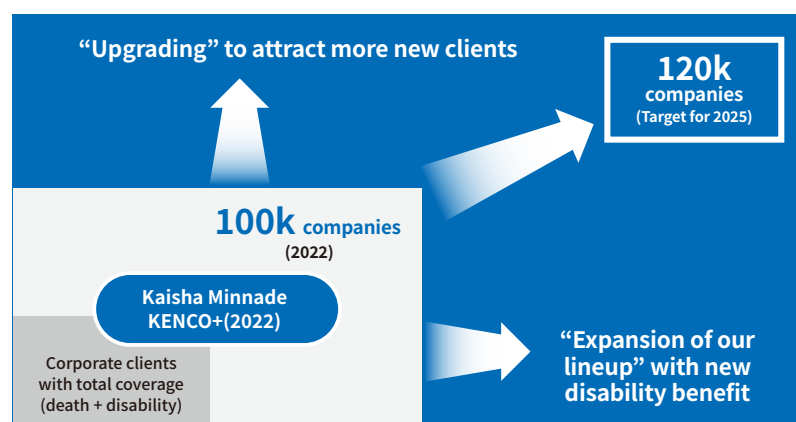
We will continue our efforts to expand our product lineup by developing new disability benefit insurance and upgrade our offerings to encourage more people to enroll in our products.

#### Supporting solution of management issues

By supporting the resolution of social issues, we will expand our points of contact with SMEs and create new markets.

Moving forward, we will provide various solutions such as promoting Kenkokeiei® (Health and Productivity Management) and supporting the resolution of management issues through “*Dodai?*” an online service for managers. In addition, by expanding various functions, we will grow into a service platform that is essential for the management of SMEs and contribute to their sustainable development.

\*Kenkokeiei® is a registered trademark of Nonprofit Organization Kenkokeiei.



## Independent Insurance Agent Market — T&D Financial Life

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

Through independent insurance agent channels, T&D Financial Life offers asset-building products that meet the needs of each individual customer, as well as protection-type products at affordable prices. Driven by our management vision, we will continue to work on management that brings satisfaction to customers and establish a firm position in the independent insurance agent market. Furthermore, by expanding policies in force, we will contribute to Group profit.



T&D Financial Life Insurance Company  
Representative Director and President

#### Kanaya Morinaka

Executive Officer of T&D Holdings, Inc. Joined Daido Life in 1984. Served as Representative Director and Executive Vice President of T&D Holdings since 2020, assumed current position in June 2023.

### Delivering valuable products to customers through independent insurance agent channels

#### Product lineup that meets diverse customer needs in the age of 100-year lives

As interest rises in self-help asset formation and health care in the age of 100-year lives, T&D Financial Life delivers asset formation products, primarily foreign currency-linked whole life insurance and variable life insurance, through independent insurance agent channels.

Furthermore, in April 2023, we added a new lineup of yen-denominated individual pension plans, creating a well-balanced product portfolio that can flexibly respond to diverse customer needs and the volatile financial environment.

#### Top brand among cash flow type products



Foreign-currency linked type products

Yen-denominated products

Fivetenworld  
ファイブテン・ワールド3

無配当終身保険(積立利率更改・Ⅲ型)  
生涯プレミアム ジャパン5  
PREMIUM JAPAN

Variable-rate products

ハイブリッド アセットライフ

ハイブリッド あんしんライフ

ハイブリッド つみたてライフ

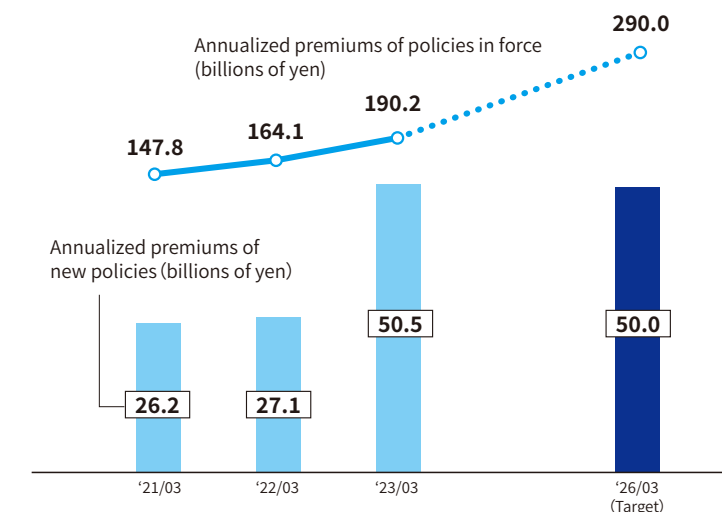
The peace of mind that the yen can offer

Stretch the life of retirement assets  
Innovative asset formation

#### Strengthening business model by reinsurance utilization and promoting DX

T&D Financial Life is proactively promoting efforts to utilize reinsurance to secure competitive yields and reduce credit risk, to utilize AI to enhance service sophistication and operational efficiency, and to improve human capital to strengthen engagement.

While strengthening our business model through these initiatives, we will aim to deliver valuable products and services to customers and steadily build policies in force.





## Closed Book Business — T&D United Capital

### REALIZING DREAMS TOGETHER

T&D United Capital is working to establish and strengthen its profit center function through strategic business investments in new growth business domains with high affinity to the life insurance business, with the aim of diversifying and optimizing the Group's business portfolio. Moving forward, we will continue to contribute to the enhancement of the Group's corporate value over the medium- to long-term by expanding Group earnings and pursuing synergies with the Group's core businesses.



T&D United Capital Co., Ltd.  
Representative Director and President

#### Tomoyasu Isobe

Managing Executive Officer of T&D Holdings, Inc. Joined Daido Life in 1987. Served as Executive Officer and General Manager of Business Development Department of T&D Holdings, etc. since 2015, and assumed current role in June 2021.

### Growing sector discovery and investment

#### To a new earnings pillar

T&D United Capital is working on closed book business\* as a growing sector. In June 2020, the Company made a cumulative investment of approximately ¥140.0 billion to date (end of June 2023) in Fortitude, a specialized closed book insurance company, making the company an equity-method affiliate. T&D United Capital's adjusted profit for the three years from FY2020 to FY2022 was ¥39.4 billion, accounting for approximately 20 percent of Group adjusted profit, growing to the next earnings pillar after the domestic life insurance business.

\* A type of insurance business that aims to generate profit by acquiring and consolidating the closed books (contracts for the retention of discontinued products (group)) of other insurance companies through mergers and acquisitions (M&A), reinsurance transactions, etc., and increasing the value of such closed books

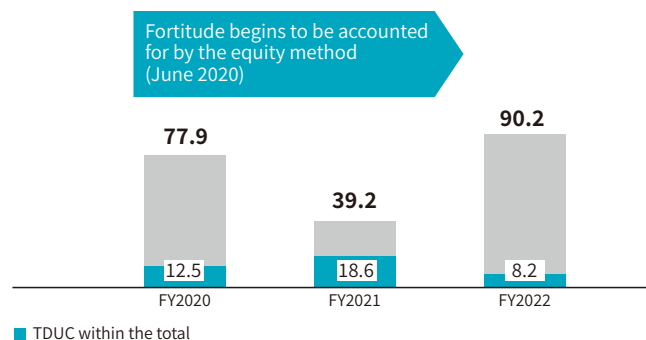
#### T&D United Capital initiatives and earnings trends

##### Track record of investments in Fortitude



##### Group adjusted profit (¥ billions)

Grown to account for around 20% of Group adjusted profit over a cumulative three years



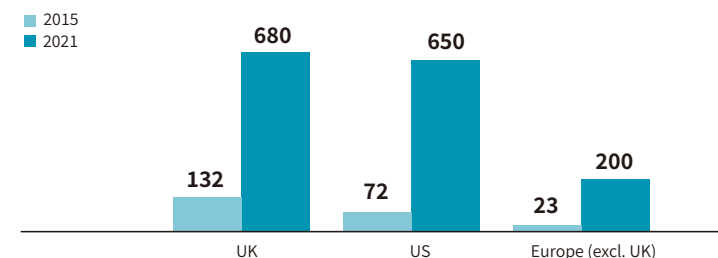
Fortitude begins to be accounted for by the equity method (June 2020)

#### Expansion and deepening of the closed book business

With continued global growth expected for the closed book market, we will also pursue new investment opportunities that are differentiated from Fortitude's in terms of business model, geography, and other factors.

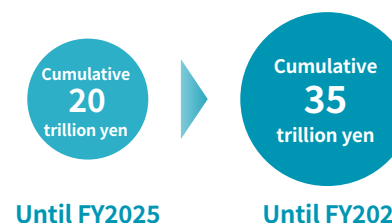
In addition, closed book transactions are expected to grow in Japan in anticipation of the introduction of economic value-based solvency regulations in FY2025. In light of this, we established a reinsurance brokerage subsidiary to mediate closed book transactions in 2023. Moving forward, we will continue to leverage our accumulated know-how and expertise to achieve robust development of the closed book business by resolving issues in the domestic life insurance market.

#### Life insurance closed book transactions (deposit assets)\* (billions of dollars)



\*Source: Compiled by T&D Holdings

#### Domestic closed book transaction scale forecast\*



\* Source: Compiled by the Company/includes reinsurance (flow reinsurance) that transfers assets and liabilities for new business

## Asset Management Business — 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

With “Make a Difference” as our principle, T&D Asset Management strives to provide products and services that highly satisfy our customers by creating value in line with newly emerging needs. In the future, we will continue to contribute to the enhancement of the Group's corporate value by expanding our contribution to the life insurance business through collaborative projects with Group life insurance and by expanding our asset management business to meet the needs of society.



T&D Asset Management Co., Ltd.  
Representative Director and President

### Yoshihisa Tanaka

Executive Officer of T&D Holdings, Inc.  
Joined Taiyo Life in 1989. Became General Manager of the Group Planning Department of T&D Holdings in 2014, and Director and Managing Executive Officer of the company in 2019.  
Assumed current role in June 2021.

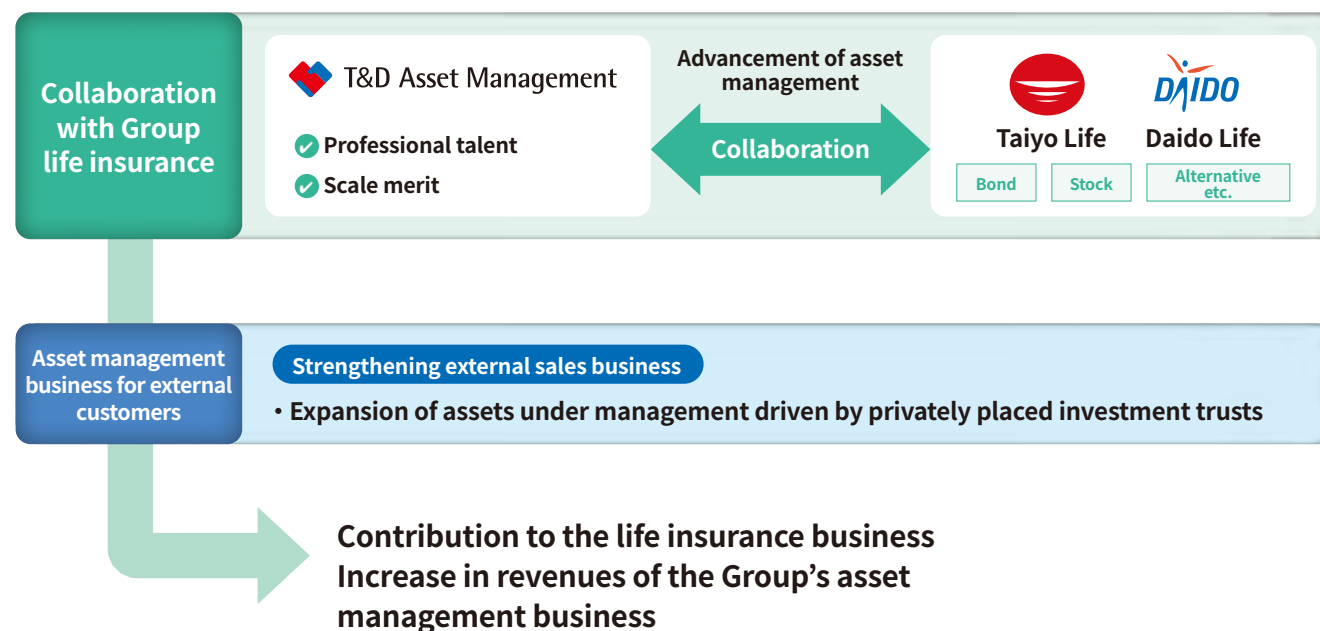
### Collaboration with Group life insurance companies and expansion of earnings in the asset management business

T&D Asset Management aims to contribute to the enhancement of the Group's corporate value by contributing to the life insurance business through collaborative projects with the Group life insurance and by expanding our asset management business to meet the needs of society.

In FY2021, we started a cooperative Group effort to manage the alterna-

tive assets of the Group life insurance through TDAM. In the future, our goal is to further increase its value by expanding the area of collaboration.

In the asset management business for external clients, we aim to increase the number of assets under management through sales focusing on privately placed investment trusts.



## Non-life Insurance Business — Pet & Family Insurance

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

Pet & Family Insurance aims to become a company that contributes to people and society through pet insurance. We are striving to improve our customer service by leveraging the knowledge we have accumulated to date to provide the optimal insurance products that meet customers' needs. We will also serve as a starting point for expanding customer contact points and contribute to strengthening the Group's customer base.



Pet & Family Insurance Co., Ltd.  
Representative Director and President

#### Masao Mikame

Joined Taiyo Life in 1983.  
Became Representative Director and President of Pet & Family Small-amount Short-term Insurance Company in 2015. Assumed current role in April 2019.

### Being there for pets and supporting families

We provide full coverage and simple and easy-to-understand insurance to enable pet owners and pets to receive treatment with peace of mind.

In addition, Pet & Family Insurance offers "Pet News Storage" on its website, which presents information to enhance life with pets in an understandable manner.

The rate of pet insurance enrollment is still low, at less than 20%. By providing pet owners with a variety of information, we hope to uncover the medical and health needs of their pets and contribute to solving social issues through the provision of pet insurance.

### Pet News Storage

Pet News Storage is online media operated with the theme

**"bringing new discoveries to life with pets"**

across the six categories of: entertainment, health, illustrated information, feelings, trivia, and rearing tips.

URL: <https://www.petfamilyins.co.jp/pns/>

(Japanese only)



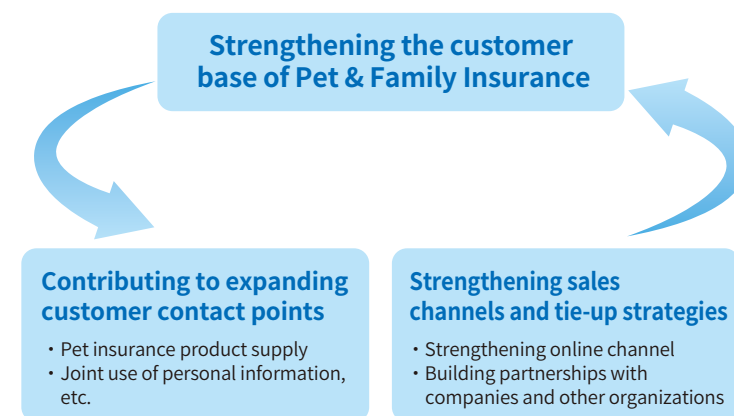
Pet News Storage

### Starting point for expansion of the Group's customer contact points

Pet & Family Insurance helps enhance the product lineup by providing pet insurance products to Taiyo Life.

With a base of approximately 190,000 policies in force (as of March 31, 2023), we are working to further increase policies in force by delivering pet insurance to more pet owners through strengthening our online channel and executing our tie-up strategy.

Pet & Family Insurance will serve as the starting point for expanding the Group's customer contact points and contribute to strengthening the Group's customer base through the supply of products and the joint use of personal information.



## New Sector — All Right

### Explore new sectors and strengthen core life insurance business

All Right is a company that explores new sectors and engages in new business to strengthen its core life insurance business for the future. By utilizing digital tools and collaborating with each of our partners, we aim to create new customer contact points for the Group, as well as develop and provide insurance and other products and services that meet customer needs in new ways.



All Right Co., Ltd.  
Representative Director and President

#### Osamu Ikebata

Executive Officer of T&D Holdings, Inc. Joined Taiyo Life in 1991. Became General Manager of the Group Planning Department of T&D Holdings in 2020, and Executive Officer of the company in April 2023. Assumed current role in April 2023.

### All Right was established with the aim of creating new customer contacts

With the declining birthrate, aging and shrinking population in Japan, the domestic market is becoming increasingly competitive, and a major issue is how to establish customer contact points in the future. In light of this, All Right was established in September 2022 with the aim of creating new customer contact points through the use of digital tools and collaboration with partner companies.

In July 2023, we began collaborating with health promotion and health-

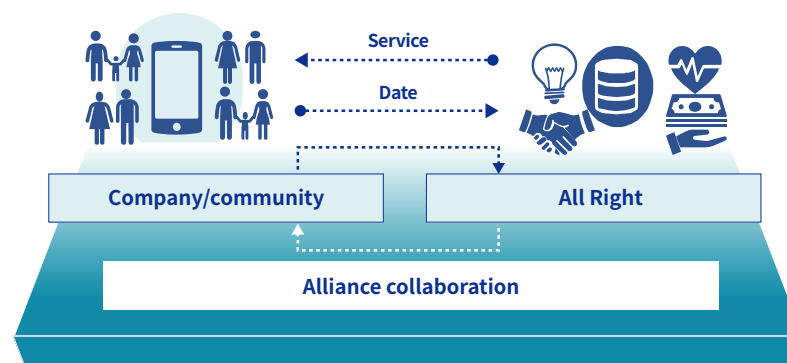
care-related companies to provide an official “Peer-Conne” LINE account to support customers of their partners. We will provide various services that help their customers lead comfortable lives, covering exercise, diet, sleep, and other matters. Moving forward, we will continue to use digital tools as points of contact to compile customer data and utilize it to improve our services, as well as to develop and offer new insurance products and services.

#### Two axes of business

Understand customer needs and concerns through data obtained from digital tools, and develop and provide products and services that satisfy/solve them

#### Building customer contact points using digital tools

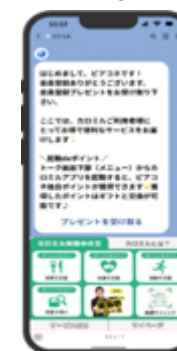
#### Developing new products and services using digital tools



#### Health support service “Peer-Conne”



<Image>



- ✓ Official LINE accounts are provided for each of our partner companies.
- ✓ Gifts are presented upon new registration.
- ✓ The rich menu displays various services according to the partner companies.
- ✓ By toggling the rich menu, you can use the services of other partner companies.
- ✓ Points will be awarded for using the services of partner companies through official LINE accounts.

Partner companies and service contents will be expanded gradually in the future.





# Sustainability Management

## Growth strategy of the applicable Group Long-Term Vision

Strengthening of core business

Diversification and optimization of business portfolio

Upgrading capital management

Promoting integrated Group management

SDGs management and creation of value

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## 30 Sustainability Priority Theme and Selection Process

## 31 **Special Feature** Recommendations from Sustainability Advisory Committee

## 34 Priority Theme (1) Promote Healthy and Abundant Lives for All People

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## 48 Priority Theme (3) Help Mitigate and Adapt to Climate Change

## 52 Priority Theme (4) Invest to Help Build a Sustainable Society



# Sustainability Management

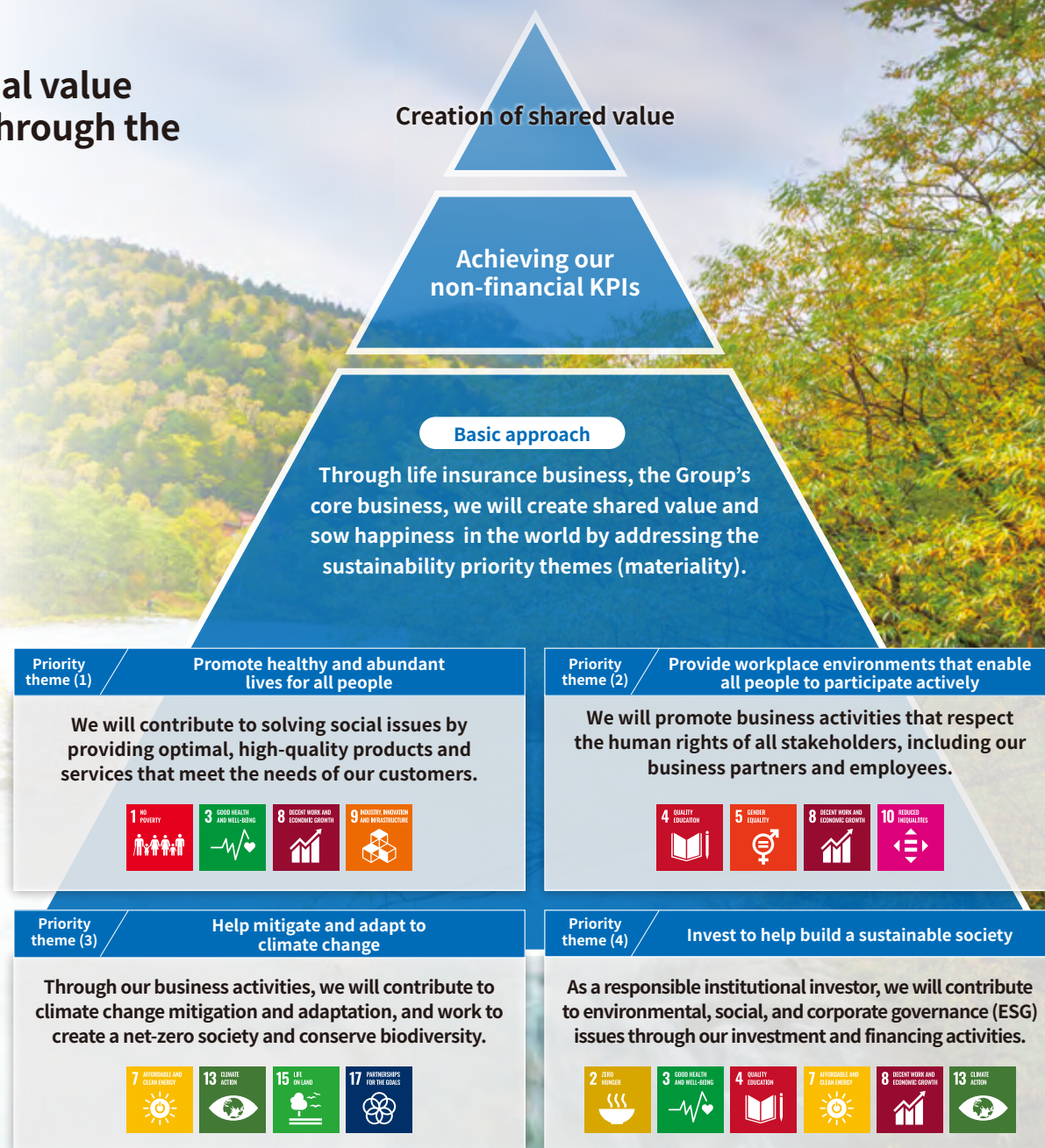
## Creating both economic value and social value Contributing to a sustainable society through the creation of shared value

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.

In 2021, T&D Insurance Group developed a Group Long-Term Vision towards FY2025 under the Management Vision: "Sow happiness, make change with boldness." The Group Long-Term Vision identifies SDGs management and creation of value as one of the challenges to the Group's Growth Strategy and priority themes and sets new non-financial KPIs to quantitatively measure the created social value.

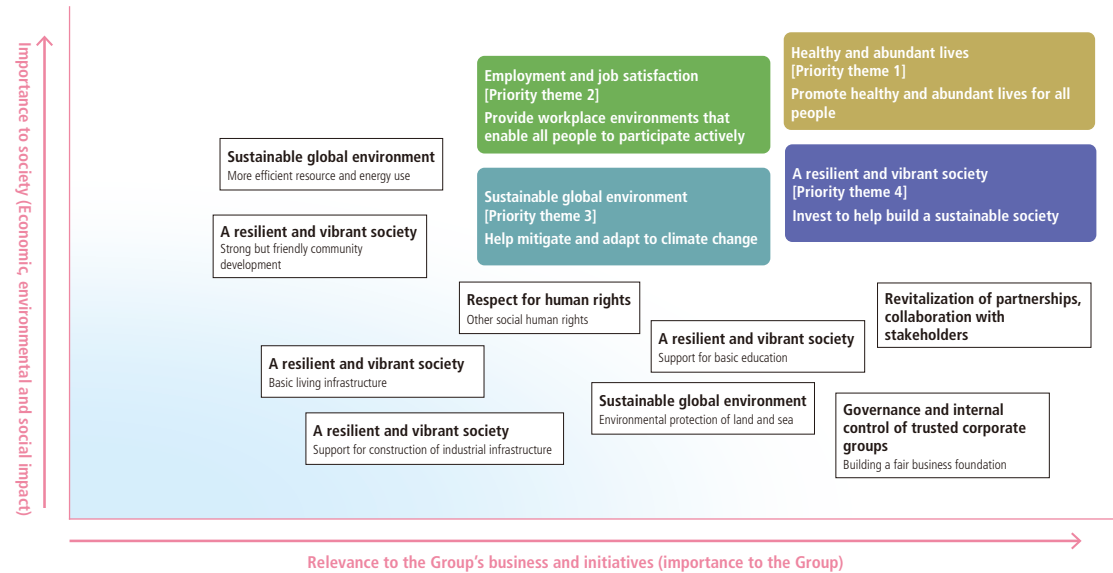
The Group believes that its efforts to promote SDGs management and solve social issues will lead the Group to achieve its goals of creation of shared value and sowing happiness in the world.

We, T&D Insurance Group, will take steady steps to become a sustainable insurance group that grows along with society.



## Sustainability Priority Theme and Selection Process

From the various sustainability fields that relate to business activities, the T&D Insurance Group has identified the priorities of social issues that are of high importance to society and have significant relevance to the Group's business, and has identified four sustainability priority themes that we will focus on as follows.



### Process for Selecting Priority Themes

#### (1) Identify important social issues

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

After examining the SDG goals and targets, our Group CSR Charter, changes in the social environment, trends in technological innovation, and other sources, we identified 40 (important) target-related social issues relevant to our policies, products, services, and business model.

#### (2) Identify initiatives that address the important social issues

We identified the initiatives that have been implemented to increase social value with respect to the important social issues through our business activities and our critical business and sustainability management platforms.

#### (3) Identify the shared value to be realized by the initiatives and the corresponding sustainability themes

We identified initiatives that address important social issues and the shared value of their impact. In order to create shared value, we set themes that promote Group sustainability from the perspectives of the areas of the issues to be addressed and the ways of addressing them.

#### (4) Prioritize shared values and sustainability themes

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

- Importance to society: Evaluation based on its impact on society and its contribution to the SDGs
- Relevance to the Group's business: Evaluation based on

the relationship with policies and actions defined in the T&D Insurance Group CSR Charter

#### (5) Select sustainability priority themes

We set priority themes for promoting Group sustainability that can have an impact on the creation of shared value by addressing important social issues.

#### (6) Verify the adequacy of sustainability priority themes

- We engaged in dialogue and exchanged views on the selection process of priority themes with a qualified third party, then confirmed the adequacy of social issues to be targeted and the validity of our priority evaluation.
- In addition, we received approval from the Group SDGs Committee and reported to the Executive Committee (now the Executive Management Board) and Board of Directors.



# Recommendations from Sustainability Advisory Committee

The Sustainability Advisory Committee, which was established in FY2021, receives commentary from outside experts on the latest international trends as well as a variety of recommendations based on their expertise. The Group reflects these recommendations in its initiatives on sustainability issues, and will promote the SDGs management and creation of value outlined in the Group Long-Term Vision.



From left

**Mr. Kenji Fuma**

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

**Masahiko Moriyama**

T&D Holdings, Inc.  
Representative Director and  
Senior Managing Executive Officer

**Mr. Takejiro Sueyoshi**

UNEP Finance Initiative  
Special Advisor

**Hirohisa Uehara**

T&D Holdings, Inc.  
Representative Director and  
President

**Ms. Mari Yoshitaka**

Mitsubishi UFJ Research and  
Consulting Co., Ltd.  
Fellow (sustainability)

**Yasuhiro Mori**

T&D Holdings, Inc.  
Executive Officer



## Recommendations from Sustainability Advisory Committee

### Recommendations on overall sustainability

A global policy debate is underway that views climate change not only as a means and cost of reducing CO<sub>2</sub> emissions, but also as a human rights issue that affects human life, health, and living areas. Furthermore, the younger generations are calling for climate justice, and they are speaking out from the perspective of creating an equal society with an eye to human rights, race, and poverty issues. The age where their values influence society is right before us, which will bring a big impact on business moving forward.

#### Recommendation 1

##### Toward de-carbonization

- (1) The Group Long-Term Vision indicates a CO<sub>2</sub> emissions reduction target with a deadline of FY2025 (40% reduction from FY2013), but there is no mention of net-zero emissions. That the T&D Insurance Group has not yet adopted the 2050 globally-championed Net Zero goal is a lag behind the global trend. The global trend is already changing from “low carbon” to “de-carbonization.” In view of the recent severity of climate change, we presume that the target date will be moved earlier than 2050.
- (2) In the financial industry, there is a trend toward a shift to a net-zero investment and financing portfolio by 2050. Since the T&D Insurance Group has made the effort to sign the Principles for Responsible Investment (PRI), it should consider a proactive course of action, such as committing to net zero CO<sub>2</sub> emissions and interim targets for its investees and borrowers, and release them.

#### Response

While we had set a target to reduce CO<sub>2</sub> emissions (Scope 1 and 2) by 40% by FY2025 compared to FY2013 in the non-financial KPIs in our Group Long-Term Vision, established in 2021, the Committee commented on the fact that no net-zero targets or targets for investees and borrowers had been established. In response to this, on September 30, 2021, an additional target was set to achieve net zero in FY2050, including own investment and loan recipients (Scope 3, Category 15). In addition, an interim target was set on April 11, 2022 for own investees and borrowers.

#### Reference: T&D Insurance Group CO<sub>2</sub> emissions reduction target

Subject	Target
Own emissions (Scope 1 and 2)	FY2025: 40% reduction (compared to FY2013) FY2050: Net zero
Investees and borrowers (Scope 3, category 15)	FY2030: 40% reduction (compared to FY2020) *Subjects are stocks, corporate bonds, and loans of domestic listed companies. FY2050: Net zero

#### Recommendation 2

##### Sustainability Statement

- (1) It is necessary to discuss one's values in the preparation of a statement. The company should determine where in the world the problems related to its business are and how it can contribute to the world through its business, and then communicate its stance to the world. Japanese companies' lack of issue awareness regarding why they are tackling these issues is a weakness. To simply list responses without an underlying message would result in a disconnect between stance and evaluation. The company should clarify what its purpose of existence is, and communicate products and investment policies based on that purpose.
- (2) Any sustainability initiatives to be described in the statement should be noted with an awareness of their connection to the sustainability priority themes. In addition, because prime market listing standards require Task Force on Climate-related Financial Disclosures (TCFD) or equivalent disclosure of climate change measures, the T&D Insurance Group, as a prime listed company, should prepare its statement with TCFD in mind.

#### Response

In response to the opinions of the committee, we started writing a statement in September 2021. We exchanged opinions with the committee midway through this process, and the statement was completed and disclosed on May 23, 2022.

We have established four sustainability priority themes, which reflect the Group's basic approach to sustainability and the issues to be addressed in the future, and have communicated to our stakeholders the direction and specifics of the Group's initiatives. We report on related results and progress via media such as our website and the Sustainability Report.

In May 2023, we updated our statement in light of changing social attitudes and initiatives to date.



## Recommendations from Sustainability Advisory Committee

### Recommendation 3

#### ESG investment

- (1) The T&D Insurance Group invests in a variety of bonds, but it would be better to link its position as an institutional investor with its position as an insurance company, and to make investments that can explain what the bond means to the T&D Insurance Group. Take, for example, the large number of female customers that Taiyo Life has. In this context, it would mean investing in gender bonds that support women's advancement in society and help reduce gender disparities.
- (2) When it comes to engagement, it is important to continue doing business with companies that are committed to Net Zero. In order for our business partners to build a net-zero portfolio, it is important for us to have a basic attitude toward our own net-zero portfolio. It may be a good idea to consider showing, as an indicator, the actual amount of ESG investments and financing from the perspective of the overall portfolio.

#### Response

The Group has already been considering the effect of its investment activities as an institutional investor on realizing a sustainable society, and has invested with consideration to environment, society, and corporate governance. In response to the committee's recommendation, in FY2023, we will set up focus areas for ESG investments and financing based on the business characteristics of the Group and the concept of our Sustainability Statement. Aiming to make further contributions to solving social issues in focus areas, we will strengthen our investments, financing, and engagement activities. In particular, we will aim to expand information disclosure and improve the contribution of our investment and financing activities to sustainability issues, etc. by quantitatively understanding their social outcomes (positive impact).

### Recommendation 4

#### Support to small to medium enterprises

- (1) Observing the actions of the Japanese government, we feel that rapid changes are coming to Japan, and we fear that some people may not be able to keep up with these changes. Communicating global trends in sustainability to SMEs will further strengthen the relationship of trust between the T&D Insurance Group and its customers. While the Corporate Governance Code only covers listed companies, the mandatory disclosure on sustainability will have a knock-on effect on SMEs that make up the supply chain. This means that SMEs also have to understand and address global trends. One of the future material issues is that the T&D Insurance Group, which has access to SMEs, will support the industry.
- (2) Whether or not policyholders will be able to continue to enroll insurance in the event of future financial hardship could be viewed as a risk as an insurance company. Furthermore, in order for SMEs to survive, it is necessary to consider whether we can contribute in a different way than insurance and investment, such as engagement and consulting.

#### Response

Group company Daido Life has been engaged in various initiatives to support SMEs in resolving their business issues, namely: KENCO SUPPORT PROGRAM, which supports SMEs in their Kenkokeiei® (Health and Productivity Management); Sustainability Management Support Program to encourage SMEs' efforts to tackle the SDGs; starting to provide "Dodai?" an online service for managers of SMEs to gather and work on resolving social issues together.

In March 2023, Daido Life formulated and announced their Sustainability Promotion Plan aiming to become a company that contributes to a society where the wellbeing of SME workers and their families is realized. Based on this plan, we will work with SMEs to solve social issues and realize a sustainable society through the continuous development of SMEs.





## Priority Theme (1)

### Priority Theme (1) Promote Healthy and Abundant Lives for All People

#### Main related SDG targets



For the T&D Insurance Group, whose core business is life insurance, our most fundamental corporate social responsibility is to contribute to the realization of healthy and abundant lives for all people. By providing high-quality products and services that are optimal for customers' needs, we will contribute to the sustainable growth of society and the resolution of social issues through our insurance business, and create happiness in the world.

#### Our Target

Customer satisfaction at the FY2020 level or above\*

\* We will strive to achieve each theme from a comprehensive perspective, not limited to the stated targets.

### The Initiatives of Taiyo Life

#### Providing products and services which preempt the changes of the times

In order to enable all people to enjoy long and healthy lives in the era of the 100-year life, Taiyo Life aims to be a company that supports customers' long and healthy lives through the best products and services.

To ensure that customers can enjoy their elderly years with peace of mind, we sell *Himawari Dementia Prevention Insurance* and *Cancer and Critical Illness Prevention Insurance*, which support customers' efforts to prevent dementia and serious illnesses.

As part of efforts to support customers' well-being, we provide information on services related to early detection and prevention of diseases and health promotion, such as MCI Screening Plus, which determines the risk of mild cognitive impairment through a blood test, AminoIndex® Risk Screening, and HPV Test Papix for cervical cancer, among others. Other services include the *Kaketsuke-Tai Service*, in which our office workers with specialized knowledge visit customers and their families to assist them with benefit claim procedures.

Taiyo Life provides greater peace of mind to its customers by integrating its products and services.

#### Best Senior Service

##### ● Senior Visit Service

We visit senior customers once a year to confirm policy content and check that no claims have been missed.

##### ● Kaketsuke-Tai Service

At the customer's request, our office workers visit the customer's home to assist with benefit claims.



#### Dedicated online service for customers Taiyo Life My Page

##### ● Procedures that can be completed on My Page (sample)

Users can carry out procedures without having to come to offices, such as confirmation of policy content, address change, name change, change of death insurance recipient, and claiming benefits.

### The Initiatives of Daido Life

#### Initiatives to spread Kenkoikei® (Health and Productivity Management)

Daido Life supports the implementation of Kenkoikei® (Health and Productivity Management) by SMEs, aiming to contribute to the creation of a society in which SMEs and their employees can thrive and play an active role, and to help solve the issues faced by Japan's aging society.

In January 2022, we launched *Kaisha Minnade KENCO+*, a health-promoting insurance that integrates the KENCO SUPPORT PROGRAM and coverage to realize disease prevention through health management while preparing for unexpected retirement. The product covers a wide range of risks, including death, severe disability, physical disability and serious illness, and also provides a discount on the following year's main policy premium if the policyholder takes an average of at least 8,000 steps per day every year.

#### Dodai? — A web service, which enables business owners to communicate with each other

*Dodai?*, an online service for managers of SMEs to get together and work together to solve social issues was launched in March 2022. Daido Life, which has supported SMEs through its coverage until now, has given form to its desire to shape the future together with SMEs moving forward.



Over 40,000 people!



## Priority Theme (1)

### The Initiatives of T&D Financial Life

#### Providing asset formation products that consider social and environmental changes

T&D Financial Life offers asset formation products, mainly for senior customers, to support a comfortable post-retirement life through the preparation of post-retirement expenditures and the need for protection of bereaved family members and other needs.

In June 2021, we launched *Hybrid Asset Life*. This product integrates investment trusts and life insurance to provide a yen-denominated, single-payment variable whole life insurance policy that supports self-directed asset formation in the era of the 100-year life. To help customers enjoy life more, we have developed products that allow them to continue to invest mainly in long-term diversified investments, while also providing for planned asset withdrawals, as well as preparing for dementia, and inheritance for themselves and their families.

In April 2023, *Fivetenworld 3*, a renewed version of *Fivetenworld 2*, a single-premium individual annuity that utilizes overseas interest rates and foreign exchange, was launched. The product is now available in two plans, the yen plan and the foreign currency plan, to meet the needs of customers.



### The Initiatives of T&D Asset Management

#### Contributing to the promotion of a healthy society through investment

T&D Asset Management's active management of Japanese equities emphasizes analysis of non-financial information in addition to financial information. The T&D Japanese Equity ESG Research Fund, a private investment trust that selectively invests in companies that excel from an environmental, social and governance perspective, has set "health, safety and security" as one of the material issues when evaluating investee companies. It actively invests in companies that contribute to solving social issues related to people's health.

In addition, our analysts encourage corporate actions to solve social issues by holding dialogues with investee companies in line with material issues, thereby contributing to building a society that realizes healthy and abundant lives.



### The Initiatives of Pet & Family Insurance

#### For the benefit of precious families

Pet owners are becoming increasingly concerned about pet medical care and its costs as they shift to recognizing their pets as members of the family. To ensure that pet owners and their pets can receive treatment with peace of mind, we offer products such as *Genki Number One Smart*, which compensates a certain percentage of the cost of veterinary hospital treatment for pets suffering from illness or injury.

#### Providing information on pet life

In addition, "Pet News Storage" is offered on the website, which regularly communicates on various themes, presenting information to enhance life with pets and familiar questions in an understandable manner. The number of articles reached 335 in March 2023.





## Priority Theme (1)

### Initiatives to respond to customer feedback

#### Initiatives to Customer satisfaction

The T&D Insurance Group has established the "T&D Insurance Group Basic Policy on Customer-oriented Business Operations" in order to conduct sincere, honest, fair, and appropriate corporate activities that lead to the benefit of customers, with "customer-oriented" as the Group's common value.

Based on this policy, each Group company strives to provide customers with greater satisfaction by providing better products and services based on its own business model and by improving the quality of its operations.

In addition, based on the results of customer satisfaction surveys and our response to changes in the social environment, we are constantly striving to provide more convenient services and improve our operations, aiming to become a group that can be trusted with confidence into the future.

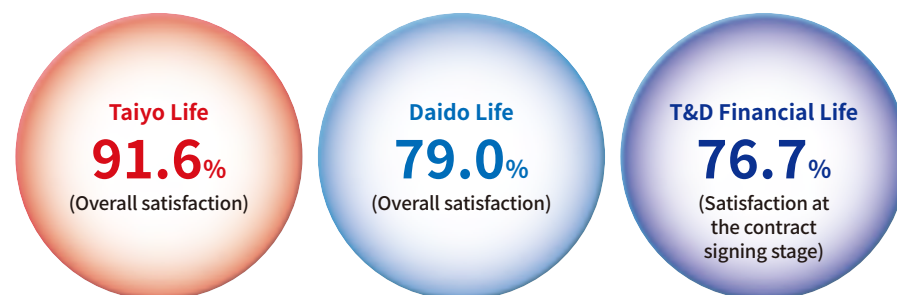
#### Customer feedback collected through daily sales activities

In order to respond to social needs that change by providing better products and services, the three life insurance companies have established numerous points of contact with customers, including sales representatives, sales agents, call centers, and the internet, to collect as much customer feedback as possible. In addition, we conduct customer satisfaction surveys to gauge satisfaction with our products, services, and after-sales services.

#### System to reflect customer feedback in management

By establishing a department dedicated to overseeing customer-oriented business operations and a committee with the participation of external members, we have established a system to ensure customer satisfaction at all stages from policy making to payment, based on a customer-oriented business operation policy and specific targets set for complaint improvement, and other matters. In addition, customer feedback is centrally managed in a database and shared with relevant departments for use in product and service development, quality improvement, and business improvement.

#### Evaluation of the three life insurance companies' customer-oriented business operations policy (FY2022)

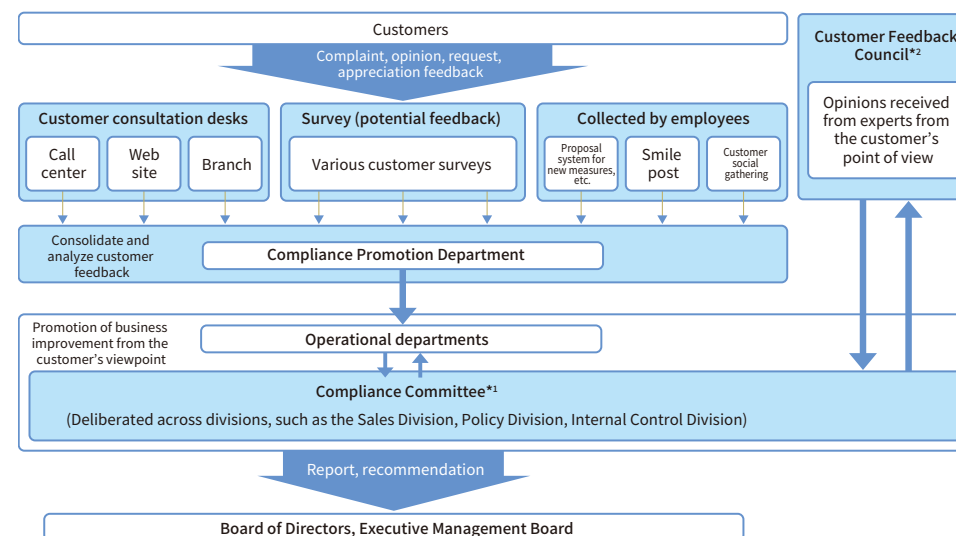


\* Taiyo Life: Four levels - "satisfied," "mostly satisfied," "somewhat unsatisfied," and "unsatisfied." Aggregate the total of "satisfied" and "mostly satisfied."

Daido Life: Seven levels - "highly satisfied," "satisfied," "mostly satisfied," "neutral," "somewhat unsatisfied," "unsatisfied," and "highly unsatisfied." Aggregate the total of "highly satisfied," "satisfied" and "mostly satisfied."

TDF Life: Five levels - "satisfied," "mostly satisfied," "average," "somewhat unsatisfied," and "unsatisfied." Aggregate the total of "satisfied" and "mostly satisfied."

#### System to reflect customer feedback in management (The system chart is an example from Daido Life)



\*1: Compliance Committee

The Compliance Committee has been established to develop and establish a compliance promotion system on a company-wide basis and to further promote customer-oriented corporate activities as stated in the basics of the corporation. The committee continuously reviews all processes from insurance solicitation to payment from the customer's perspective, and reports and proposes improvements to the Board of Directors and the Executive Management Board.

\*2: Customer Feedback Council

The Customer Feedback Council was established to utilize the knowledge of outside experts in sound business operations from the customer's perspective. The Council verifies the appropriateness and effectiveness of business operations related to the improvement of customer service and the deliberations of the Compliance Committee.

## Priority Theme (1)

### Initiatives to Digital transformation (DX)

In order to create value for each and every customer experience through the Group's DX initiatives, the T&D Insurance Group is working to evolve the value it provides in both the insurance and non-insurance fields by improving customer understanding and UX.

More specifically, we are working to expand our customer contact points and improve customer service by the promotion of hybrid sales that combines face-to-face and digital

sales, expanding the number of customers to whom we can deliver our products and services.

Furthermore, we are also using AI to strengthen our consulting capabilities, and will strive to propose products and services that are optimal for each customer.

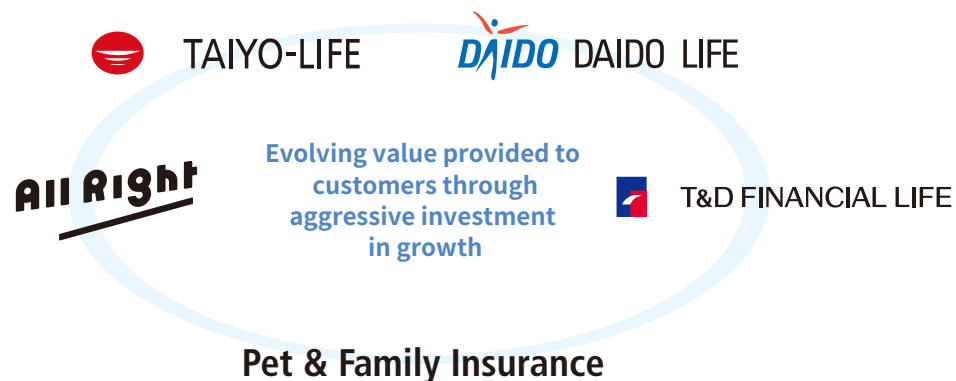
Also, Daido Life started providing "Dodai?", an online service for managers, in March 2022. We will provide various solutions such as promoting Kenkokeiei® (Health and Produc-

tivity Management) and supporting the resolution of management issues through "Dodai?". In addition, by expanding various functions, we will grow into a service platform that is essential for the management of SMEs and contribute to their sustainable development.

To achieve the further growth of the Group, we will take on the challenge of evolving the value provided to customers through bold transformations utilizing data and digital technologies.

#### Initiatives in the insurance field

- ✓ Promotion of hybrid-style sales that leverages data
- ✓ Expansion of products handled by remote application
- ✓ Reduce the burden of insurance enrollment through the use of medical data
- ✓ Integrated provision of coverage and various services
- ✓ Improving customer service by enhancing internet services



#### Initiatives in the non-insurance field

- ✓ Promotion of health management through expansion of *Kenkokeiei*® (Health and Productivity Management) Practice Program, KSP, etc.
- ✓ Helping SMEs solve management issues through *Dodai*?
- ✓ Promotion of annual sleep diagnosis exercise

### Efforts to spread and establish DX and foster a culture of DX

#### Promotion of information sharing

- At the Group DX Promotion Committee, share information on DX promotion measures within the Group, external IT services being utilized, and other positive initiatives, and promote the creation of synergies through standardization and joint initiatives.

#### Developing DX talent

- Promoting the improvement of literacy among all employees by encouraging the acquisition of IT passports
- In order to develop human resources to lead DX, promote acquisition of skills in customer understanding, experience design, AI utilization, etc.

#### Utilization of IT, technologies, etc.

- Development of next-generation sales terminals to improve proposal capabilities and work styles
- Continue to promote zero seals, paperless operations, RPA, and the use of low-code development tools to improve operational efficiency.
- Utilize the Ministry of Economy, Trade and Industry's DX promotion framework, including the DX certification system, for Group DX promotion (renewal of DX certification is scheduled for FY2023)

## Priority Theme (2)

### Priority Theme (2) Provide Workplace Environments that Enable All People to Participate Actively

Main related SDG targets



To respect the human rights of all people, respect the personality and diversity of our employees, we ensure a healthy and safe working environment, and develop our human resources.

#### Our Target

Employee engagement score at the FY2020 level or above\*

\* We will strive to achieve each theme from a comprehensive perspective, not limited to the stated targets.



Message from executive officer in charge of human resources

— Promoting Try & Discover and aiming to be a group where diverse human resources can play an active role —

Yasuro Tamura, Senior Managing Executive Officer

#### The Group's approach to human resources

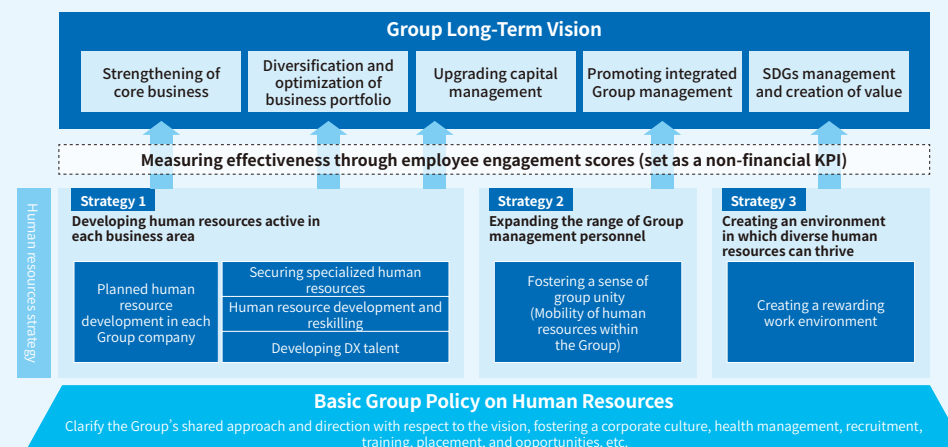
We believe that the human resources who work with us are the most important driving force behind our business activities to realize the T&D Insurance Group's Corporate Philosophy. The Basic Group Policy on Human Resources has been established as the basic policy for human resources management in the Group. The Group's core business is the domestic life insurance business, in pursuit of our market-specialized strategy. Human resources active in a wide range of fields collaborate to create

new value, including the closed book business, asset management business, and pet insurance business, which have strong affinities with the life insurance business. The Group will secure and develop human resources with advanced expertise, knowledge, and skills in a wide range of fields, and create opportunities for them to play an active role, thereby leading to the sustainable growth of the Group.

#### Relevancy to the Group Long-Term Vision

In order to realize the Group Long-Term Vision, it is essential to link it with a human resources strategy that will serve as the driving force behind the vision. We will invest extensively in human resources so that each employee can maximize his or her potential and continue to evolve in line with the T&D Insurance Group's management vision of "sow happiness, make change with boldness." In addition, we are creating an environment in which diverse human resources can play an active role, thereby improving the wellbeing of our employees. Each initiative will be measured annually for effectiveness using the Employee Engagement Score\*, leading to more effective human resource strategies and making the Group a place of which each and every employee can be proud to be a part.

\* 45 questions are set across nine categories, including "philosophy/vision," "attachment/trust," "self-initiative," "growth," and "challenge." Evaluation ranges from a minimum of 1.0 to a maximum 5.0 in a five-option multiple choice format.



## Priority Theme (2)

## Strategy 1

## Developing human resources active in each business area

We are implementing various initiatives to develop human resources who will be active in a wide range of business areas.

## Quantitative data related to Strategy 1

Item	FY2021	FY2022
Training hours per person* <sup>1</sup>	6.6 hours	7.5 hours
Total human resource development and training costs* <sup>1</sup>	309 million yen	365 million yen
Ratio of Group adjusted profit to personnel costs* <sup>2</sup>	28.1%	61.7%
Value of new business per employee* <sup>3</sup>	9.3 million yen	9.1 million yen
Employee engagement score (Category: self-initiative)* <sup>4</sup>	3.89	3.91

Subject: \*1 Employees working at the three life insurance companies (administrative personnel as well as sales representatives, etc.)

\*2 Group adjusted profit / Personnel expenses of the three life insurance companies (administrative personnel as well as sales representatives, etc.) x 100

\*3 Value of new business / Number of employees working at the three life insurance companies (administrative personnel as well as sales representatives, etc.)

\*4 Administrative personnel of the three life insurance companies and HD

## 1.1 Planned human resource development in each Group company

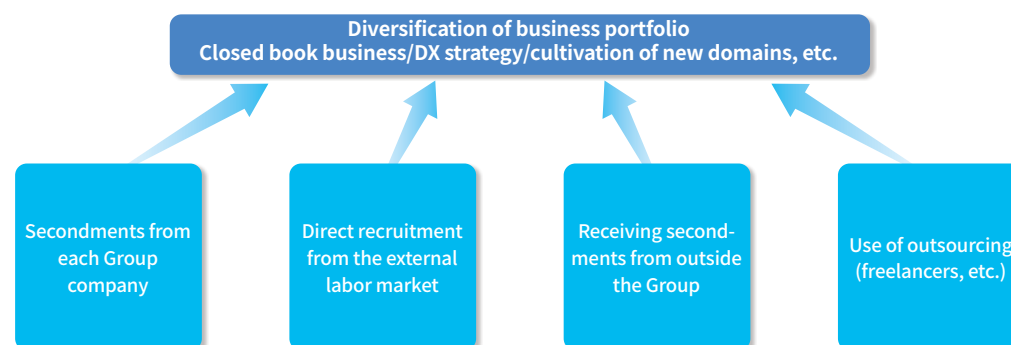
Each Group company provides education and training through on-the-job training (education through actual work), group training, and support for personal development. We support the self-directed career development of each and every employee by providing a diverse curriculum that includes proactive support for obtaining qualifications, as well as distance education, e-learning,

and online teaching materials. In addition, we systematically transfer (rotate) personnel so that employees can gain a variety of work experiences and enhance their ability to perform their duties from a broad company-wide perspective.

## 1.2 Securing specialized human resources

Recognizing the importance of enhancing the expertise of employees in each of its businesses, the Group engages in a variety of human resource development programs. Furthermore, in order to diversify and optimize our business portfolio, we are developing a closed book business that has affinity with our core business and a new business domain that utilizes digital tools, among others. In these business domains, we are focusing on securing highly specialized human resources with a high level of expertise that can be used both internally and externally. The routes to securing highly specialized human resources are diversifying, and in addition to training by each Group company, we are flexibly recruiting specialists directly from the external labor market.

## — Diversification of routes to secure highly specialized human resources —



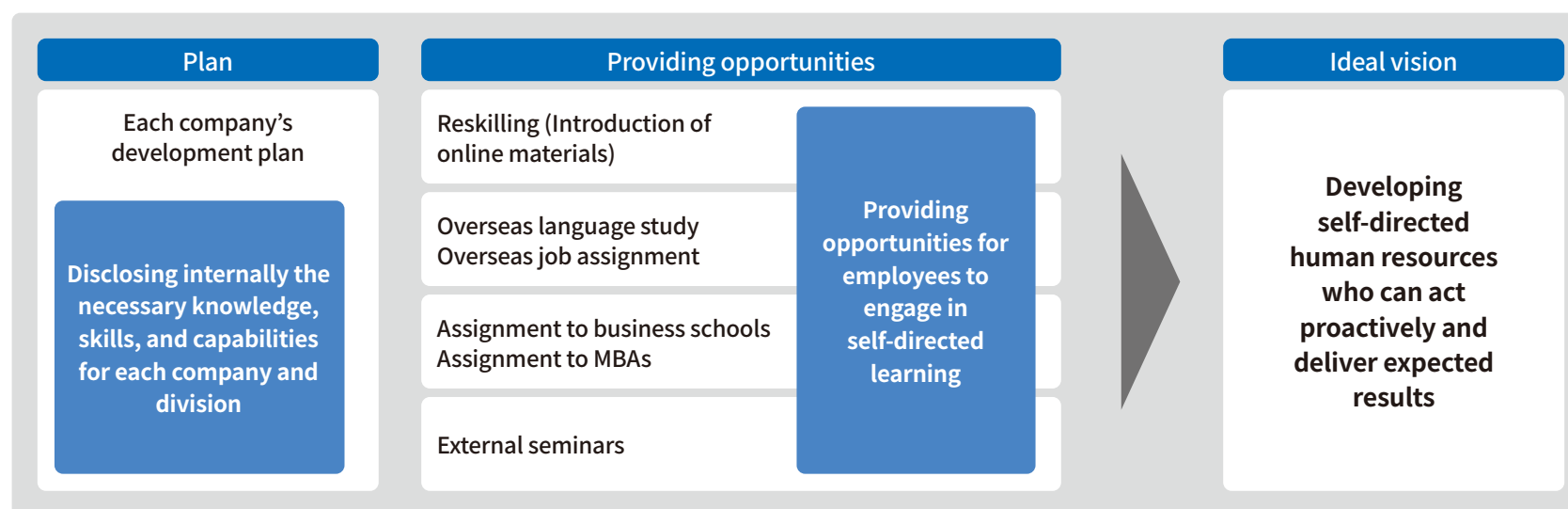


## Priority Theme (2)

### 1.3 Human resource development and reskilling

In accordance with the Basic Group Policy on Human Resources, the Group develops self-directed human resources who understand the direction of the Group and can deliver the expected results. Each Group company promotes self-directed learning by disclosing internally the knowledge, skills, and abilities required in each division. In addition, we support the self-directed career

development of each employee by providing online materials for learning cutting-edge knowledge and skills as reskilling support, proactive support for certification acquisition, and encouragement for employees to take up the challenge of assignment to business schools, MBAs, overseas job assignment, and overseas language study.



### 1.4 Developing DX talent

In April 2022, the Group newly established the DX Promotion Division in the T&D Holdings Group Planning Department, and is promoting DX throughout the Group. In order to develop human resources who can use DX in each business domain, each Group company is working to improving

DX literacy among all executives and employees by encouraging the acquisition of IT passports and using online materials.

## Priority Theme (2)

## Strategy 2

## Expanding the range of Group management personnel

To respond to the highly uncertain business environment, we are pursuing business synergies among each Group company, based on the recognition that we need to maximize the use of management resources within the Group. We are implementing various initiatives to further raise the Group awareness of employees, which is the foundation for realizing this goal.

## Quantitative data related to Strategy 2

Item	FY2021	FY2022
Number of people experiencing work at T&D Holdings (cumulative total):	417 (As of April 1, 2022)	429 (As of April 1, 2023)
Number of Group personnel exchanges	—*	40
Number of participants in Group collaborative training	1,101	982
Employee engagement score(Category: philosophy/vision)	3.97	4.00

Subject: Administrative personnel of the three life insurance companies and HD

\* Not conducted to prevent COVID-19

## 2.1 Mobility of human resources within the Group

In order to develop human resources with a high awareness of Group management, the following initiatives are being implemented to deepen the sense of belonging to the Group and understanding of the T&D Insurance Group's Corporate Philosophy among personnel from each Group company, transcending the boundaries of the companies to which they belong.

Initiative	Content
Planned personnel rotation	Experience in T&D Holdings operations, which is responsible for determining matters such as group strategy, proper allocation of Group management resources, and formulating capital strategies, is closely related to the development of human resources with Group awareness. To this end, we implement planned personnel rotations (transfers) from each Group company to T&D Holdings.
Group personnel exchanges	We dispatch young business persons to companies within the Group for about one week for the purpose of sharing excellent approaches (skills and know-how) of each Group company and building human networks among each Group company.
Open recruiting within the Group	In order to foster human resources who can act proactively and think about their own careers, we have implemented an open recruitment system within the Group that enables employees to take on the challenges of the positions of their choice in the various departments of T&D Holdings.
Group collaborative training	Group companies are collaborating to conduct training and seminars on common issues, which had been conducted independently by each Group company. (Management, human rights, active participation of women, market evaluation by analysts, etc.)
IR activities within the Group	The Group holds intra-Group IR activities for Group executives and employees to deepen their understanding of the Group's direction and market discipline, and to promote a sense of unity among Group companies in order to promote the Group Long-Term Vision and disseminate the Group's Corporate philosophy.

## Priority Theme (2)

## Strategy 3

## Creating an environment in which diverse human resources can thrive

## Quantitative data related to Strategy 3

Item	FY2021	FY2022
Ratio of female managers* <sup>1</sup>	19.1% (As of April 1, 2022)	21.9% (As of April 1, 2023)
Gender pay gap* <sup>2</sup>	41.2%	42.0%
Ratio of employees with disabilities* <sup>2</sup>	2.54%	2.48%
Percentage of male employees taking childcare leave/Average number of days taken* <sup>2</sup>	100%, 5.8 days	100%, 12.6 days
Average number of days of paid leave taken* <sup>1</sup>	16.5 days	16.7 days
Employee engagement score (overall)* <sup>3</sup>	3.77	3.75

\*1: Administrative personnel of the three life insurance companies

\*2 Employees working at the three life insurance companies (administrative personnel as well as sales representatives, etc.)

\*3: Administrative personnel of the three life insurance companies and HD

## 3.1 Promotion of health and productivity management

Based on the belief that the mental and physical health of our employees and their families is the foundation for the realization of the T&D Insurance Group's Corporate Philosophy and the continued pursuit of the Group's growth, we are working to create an environment where employees can engage in their work with peace of mind and work with vitality. In recognition of our efforts to date, three of the Group's life insurance companies have been certified as one of the White 500 Corporations for Excellent Health Management\*. (Taiyo Life and Daido Life have been certified for seven years running)

\* The Ministry of Economy, Trade and Industry (METI) has awarded top-ranked corporations with the White 500 Corporations for Excellent Health Management status, based on its Certified Health and Productivity Management Organization Recognition Program, which was established for the health promotion of employees.



## 3.2 Promotion of women's activities

The Group recognizes that the further utilization of women's abilities is indispensable for the sustainable enhancement of corporate value, and that the active participation of women is a key management issue for the Group. In addition to creating an environment in which women can play an active role, the Group is working together to provide training for female Group employees, and the three Group life insurance companies are systematically developing human resources for managerial appointments.

**Our target is to achieve a 30% ratio of female managers by 2030.**



Group collaborative women's career design seminar

## 3.3 Diversifying work styles

Taiyo Life and Daido Life have introduced retirement age of 65 against a backdrop of an extension of healthy life expectancy and diversified lifestyles. Furthermore, we are working to expand employment opportunities for a diverse range of employees with disabilities by improving the workplace environment to make it easier for employees with disabilities to work. In addition, we

have enhanced systems such as childcare leave to enable employees to fully exercise their abilities while fulfilling family responsibilities such as childcare and nursing care, and introduced a home-based work system and satellite office work systems to enable diverse work styles.

**Our target is to achieve 100% ratio of male employees taking child care leave.**

## Group Employee Dialogue

At T&D Insurance Group, we are committed to promoting the mobility of talent within the Group. For this dialogue, we spoke to key individuals active across our various Group companies, irrespective of the companies at which they originally worked. The discussion centered around the differences in each company's culture and what needs to be done to further advance our integrated Group management.

— Could you please tell us about your work responsibilities?

**Ishikawa** I work on contract maintenance at Pet & Family Insurance. Our pet insurance policies are renewed annually, and my primary responsibilities involve tasks related to continuing these contracts and administrative duties such as address changes. Additionally, we are pushing our DX strategy forward

through effective utilization of LINE accounts. In this context, I also handle the planning of LINE content, improvements to the functionality of our user portal, service expansion, and the shift toward paperless operations via systematization, etc..

**Koike** I am currently on a temporary transfer to All Right from T&D Financial Life. All Right opened in October 2022, with the objective of creating a new customer base using digital tools. Initially, we aim to collaborate with companies in the health and healthcare sectors to provide services. In line with this, I am responsible for identifying suitable partner companies and working on plans and proposals targeted toward them.

**Hiratsuka** I am part of the Investment Management Department at T&D Asset Management, where we manage assets delegated by Taiyo Life and Daido Life. My role is to create synergies across the Group from an asset management stand-

point. My duties mainly involve selecting and monitoring outsourced investment managers, as well as consideration of investment instructions and allocation of investment funds based on the external environment and performance.

**Fujita** I am stationed in the Business Development Department of both T&D United Capital and T&D Holdings. My primary responsibilities include advancing our closed book business centered around Fortitude, a reinsurance holding company, as well as considering new partnerships and M&A opportunities. The closed book business, a new initiative launched in 2020, involves acquiring and consolidating blocks of in-force policies that various insurance companies have discontinued (closed book), with the aim of enhancing their value to generate revenue. In the European and U.S. insurance markets, there is a rising demand to segregate old insurance

## A Diverse Workforce Engages in Challenges and Discoveries to Achieve Sustained Growth

Moderator: Yukako Fukui  
T&D Holdings,  
IR Department  
Deputy Manager  
(Original company: Taiyo Life)  
Joined: 2015

Akira Koike  
All Right,  
Corporate Department and Sales & Marketing Department  
Deputy Manager  
(Original company: T&D Financial Life)  
Joined: 2017 (Mid-career entry)

Yuko Ishikawa  
Pet & Family Insurance,  
Contract Maintenance  
Department  
Manager  
(Proper Employee)  
Joined: 2011

Yuki Hiratsuka  
T&D Asset Management,  
Investment Management  
Department  
Manager  
(Original company: Taiyo Life)  
Joined: 2015

Keiichi Fujita  
T&D United Capital,  
Business Development Department  
T&D Holdings, Business Development  
Department  
Manager  
(Originally from: Daido Life)  
Joined: 2003



## Group Employee Dialogue



contracts to improve operational efficiencies, making this an area of focus. Regarding new partnerships and M&As, I am actively making use of our external network to identify investment opportunities based on the Group's future growth scenario and business portfolio management, while also strategizing about which companies to engage with and taking steps to execute these investments.

— **Could you discuss the connection between the gratification you get from your work and the improvement of corporate value?**

**Hiratsuka** In my experience with integrated Group management at T&D Asset Management, I've not only enhanced my management skills, but also expanded the scope of my responsibilities. This has enabled me to feel my own personal growth and made my job more rewarding. I believe I'm contributing to enhancing the corporate value of the Group from an operational perspective through advancements in asset management and improved returns on investment.

**Fujita** The closed book business is positioned as a new growth business for the Group. We're seeing expanding business opportunities not just in the U.S. and European markets,

but in Japan as well. The satisfaction of tackling new challenges is evident, and this sector now accounts for 20% of the Group's adjusted profit in recent years. This fact makes me realize that it's becoming an increasingly important part of elevating our corporate value. Given the high level of investor attention, I also believe there's a need for greater clarity in how we communicate this aspect.

**Koike** In my previous role as a banker, my job was mainly to sell pre-determined products based on well-established manuals and rules. By contrast, my current job at All Right involves a new business venture. We are using digital tools to create new customer points of contact, all conceived of from scratch, which makes for a daily process of trial and error. Although challenging, the satisfaction of seeing our ideas materialize is extremely rewarding. Incidentally, the name "All Right" was chosen through discussions among the four of us from the start. As the traditional insurance market contracts due to a declining population, there's a growing need to take on challenges in new areas. I believe that embracing new approaches and tools to discover potential in unexplored areas, and not letting ourselves be constrained by conventional ideas and methods, will enhance corporate value.

**Ishikawa** At Pet & Family Insurance, we are advancing DX by making features like user profile pages easily accessible via the LINE app. We are adapting existing mechanisms and workflows to align with customer needs, striving to improve customer convenience and communication.

Additionally, we are pushing for paperless operations and other efforts as part of our business innovation initiatives. Seeing the number of LINE users increase and witnessing the tangible effects of going paperless makes my job more and more satisfying.

— **What are your thoughts after transferring to a different company within the Group?**

**Ishikawa** I believe that embracing change and acting quickly is crucial when starting new initiatives. Our company has employees who were transferred from other companies within the Group and individuals with a variety of professional experiences. This allows for the exchange of views from multiple perspectives, which I find very enlightening. Moreover, in terms of utilizing digital technology, I share similarities with Mr. Koike of All Right, and I felt we could exchange ideas on how to anticipate the trends of the times and customer needs.

**Koike** As Ms. Ishikawa pointed out, we both face similar challenges when it comes to utilizing digital tools. At All Right, we employ outside specialized human resources with abundant skills and experience in areas such as social media management and data analytics. We conduct our operations while availing ourselves of their expertise as needed.

**Hiratsuka** Being in charge of new responsibilities, I feel I am learning first and foremost. I feel that my horizons have been expanding as I get involved in intricate analyses and decision-making related to investments and asset allocations in the management





## Group Employee Dialogue



of alternative investments, which are considered to have a low correlation with traditional assets like stocks and bonds. Another revelation from my experience in moving within the Group is that even though we are part of the same Group, the corporate culture can differ considerably from one company to another in terms of mindset and work methodologies.

**Fujita** I was transferred from Daido Life. T&D United Capital and the Business Development Department at T&D Holdings consist of individuals from a diverse range of backgrounds, including mid-career hires. Everyone brings different perspectives and approaches to the table. In fact, this experience often makes me rediscover aspects about the company I originated from. Additionally, the closed book business receives a high degree of attention from various stakeholders, including shareholders and investors, which I find to be a stimulating environment that allows me to elevate my work perspective.

### — What differences have you felt among the Group companies?

**Hiratsuka** Though this might be a generalization, Taiyo Life seems to emphasize a top-down approach that leverages the strength of the organization, while Daido Life seems to focus

more on a bottom-up culture that values individual capabilities.

**Fujita** For instance, even with documents that share the same purpose, I've noticed stark differences in focus and layout between Taiyo Life and Daido Life. I've been reminded of the fact that it's not a matter of which is correct, but about learning from each other, which makes the integration of the Group even more meaningful. To deepen mutual understanding at the organizational level, I believe it's necessary not only for individuals to bring back ideas, but also for there to be more opportunities for departments with similar functions to collaborate on common challenges.

**Hiratsuka** I agree. Even if we articulate these differences post-transfer, they may not resonate with those who haven't experienced it themselves. As Mr. Fujita mentioned, I believe it's crucial to figure out how departments can work together and deepen collaboration across the Group and beyond.

**Fujita** I think the environment at Holdings is extremely conducive to that effort. As we all work toward achieving the mission of the T&D Insurance Group, everyone has come to understand the importance of integrated Group management on a personal level.

**Ishikawa** At Pet & Family Insurance, we have been learning various methods and know-how from those who transferred from Taiyo Life and Daido Life, which has been instrumental in streamlining our operations. However, after hearing everyone's thoughts, I believe that new insights could be gained if we were to look at our company from an external viewpoint or gain outside experience. So I'd welcome opportunities for our staff to be transferred to other companies within the Group.

**Koike** At All Right, I'm the only one who has come from T&D Financial Life, and I work alongside transfers from Taiyo Life and Daido Life. I believe a large part of the cultural differences stems from the distinct business models of each Group company. All

Right is a new venture. We aim to create new value by leveraging the unique knowledge and experience of each Group company.

**Ishikawa** To be frank, before becoming a manager, I was solely focused on the task at hand and didn't give much thought to the other companies within the Group. However, after becoming a manager and having the opportunity to interact with individuals from other Group companies during training sessions and be exposed to a variety of opinions, I not only found it incredibly educational, but also felt that these insights could be beneficial for our own initiatives.

I wish I had been more conscious of the importance of integrated Group management even before stepping into a managerial role.

**Fujita** Last year, I participated in the IR activities within the Group for the first time. Hearing first-hand from the management about the current conditions and challenges facing the Group, and receiving candid answers to my questions, served as an excellent opportunity for me to reevaluate my own work in the context of integrated Group management. During these activities, I also sensed differing viewpoints among participants from various Group companies. I believe that if Group companies were to



## Group Employee Dialogue

come together for discussions, it would enhance mutual understanding and potentially give rise to new opportunities.

**Hiratsuka** The first step in integrated Group management is to get to know your colleagues across the Group. However, I rarely interact with people from other Group companies and am largely uninformed about the kind of work they do. A quick fix I've considered is making effective use of our Group newsletters. While they currently feature key topics from each Group company, why not have more articles that focus on the challenges faced by various departments or head office departments, similar to what each company's in-house magazine does? This could inform the entire Group about each company's efforts to improve corporate value.

**Koike** During my assignment at All Right, I've had the opportunity to work with people from various Group companies, which has made me aware of the diverse cultures and work styles that exist. I believe it is essential to learn about the kind of people who work in other Group companies and what they are working on through newsletters or other methods.

### — What do you think are the strengths of the T&D Insurance Group?

**Hiratsuka** Our Group's insurance companies target both households and businesses, which I believe places us in a unique position to be highly responsive to societal changes. Because we are not a massive Group, I feel there's this strong sense of urgency that we must adapt to market changes to survive.

**Fujita** Among life insurance companies in Japan, our Group was one of the first to engage in the closed book business. I see this as a major strength that we should continue to capitalize on.

**Koike** I think one of the Group's strengths is that each Group company operates under a different business model. In this context, All Right is venturing into new business areas.

**Ishikawa** I feel that our Group is one where everyone's opinions are heard and fed back into management, regardless of their position in the company. This creates a culture where change is driven by fresh ideas from everyone, and I think that should be leveraged as one of our strengths.

### — Finally, could you share your future aspirations?

**Ishikawa** By aligning my actions with the vision and philosophy being pursued through integrated Group management, I aspire for both the company and myself to achieve significant growth.

**Koike** I acknowledge that it's All Right's responsibility within the Group to explore new markets. I want us to provide a wide range of services through the use of digital tools and

give each customer one-on-one attention.

**Hiratsuka** In addition to contributing to the improvement of the Group's medium- to long-term investment revenue, I want to be actively involved in the government's initiatives for advanced asset management, as well as in strengthening and expanding our investment advisory business.

**Fujita** The closed book business is a new area in which global expansion is highly anticipated. In addition to speeding up our initiatives as a part of the Group's overall growth strategy, I want to focus on developing our organizational structure and nurturing the necessary human capital. I also aim to identify partners who can collaborate with our Group to create new growth opportunities and thereby contribute to increasing the Group's corporate value.



# Strengthening IR Activities within the Group

## Group IR

Since FY 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.

This initiative was awarded the "Most Liked!" IR Award" at the 2022 IR Award selected by the Japan Investor Relations Association.

### Activity 1 Group internal IR Meetings

Top Company management executives explain the Group's challenges and policies using the same materials as the IR information meetings for investors and analysts.

### Activity 2 Small meetings

Our management team held dialogue-based small meetings with managers from the Group head office and branches. Management communicated the purpose and significance of the Group's listing on the stock exchange, the Group's challenges from a market perspective, and the concept of the Group Long-Term Vision (Try & Discover 2025). Meanwhile, participants raised a variety of opinions, including issues faced by the Group from a front-line perspective and their expectations for the Group Long-Term Vision, which led to lively discussions at the meeting.



Scenes from a small meeting

#### Results for FY2022

Participants

986

Events held

92

### Activity 3 Briefing for all group executives and employees

Through the use of video and e-learning, we conduct briefings (delivered via video) for all employees, including sales representatives, and also revitalize the employee stock ownership plan.



Briefing materials (front cover)

#### Results for FY2022

Participants

16,759

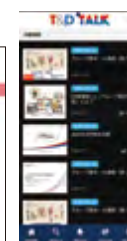
\* Based on survey collections

### Activity 4 Publication of "Group IR Newsletter" utilizing the Group's common comprehensive information portal site

The Group has a common comprehensive information portal site, "T&D TALK," which can be accessed by all group executives and employees and members of the authorized alumni associations. We publish the Group IR Newsletter on our site, proactively presenting content that had been communicated externally.



"T&D TALK" screen image



### Participant opinions

#### Fostering Group awareness and a deeper understanding of the Group's policies

- Hearing the explanation of the Group's overall direction, I was able to reaffirm my membership in the Group and the direction in which we are headed.
- There were concrete explanations of the business of the Group as a whole and the direction in which the Group is moving forward, which I had only vaguely understood previously. My engagement with belonging to the Group grew as a result.

#### Increased awareness of stock price (stock ownership plan)

- Although I had felt the disparity in stock price trends with other companies in the industry for some time, I became more aware of stock prices after the explanation with specific indicators and numerical values.
- Even though I was vaguely aware of the stock price after the company was incorporated, I felt that I should reflect on the fact that I had stopped thinking about it there. I became very aware that I myself was involved in the accomplishment of tasks to increase the Group's corporate value.

#### Internal Group exchange

- After meetings with participants from other companies in the Group, I am able to communicate with them more than before, for example, exchanging information.
- Next time, it would be better to set up a situation where inter-active communication is possible, so that the participants can feel a greater sense of unity.
- Perhaps it would be a good idea to have the program focus on mid-career and young professionals, who will be the future leaders.

### Direction of FY2023 initiatives

- In FY2023, the second year of Group IR, we will continue to share the content of external briefings and investor/analyst opinions within the Group, as well as hold small meetings that emphasize more two-way communication.
- HD directors and executive officers and small meeting attendees will exchange opinions on the progress of the Group Long-Term Vision, future issues, and what the T&D Insurance Group should do to become a stronger group in the future.



## Priority Theme (3)

### Priority Theme (3) Help Mitigate and Adapt to Climate Change

#### Main related SDG targets



We will contribute to climate change mitigation and adaptation and work to create a net zero society and conserve biodiversity through our own business activities as a provider of insurance products and services to customers.

#### Our Target

- Reduce our CO<sub>2</sub> emissions by 40% by fiscal 2025
- Reduce our CO<sub>2</sub> emissions to net zero by fiscal 2050

### Basic Concept

A globally shared long-term target was established by the Paris Agreement, adopted at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in December 2015, to keep the rise in global average temperature fully below 2°C in comparison to before the Industrial Revolution and pursue efforts to limit this rise to 1.5°C. Achieving net zero emissions and carbon neutrality by 2050 is required to realize this target. To transition to a low carbon/decarbonized society and adapt to climate change, it will be necessary to transform the industrial structure on a large-scale and modify our behavioral patterns. The T&D Insurance Group also remains cognizant of the fact that we must do our part as a member of society.

The T&D Insurance Group formulated the T&D Insurance Group Environmental Policy\* to clarify the Group's stance on the environment. The Policy is to carry out business activities with full awareness of the importance of environmental concerns, and to ensure that executives and employees under-

stand that they must act in consideration of the protection of the global environment. The Group will achieve sustainable growth along with society while fulfilling the public mission of life insurance and other businesses, and undertaking its corporate social responsibilities. In addition, based on the above Policy, the Group has set out its Green Purchasing Standards and Detailed Rules and gives priority to the purchase of products and services that help reduce its environmental impact when procuring a diverse group of goods ranging from office furniture, equipment and consumable supplies to real estate facilities and system equipment as well as in printing product brochures and policy documents. While climate change on a global scale is a risk for the continuity of the Group's business activities, the Group considers it an opportunity to undertake new activities.



\* For more information, please see our website.

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

### Disclosure of Climate-related Financial Information Based on the TCFD Recommendations

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

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



## Priority Theme (3)

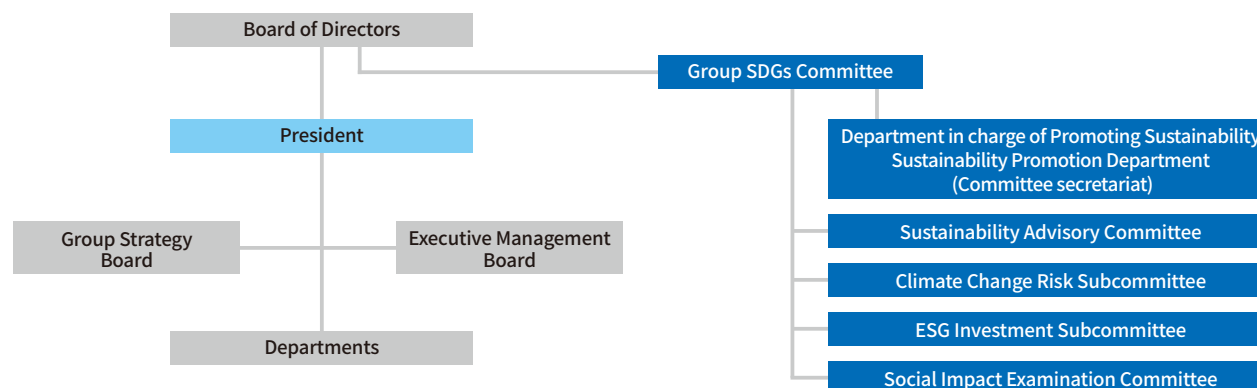
### Disclosure of climate-related financial information

#### Governance

The Board of Directors has established the Group SDGs Committee as its subsidiary body, with the task of reviewing and deliberating its policies related to SDGs and CSR, along with measures concerning the global environment and social issues.

Furthermore, the Climate Change Risk Subcommittee is established as a subordinate body of this committee. The subcommittee researches and examines the status of climate change risks and necessary responses, and assists the Group SDGs Committee in formulating policies and examining initiatives related to climate change.

#### Sustainability Promotion Framework



#### Strategies

We conduct scenario analysis based on multiple scenarios to examine the impact on our Group caused by climate change risk (physical risks\*<sup>1</sup> and transition risks\*<sup>2</sup>).

\*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 analysis: Impact on the Group and the Response Measures

	Impact	Response
Physical risks	Impact on underwriting profitability due to an increase in the number of heat stroke patients transported to hospitals and the number of fatalities due to higher average temperatures, as well as an increase in the number of disaster victims due to the severity of natural disasters	Appropriate review of premium rates to ensure that there is no significant negative impact on underwriting profitability
Transition risks	Impact on asset management income resulting from the financial impact on the Group's investment and financing recipients caused by stricter regulations on greenhouse gas emissions, the introduction of carbon taxes, replacement with new technologies compatible with decarbonization, changes in consumer values and behavior patterns, and other factors	Promote efforts to promote the decarbonization of investment and financing recipients through engagement, and promote investment and financing activities in businesses that contribute to the realization of a decarbonized society.

#### ● Scenario analysis: Business Opportunities for the Group

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 new 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.

## Priority Theme (3)

### ● Advancing climate change risk analysis: quantitative analysis of the impact on the Group

In collaboration with KPMG Consulting Co., Ltd. and the Japan Weather Association, we conducted a quantitative analysis of the impact of climate change on the Group as an effort to advance climate change risk analysis.

#### Analysis method

- The Japan Weather Association has developed the high-resolution regional climate scenario dataset, a 1-km mesh high-resolution version of projected climate change data for physical risk analysis.
- For the Group, models were developed for “estimating the number of disaster victims due to flooding” and “estimating the number of heat stroke patients transported to hospitals and deaths” under the scenarios of 2°C (RCP 2.6 scenario) and 4°C (RCP 8.5 scenario) increase in the future average temperature in Japan due to climate change, respectively. Estimated using five different climate prediction models.
- A physical risk analysis was conducted by dividing the future period up to 2100 into the “first half of the future period: 2026-2050” and the “second half of the future period: 2051-2100.”

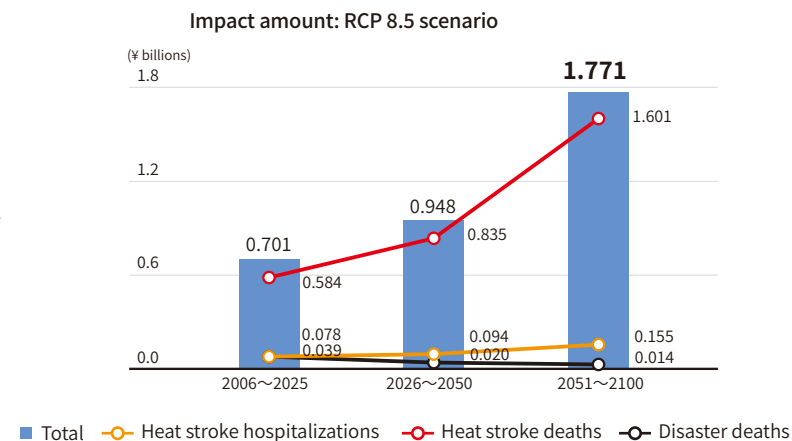
#### Analysis results

Disaster victims	<ul style="list-style-type: none"> <li>• Variation exists in future rainfall increases by region (decreases in some areas).</li> <li>• In addition, the percentage of powerful typhoons will increase, but the number of typhoons themselves will decrease.</li> </ul> <p>⇒ In both scenarios, the number of disaster victims could spike in extreme rainfall cases, but the overall period would stay at the same level.</p>
Heat stroke patients Persons transported to hospital/deaths	<ul style="list-style-type: none"> <li>• In both scenarios, there is not that big of a change in the first half of the future period.</li> <li>• In the second half of the future period, there will be an increase in extremely hot days and tropical nights. Notably, under the RCP 8.5 scenario, the number of extremely hot days increases by more than one month from the current level.</li> </ul> <p>⇒ In both scenarios, the number of heat stroke patients transported to hospital and deaths increase in the second half of the future period.</p>

#### Impact on the Company

- Based on estimates derived from the analysis results, the RCP8.5 scenario, which has a larger impact, results in an increase in insurance claims and benefits of “0.51 to 1.63 billion yen” (a level equivalent to approximately 0.1% to 0.3% of the Group's insurance claims and benefits paid) in the second half of future period compared to the base period (2006 to 2025).

\* The graph on the right shows the average of the five models (Increase of 1.07 billion yen in the second half of the future period)



## Priority Theme (3)

### Risk management

The Group registers climate change-related risks on the risk profile as critical risks to be managed, and scrutinizes, identifies, and assesses these risks.

#### Management of climate change-related risks

Physical risks	<ul style="list-style-type: none"> <li>The Group considers to mitigate deterioration of underwriting profitability through reinsurance and other means, along with large-scale disaster risks (insurance underwriting risks).</li> <li>The Group monitors existing products and implements countermeasures, including product revisions, as necessary.</li> </ul>
Transition risks	<ul style="list-style-type: none"> <li>The Group engages in investments and borrowings, taking into account climate change-related risks based on the Principles for Responsible Investment (PRI).</li> <li>Engagement to facilitate investees and borrowers' decarbonization efforts</li> </ul>

### Metrics and targets

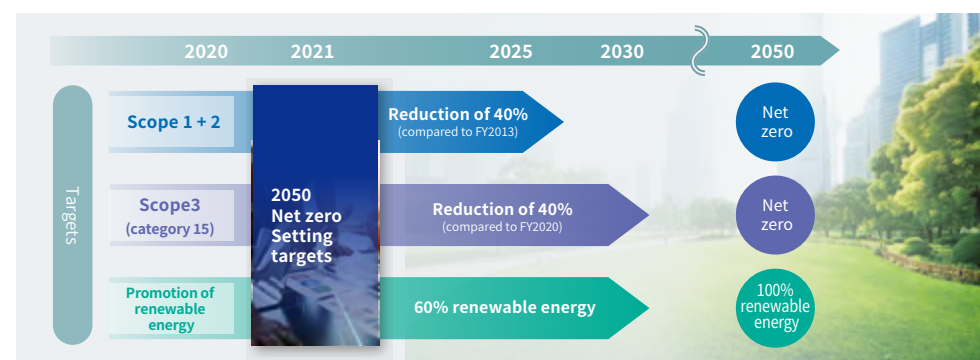
The Group establishes its environmental protection-related targets and is working on initiatives to achieve them in its daily business activities. The four targets are "to reduce CO<sub>2</sub> emissions," "to reduce electricity consumption," "to reduce office paper consumption," and "to improve the green purchasing ratio."

Progress toward the achievement of these targets is measured 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.

We have set reduction targets for our own emissions (Scope 1 and 2) and for our investees and borrowers (Scope 3: Category 15), aiming to achieve net zero emissions by 2050.

#### ● Roadmap to achieving net zero



#### ● CO<sub>2</sub> emissions reduction target

Subject	Targets
Own emissions (Scope 1 and 2)	FY2025: 40% reduction (compared to FY2013) FY2050: Net zero
Investees and borrowers (Scope 3: category 15)	FY2030: 40% reduction (compared to FY2020) *Subjects are stocks, corporate bonds, and financing of domestic listed companies. FY2050: Net zero

#### ● Promotion of renewable energy introduction

We are a member of RE100, a global initiative that aims to use renewable energy sources to cover all electricity consumed in business activities.

We have set an interim goal of sourcing 60% of our electricity from renewable energy by fiscal 2030, and are actively promoting the use of renewable energy.

## Priority Theme (4)

### Priority Theme (4) Invest to Help Build a Sustainable Society

Main related SDG targets



As a responsible institutional investor, we will secure stable long-term investment income and contribute to the realization of a sustainable society through investment activities undertaken in consideration of the environment, society, and corporate governance, with the aim of growing sustainably in partnership with society.

#### Our Target

- Reduce the CO<sub>2</sub> emissions of investees and borrowers by 40% by fiscal 2030
- Reduce the CO<sub>2</sub> emissions of investees and borrowers to net zero by fiscal 2050

### Basic Concept

With the main business of the Group being life insurance business, contributing to realizing a sustainable society through investment is one of the most fundamental roles of the Group. As an institutional investor managing long-term funds, we acknowledge the importance of securing stable earnings, contributing to the realization of a sustainable society, and growing sustainably together with society.

### ESG Investment Policy

In accordance with our basic concept, we have established the T&D Insurance Group ESG Investment Policy, which expresses our stance on ESG investment.

#### T&D Insurance Group ESG Investment Policy (overview)

By conducting asset management with consideration to ESG issues, we will aim to secure stable earnings, contribute to the realization of a sustainable society, and grow sustainably together with society.

- |  |   |
|--|---|
| 1. Conducting investments and financing with consideration to ESG issues | 3. Collaboration on ESG investment and financing and support for sound market development |
| 2. Implementing constructive dialogue on ESG issues with investees       | 4. Enriching information disclosure related to ESG investment and financing initiatives   |

### Signing of the Principles for Responsible Investment (PRI)

Taiyo Life, Daido Life, and T&D Asset Management have endorsed and signed the United Nations-backed Principles for Responsible Investment (PRI).

Signatory of:



#### The six principles outlined by the PRI (overview)

- |             |   |             |  |
|-------------|---|-------------|--|
| Principle 1 | We will incorporate ESG issues into investment analysis and decision-making processes         | Principle 4 | We will promote acceptance and implementation of the Principles within the investment industry |
| Principle 2 | We will be active owners and incorporate ESG issues into our ownership policies and practices | Principle 5 | We will work together to enhance our effectiveness in implementing the Principles              |
| Principle 3 | We will seek appropriate disclosure on ESG issues by the entities in which we invest          | Principle 6 | We will each report on our activities and progress towards implementing the Principles         |



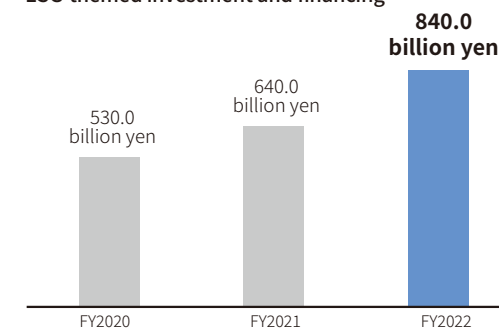
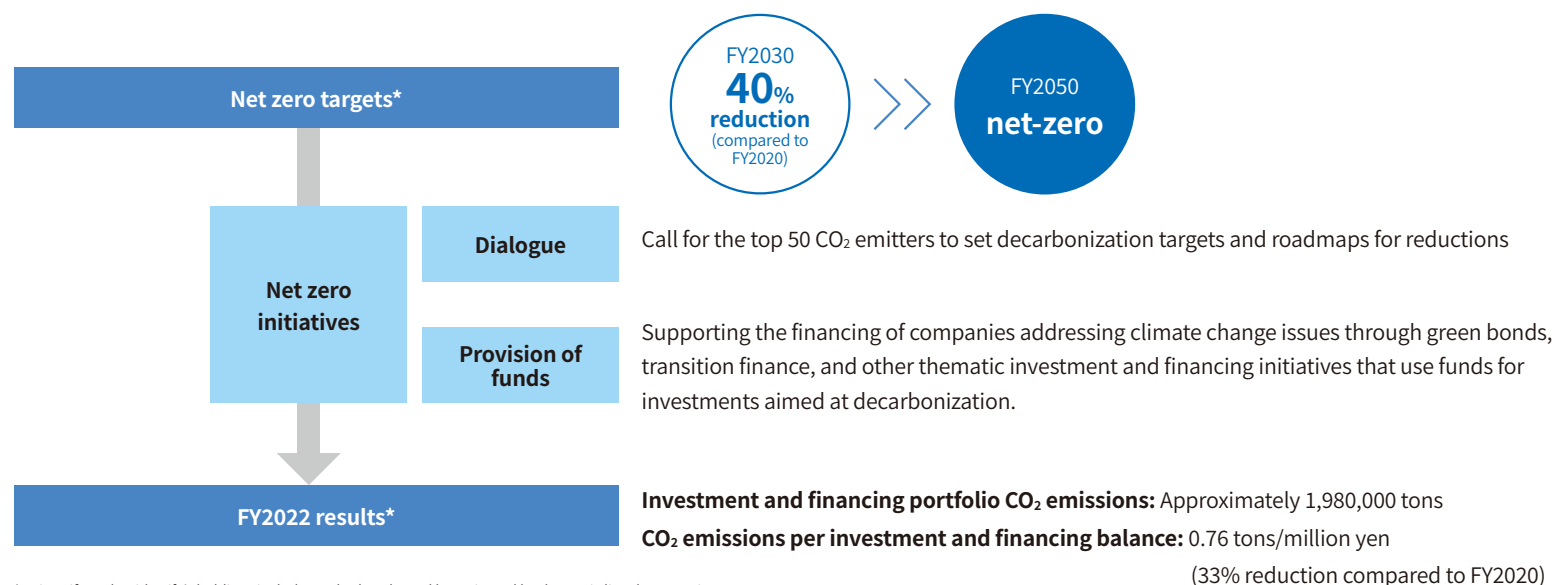
## Priority Theme (4)

## Various ESG investment initiatives

In order to promote asset management that considers ESG issues, the Group has introduced various investment methods according to the characteristics of the assets under management.

Integration	Incorporate the analysis and evaluation of non-financial information, such as ESG, in addition to financial information when investing and financing securities such as stocks and bonds, and real estate, etc.
Negative Screening	Prohibit investments and financing to companies that manufacture inhumane weapons, etc., and new investments and financing to coal-fired power generation projects, coal mining projects, etc.
Thematic investment and financing	Build up investments and financing in assets with themes that can contribute to the realization of a sustainable society to 840 billion yen as of the end of FY2022.
Dialogue with investment and financing recipients	Conduct dialogue on ESG issues such as decarbonization, diversity, and biodiversity in order to enhance corporate value and promote sustainable growth of investment and financing recipients

ESG-themed investment and financing

Initiatives toward net zero CO<sub>2</sub> emissions for investment and financing companies

\* Taiyo Life and Daido Life's holdings include stocks, bonds, and loans issued by domestic listed companies



# ERM

## Growth strategy of the applicable Group Long-Term Vision

Strengthening of core business

Diversification and optimization of business portfolio

Upgrading capital management

Promoting integrated Group management

SDGs management and creation of value

## 55 **Message** Message from the Head of Finance

- Initiatives to Date
- Improving Share Valuation
- Shareholder Returns

## 59 ERM

- Promotion of ERM
- Risk Management
- Compliance

## Message from the Head of Finance



In 2021, we established the Group Long-Term Vision and are working to improve capital efficiency, which is the Group's greatest challenge.

Director and Managing Executive Officer  
Hotaka Nagai

### Initiatives to Date

The main measures that have been taken to improve capital efficiency over the past two years are: 1) Utilization of reinsurance; 2) Reduction of interest rate risk by purchasing super-long-term bonds; 3) Reduction of foreign currency-denominated bonds; and 4) Reduction of strategic shareholdings. These measures reduced the amount of risk by approximately 78 billion yen, and together with the expansion of surplus, contributed to an increase in economic solvency ratio (ESR) of +15 pt, enabling us to determine shareholder returns of over 90 billion yen for FY2022.

To explain individual measures, first, in the area of reinsurance utilization, with Taiyo Life ceding its existing annuity block in March 2022, Daido Life and T&D Financial Life are also engaged in reinsurance utilizing our equity method affiliate Fortitude and other companies. We increased surplus by conducting reinsurance transactions utilizing mainly the high asset management capabilities of the reinsurers, and we reduced asset management

risk by ceded reinsurance, thereby improving ESR\*.

We are working to reduce interest rate risk from the standpoint of improving capital efficiency and soundness. In particular, Daido Life, which has many long-term insurance policies and long liability durations, has been promoting systematic interest rate risk reduction and ALM through the purchase of super-long-term bonds. Daido Life has purchased approximately 700 billion yen of super-long-term bonds over the past two years, and the interest rate matching ratio at the end of March 2023 was 58.4%, up 10.3 pt from the end of March 2021. (Taiyo Life's interest rate matching ratio was 78.3% at the end of March 2023)

We will continue to promote ALM by purchasing super-long-term bonds, and will consider accelerating the pace of purchases of super-long-term bonds in the event of a further rise in domestic interest rates.

\* See p. 62 for ESR.

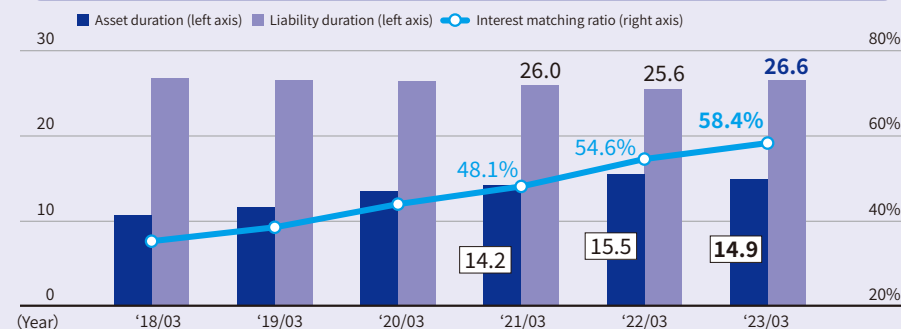
### Risk reduction/Improvement of capital efficiency (FY2021 to FY2022)

Amount of risk reduction **Approx. ¥78.0 billion**  
Contribution of the increase ESR +15pt together with surplus expansion

#### Main strategies

- ① **Reinsurance ceded (3 life insurance companies)**  
Policy reserve Approx. **¥1.1 trillion**  
(surplus expansion approx. 47.0 billion)
- ② **Amount of purchase of super long-term bonds (Daido)**  
Approx. **¥700.0 billion**  
(interest matching rate 58.4% (+10.3pt))
- ③ **Reduction of foreign currency denominated bonds (Taiyo and Daido)**  
Approx. **¥1.8 trillion**
- ④ **Reduction of strategic shareholdings (Taiyo and Daido)**  
Approx. **¥285.0 billion**

### 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. Interest matching ratio = (Asset duration × Asset present value) ÷ (Liability duration × Liability present value)

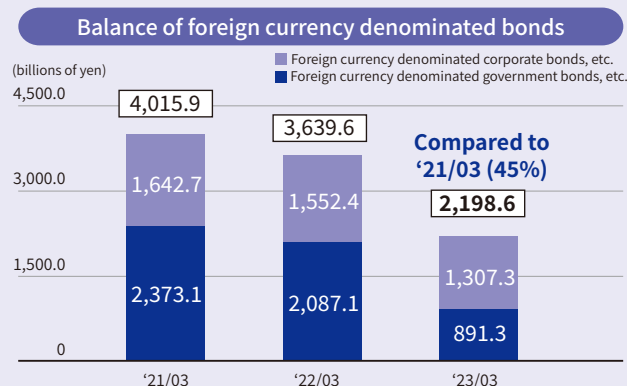
\*3 UFR was changed from the year ended March 31, 2023 (3.8% to 2.9% for UFR, 31 years from 41 years for extrapolation year). 26.0 years for the liability duration and 61.6% for interest matching ratios of March 31, 2023 before change in UFR.

## Message from the Head of Finance

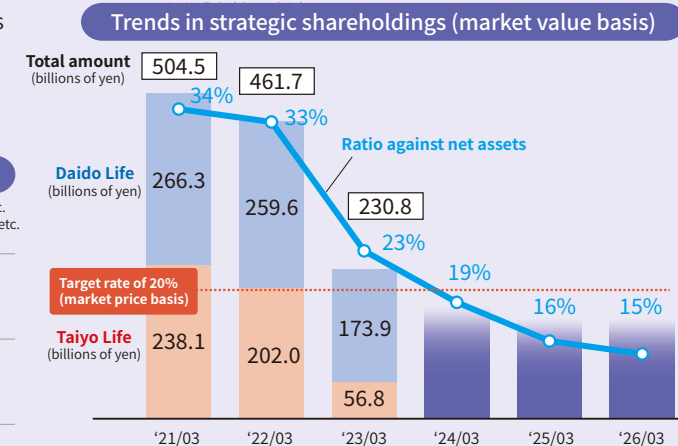
In FY2022, central banks in Europe and the U.S. raised policy rates while the Bank of Japan maintained an accommodative monetary policy, resulting in a widening of the gap between domestic and foreign interest rates and a significant increase in currency hedging costs. In anticipation of rising currency hedging costs, the Group is also reducing its holdings of foreign currency-denominated bonds, particularly hedged foreign government bonds with low yields after taking hedging into account. The balance of foreign currency-denominated bonds, which was 4 trillion yen at the end of March 2021, was reduced to 2.2 trillion yen at the end of March 2023. Since currency hedging costs are expected to remain high for the time being, in FY2023 we will continue to reduce the balance of foreign currency-denominated bonds and further improve our asset management portfolio by increasing investments in domestic super-long-term bonds and alternative assets.

Strategic shareholdings are being reduced with a focus on stocks that have little effect on holdings. The net asset ratio, which was 33% at the end of March 2022, is expected to decline

to 23% by the end of March 2023 and to fall below the immediate target of 20% by the end of March 2024. Further reductions will be made thereafter from the perspective of improving capital efficiency.



\* The figures are total of Taiyo Life and Daido Life.



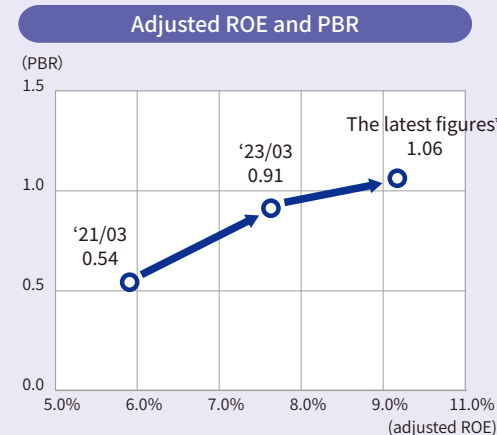
\* Figures for '24/3 and after are simulated values calculated based on the stock price at the end of March 2023 and other factors.

\* Figures for '21/3 are reflected of retrospective accounting treatments in connection with the group restructuring in Fortitude announced on October 1, 2021.

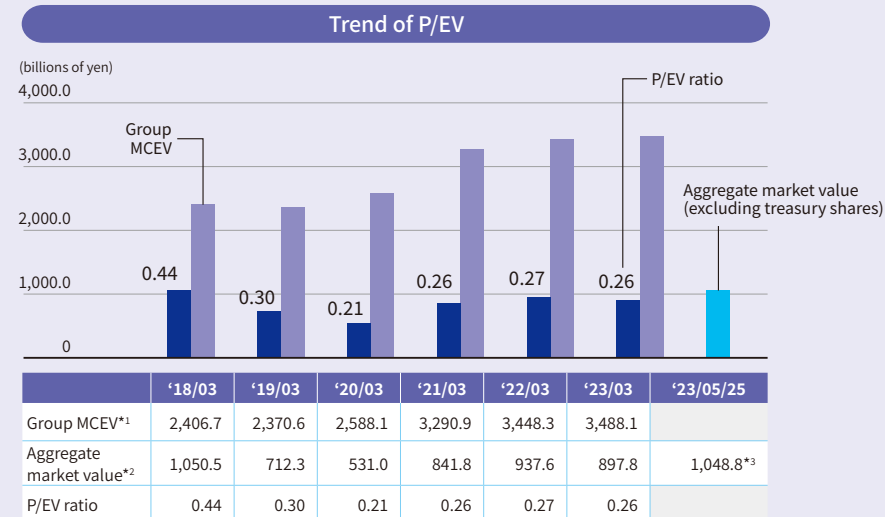
## Improving Share Valuation

Although there has been much discussion recently about P/B ratios below 1x, our capital efficiency (adjusted ROE) has improved through the efforts of the Group Long-Term Vision, and P/B ratios have risen from 0.54x at the end of March 2021 to the 1x level recently.

On the other hand, the ratio to EV (enterprise value based on economic value), which we emphasize, is only about 0.3x.



\* The latest figures are as follows.  
Adjusted ROE is 10.1% of FY2023 forecast  
PBR is calculated by using ¥1,803.27 of net asset per share as of end of March 2023 and ¥1,917 stock price as of 5/25.



\*1 Valuation profits and losses of Fortitude excluded.

\*2 Treasury shares excluded.

\*3 Calculated using the number of shares as of March 31, 2023.

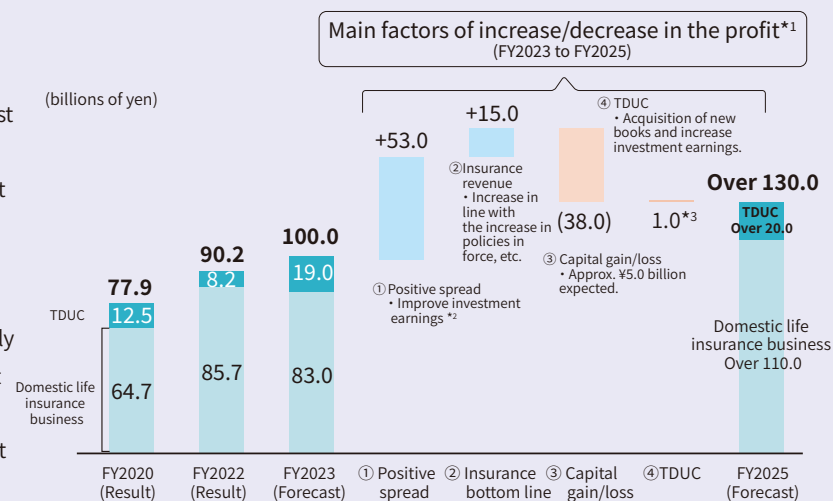


## Message from the Head of Finance

In order to further improve our stock price valuation, we need to improve our ROE and capital efficiency, as well as demonstrate our growth potential more than ever, and reduce the cost of shareholder's capital.

From the perspective of growth potential, we will ensure that we achieve our target of 130 billion yen in the Group adjusted profit for FY2025, and will consider growth investments for further expansion after that.

We recognize that the cost of shareholder's capital is currently approximately 8%, but we will continue to reduce it to a target of 7%. To this end, we will promote a stable profit structure that is less susceptible to changes in the financial environment by controlling asset management risk based on ALM while expanding insurance underwriting risk with high return relative to risk.

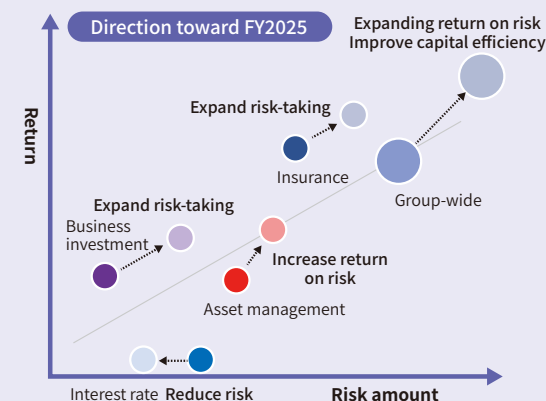


\*1 All figures are after tax values.

\*2 Investment earnings: Investment earnings on core profit, etc.

\*3 Increased profit of ¥6.0 billion is substantially expected due to the temporary profit of ¥5.0 billion (gain on change in equity) for FY2023.

### Expanding return on risk



## Shareholder Returns

Finally, we will touch on shareholder return. Under the Group Long-Term Vision, we have announced our shareholder return policy with an awareness of capital efficiency.

Specifically, the Company will divide the return into “1) Return from periodic profit” and “2) Additional return based on capital levels.” Under “1) Return from periodic profit,” the Company will return 50-60% of the Group adjusted profit through cash dividends and share buybacks. Cash dividends will be around 4% of adjusted DOE, with stable and sustainable dividend increases. In addition, we will continue share buybacks with the aim of improving EPS.

Considering the current undervalued stock price level, where the P/EV ratio is only about 0.3x, we believe that the company is at the stage of actively pursuing share buybacks for the time being. However, since the effect of share buybacks is expected

to be diluted as the share price rises, we will consider increasing the weight of cash dividends in the future, such as by raising the level of adjusted DOE.

Concerning “2) Additional return based on capital levels,” if the ESR permanently exceeds 225%, additional returns will be considered, taking into account the potential for growth investments, cash flow conditions, and the impact of temporary interest rate increases. We will also provide additional returns when we separately determine that capital efficiency improvements are necessary.

Based on the above return policy, we have decided to return the largest ever amount to shareholders for FY2022: 34.3 billion yen in cash dividends and 20 billion yen in share buybacks as “1) Return from periodic profit” and 40 billion yen in share buybacks as “2) Additional return based on capital levels.”

### Shareholder returns

II

#### ① Returns from periodic profit

To increase consistently and sustainably

**Cash divided**

Adjusted DOE: approx. 4%

To implement continuously

**Share buyback**

Improvement of adjusted EPS

50 to 60% of Group adjusted profit

+

#### ② Additional returns based on capital levels

● When ESR consistently exceeds 225%, a judgment will be made taking into account the followings;

- Potential for growth investment
- Cash flows
- Impact of temporary interest rate increases

● When other capital efficiency improvements, etc. are judged to be necessary

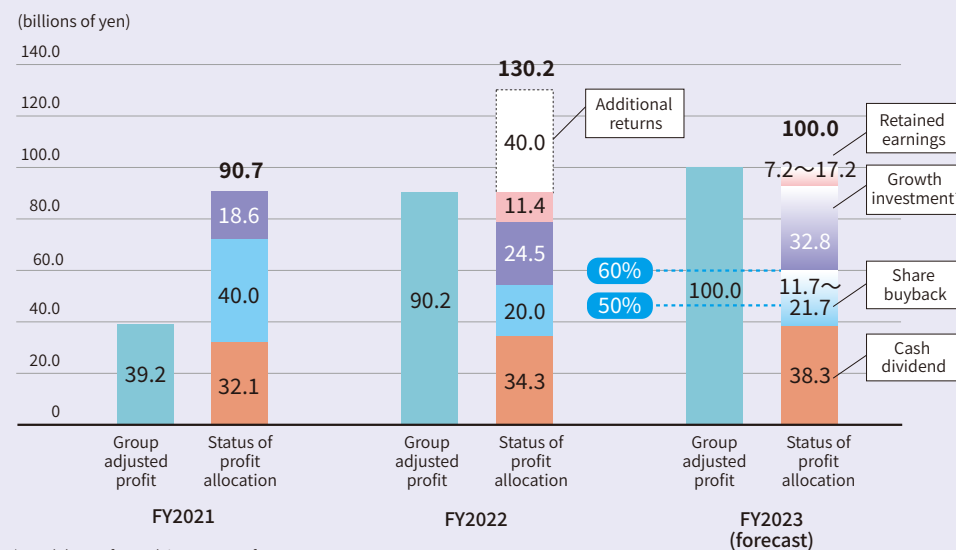
## Message from the Head of Finance

The current environment surrounding the Company has been undergoing significant changes, including high global inflation and the accompanying rise in overseas interest rates, as well as the introduction of economic value-based capital regulations in

2025 on the regulatory front. However, as the officer in charge of finance, I will always maintain a high sensitivity to changes in the environment, control risks appropriately, balance investment in growth and shareholder returns, and promote the

effective use of capital, thereby enhancing capital efficiency for the Group as a whole.

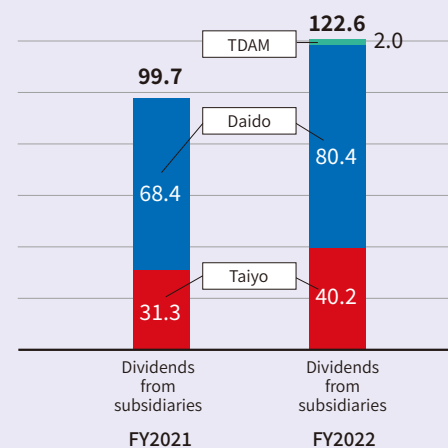
### Profit allocations (breakdown)



\* Breakdown of growth investments for FY2023.

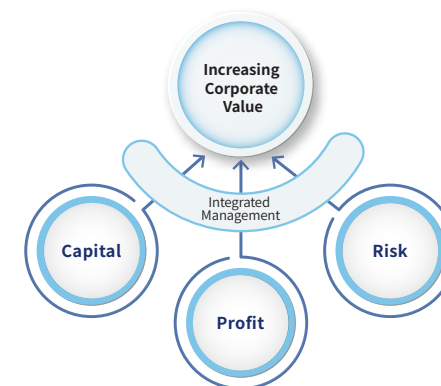
¥12.8 billion for additional investments in Fortitude (five year installments), ¥19.0 billion for TDUC's retained earnings, and ¥1.0 billion for CVC.

### Result of dividends from subsidiaries



## ERM

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.



### Promotion of ERM

#### ► 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 listed on P.57 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.

#### ► 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

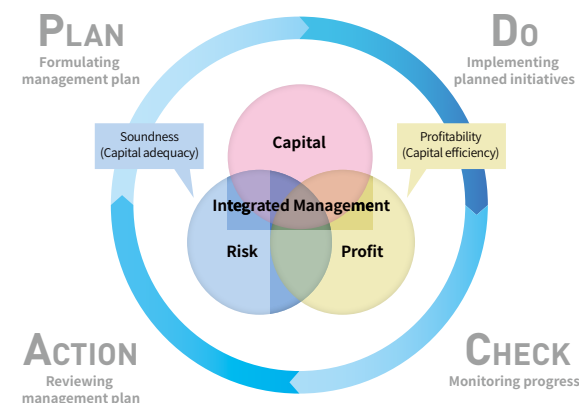
Soundness	Required level of ESR	At least 133%
Profitability	Adjusted ROE	At least 8.0% in the medium- to long-term
	ROEV	At least 7.5% in the medium- to long-term
	Core ROEV	At least 5.0% in the medium- to long-term

\* ESR = Surplus (capital) ÷ EC (risk)

\* 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)

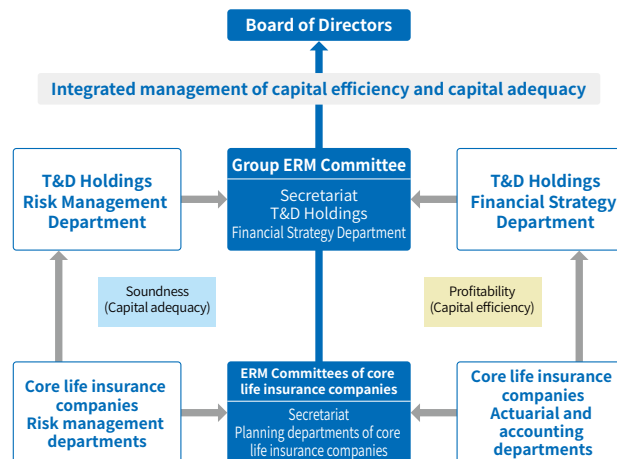


## ERM

## ► 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.

The Committee will take the lead in promoting the Group's ERM to achieve stable and sustainable growth in corporate value while improving the soundness of the Group.



## Risk Management

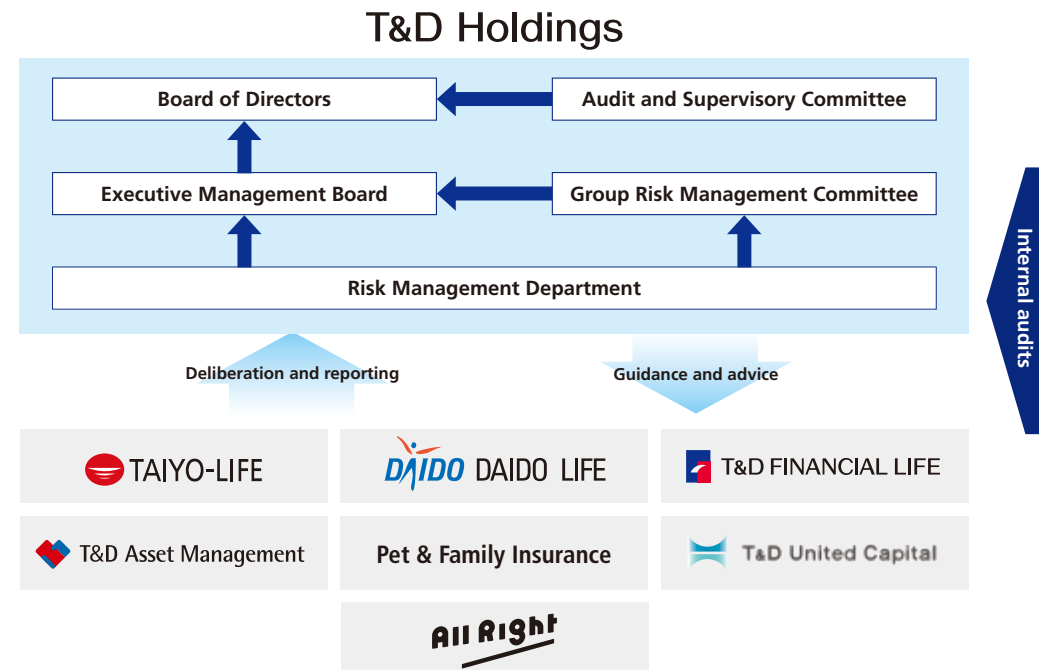
## ► Integrated risk management (ERM)

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.

For risk management in the Group, we have 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 Com-

mittee 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.





## ERM

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

\* The T&D Insurance Group's risk profile includes responding to issues surrounding sustainability, including the environment (climate change risk), society (human rights, labor practices and corruption prevention) and governance.

## ► Risk classification and responses

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

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

## • Risks as a holding company

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

## Examples of efforts

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

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

(Responses)

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

## Business risks

	Risk taking policies	Risk management policies
(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. • Interest rate risks have a significant impact on the change of surplus due to the long-term nature of insurance liabilities; therefore, the Group strives to reduce such risks given their financial accounting-based and economic value-based effects.	Investment risks are classified as market risks (fluctuations in interest rates, share prices, and exchange rates), credit risks (deterioration of the financial conditions of an entity to which credit is provided), and real estate investment risks (decreases in profits and price related to real estate). Optimal risk controls are taken in accordance with the characteristics of each asset.
(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.

## ERM

## ► Integrated risk management activities

The T&D Insurance Group promotes the integrated risk management approach to achieve the management objectives by quantifying the risks affecting the Group by type of risks and assessing the impacts when making losses, and also by controlling all the risks associated with its operations, including unquantifiable risks.

## 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.

(Unit: billions of yen)

	As of March 31, 2021 <sup>*1</sup>	As of March 31, 2022 (1)	As of March 31, 2023 (2) <sup>*4</sup>	Change (2) - (1)
Insurance risk (domestic)	907.3	924.4	911.9	(12.5)
Counterparty risk	1.3	6.8	8.4	+1.5
Investment risk	1,323.1	1,338.7	1,421.7	+83.0
Operational risk	85.5	87.6	99.8	+12.2
Insurance risk (overseas) <sup>*2</sup>	137.9	144.3	11.5	(132.8)
Subsidiaries and affiliates risk	27.4	28.5	29.0	+0.4
Investment/insurance diversification effect, etc.	(449.7)	(460.7)	(468.2)	(7.5)
Tax effect, etc.	(576.8)	(589.4)	(576.8)	+12.6
Total risk amount <sup>*3</sup>	1,456.1	1,480.2	1,437.3	(42.8)

<sup>\*1</sup> Figures shown here are reflected of retrospective accounting treatments in connection with the group restructuring in Fortitude announced on October 1, 2021.

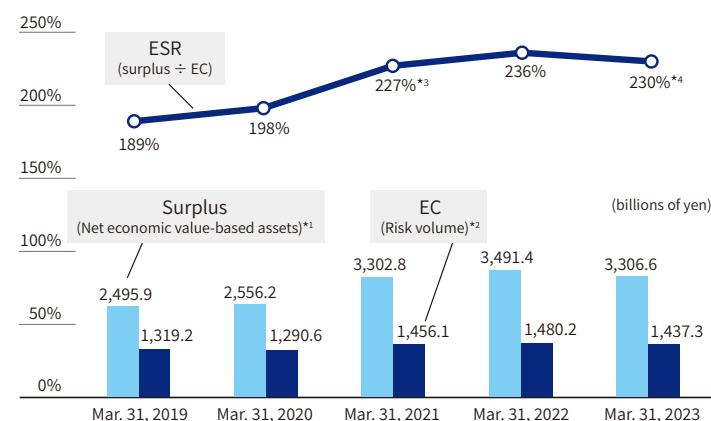
<sup>\*2</sup> Business investment risk (including insurance risk) of business investment in overseas insurance companies (recorded as subsidiaries and affiliates risk for internal purposes).

<sup>\*3</sup> Economic value based risk amount (variance effect included) calculated on internal model (99.5%VaR, 1 year).

<sup>\*4</sup> Change UFR from end of March 2023

## 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.



<sup>\*1</sup> The cost of capital for risk margin is 5%. UFR is applied and subordinated debt was included in surplus from the end of March 2019. Subordinated debt balance as of March 31, 2023 is ¥133.5 billion.

<sup>\*2</sup> Risk amount is based on an internal model (99.5% VaR, 1 year) after variance effect.

<sup>\*3</sup> Figures shown here are reflected of retrospective accounting treatments in connection with the group restructuring in Fortitude announced on October 1, 2021.

<sup>\*4</sup> Change UFR from end of March 2023

## 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.

## ERM

### ► 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 cus-

tomers, 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 (en-

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

### ► 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

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

### ► 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.

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.

### ► 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 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.



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>

# Corporate Governance

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## Outside Director Roundtable

### Strengthening governance for the next stage of growth

We asked the outside directors to discuss T&D Holdings' corporate governance challenges, efforts to resolve them, their roles as outside directors, and other topics, while also taking into account the issues mentioned in the FY2022 roundtable.

### FY2022 review of the strengthening of the Group's corporate governance

#### Ohgo

I believe that the Group's governance has greatly progressed over this year. I acted as the chairman of the Nomination and Compensation Committee for the first time. Thanks to the efforts of the committee members, individual compensation for directors and Audit and Supervisory Committee members is now determined by a resolution of the Board of Directors, instead of the discretionary decision of the Representative Director as it had been before. An even greater new epoch is the process for nominating a president of each core company. Previously, each core company would list up candidates for President, discuss it at the Nomination and Compensation Committee and then again in the Board of Directors. This time, a different process was used—T&D

Holdings took the lead in discussing the selection of candidates for President of core companies. To be honest, I think that this is a huge step forward in the sense that T&D Holdings, which used to have each company acting individually, has started to move together as one Group.

#### Taishido

I was appointed an outside director last June, and I understood that the promotion of integrated Group management with T&D Holdings at the helm was an extremely key management issue. At the same time, it was a year where I was keenly felt, from my outside perspective, how the management team had a strong awareness of promoting integrated Group management and were trying to



Outside director  
**Seiji Higaki**

Outside director  
**Shinnosuke Yamada**

Outside director  
**Atsuko Taishido**

Outside director  
**Kensaku Watanabe**

Outside director  
**Naoki Ohgo**

## Outside Director Roundtable



**The Group was also proactive in constructive dialogue with stakeholders, which I believe can be highly praised.**  
—— Yamada

improve it. Intra-Group personnel rotation has also been strengthened, with an eye to developing talent that can steer management from the perspective of the total optimization of the Group as a whole. Furthermore, just as Mr. Ohgo says, I believe it is essential to strengthen the function of the Nomination and Compensation Committee, and I consider the strengthening of the attitude toward Group governance by T&D Holdings with regard to the personnel for directors and Audit and Supervisory Board members, including those of subsidiaries, to be a significant development. Furthermore, to ensure the effectiveness of the deliberations, a lively discussion was held on everything from decision-making processes, such as the appointment of the top management of core companies, to what information is necessary for the discussion. While the Group's governance reforms still need some work, I believe this was a year of great progress. The broadcasting of the Group's first commercial this spring also had a symbolic meaning in terms of promoting integrated Group management.

### Watanabe

I have also recognized integrated Group management as a challenge since my appointment. During the past year, as a member of the Nomination and Compensation Committee, I have also offered my opinions on the personnel for Group directors and Audit and Supervisory Committee members, revisions to regulations, and actual operations, in an effort to promote the leadership of T&D Holdings. Furthermore, moving forward, I am proposing deeper discussion on the compensation system for directors and Audit and Supervisory Committee members. When it comes to integrated Group management, I believe it is important to enhance the growth potential that comes from being a Group, and to promote going back to the starting point of establishing the T&D Holdings, to be recognized in the capital market.

### Yamada

I have been involved in the Group Long-Term Vision (Try & Discover 2025), which was announced in May 2021, from the formulation stage. Setting KPIs that facilitate social value as well as economic value, the deadline was announced externally to be realized in a five-year timeframe, and the message is very clear. At the same time, I felt that a considerable amount of resolution would be required from both the executive side implementing the Group Long-Term Vision and us, who monitor it. Two years have now passed. As the environment has been changing under what is known as VUCA, I have experienced firsthand the difficulty and burden of steadily moving forward with plans while keeping our feet on the ground. Against this backdrop, the Group has been proactive in engaging in constructive dialogue with stakeholders, and has strengthened its governance so that issues that emerge from these discussions are properly discussed by the Board of Directors, which I believe is highly commendable.

### Higaki

As you all mentioned, T&D Holdings was established in 2004, and I feel that in its 20th year, a major gear has been set in motion. As the chairman of the Audit and Supervisory Committee, I believe there is a need to change starting from the corporate culture in order to further promote progress with this Group's reforms. We should create a culture in which issues are firmly raised about what needs to be changed—for example, we could foster an open culture by implementing a 360 degree evaluation system that includes top management. Various laws and regulations, such as the Insurance Business Act, must be upheld when managing an insurance company. This is to protect policyholders, not the insurance company. With this in mind, I am pushing for governance reform. However, it is still a work in progress, and it was a year where I had an extremely strong sense of how necessary it is to further push forward with corporate culture reforms in particular.

**Moving forward, I am proposing deeper discussion on the compensation system for directors and Audit and Supervisory Committee members.**  
—— Watanabe



## Outside Director Roundtable

### Challenges to further strengthen governance and role in resolving these challenges

#### Higaki

Having already touched on some of the challenges, I would further say that from a shareholder and investor perspective, it is all about managing the company with capital in mind. There is a need to make clear where capital is being used, sufficiently improve return on this capital, and distribute it appropriately. In order to achieve this, we need to take the scalpel to pain points and push forward with reforms. At present, we have not yet gotten that far. When I look into the cause of this, I feel that it lies in a culture where everyone is looking for comfort and trying to avoid friction as much as possible. This cannot be overlooked as an outside director, that is, a representative of stakeholders, including shareholders. This is why I believe that not turning a blind eye to the pain involved and overcoming it to move forward will lead to the next step up.

#### Yamada

The Group is committed to management on both an economic value basis and a financial accounting basis. FY2022 was a very difficult year when it comes to this goal. With costs increasing due to COVID-19 hospitalization benefits payments as well as foreign exchange hedging, I witnessed firsthand how important it is to strike a balance between securing profits for financial accounting purposes, which are the source of shareholder return, while also ensuring a stable increase in economic value. I highly commend the fact that the executive side was sensitive to changes in the market environment, discussed awareness of the issues at the Board of Directors in a timely and appropriate manner, and reviewed the revised profit targets at an early stage and disclosed them promptly, rather than postponing them. However, it is a fact that profits have decreased both on an economic value basis and on a financial accounting basis. Accordingly, I believe that this is

an issue to be discussed at the Board of Directors meetings and other forums from a medium- to long-term perspective.

#### Watanabe

At the IR Meeting held the other day, I was impressed by the power of T&D Financial Life President Morinaka's message in response to an investor question: "there are still many things we should do in terms of integrated Group management." At the same time, I used to be an Audit and Supervisory Board member for the company, so I would like to use that experience to monitor the company closely and support its growth.

#### Taishido

I would like to see further progress in strengthening the function of the Nomination and Compensation Committee. Sufficient commitment is required for outside directors to be effectively involved in personnel for directors and Audit and Supervisory Committee members, so I would like to commit to working on reform. With respect to management, outside directors are in a position to supervise from an outside perspective. After I was appointed last year, I wanted to determine what the Group's management issues were, and in particular, what issues should be prioritized. I actively communicated with all of the outside directors as well as the executive side and management team to understand the various issues we face. In light of this, I would like to persevere as an outside director to see through to the end whether the Group is steadily advancing measures and achieving certain results toward the realization of Group Long-Term Vision. During my term in this position, I would like to push to leave a legacy of significant progress and great improvements in this area.



**I would like to see further progress in strengthening the function of the Nomination and Compensation Committee.**

— Taishido

#### Ohgo

As a consultant, I have seen many cases in which companies that vocally emphasize only corporate governance have not necessarily done well. While it is important to push forward with efforts to strengthen governance, I am keenly aware that, ultimately, the primary objective of a company is to sustainably increase its corporate value. A company that is growing sustainably is the one that is able to continue to provide new value to its customers. If this is done, then as a matter of course, earnings will expand, shareholders and investors will highly evaluate the company, compensation will increase, employee satisfaction will rise, and further business expansion will increase the number of managerial posts, which will increase motivation to work and contribute to society in terms of employment. It is our responsibility to work hard to transform into a company that will please our stakeholders through such a virtuous cycle. However, the answer to the question of what approaches can help us find new value is not



## Outside Director Roundtable

found in textbooks or taught in MBA programs.

Over these three years, T&D United Capital, which is in charge of the closed book business, is beginning to make a profitable contribution to the Group and is starting to see results, but its current focus is on All Right. Now that we have established the company, I want the Group to work together as one to achieve success. Because we are taking on something new, many issues that we have not thought about before will come up. I believe that the new challenge for the next year is to create a system in which the Group works as one to solve problems.

### Taishido

I feel that it is wonderful that the closed book business is producing results as a new source of revenue outside of the life insurance business. On the other hand, as an equity-method affiliate

**I am keenly aware that the primary objective of a company is to sustainably increase its corporate value.**  
—— Ohgo



with weak controlling interest, a key issue for the Audit and Supervisory Committee to monitor is how governance and risk management should be effectively implemented. As the Group's business diversifies, it is still extremely important to strengthen human capital. Through the personnel rotation I mentioned earlier, it is important to develop human resources who can take charge of management from the perspective of the entire Group. I also believe that strengthening the sales representative channel is essential for strengthening the business in the medium- to long-term. I consider it very important to create an environment in which our sales representatives can work with vigor and vitality, and can work for a long time as a stable base for their livelihoods. As an outside director, I would like to closely monitor progress in this regard.

### Yamada

In terms of human capital, the Group Long-Term Vision calls for improving the employee engagement score from the FY2020 level as a non-financial KPI. However, at first, sales representatives were not included in the survey. One of the key objectives of the employee engagement survey is to create an environment in which not only administrative personnel, but also sales representatives who interact with customers and propose insurance policies on a daily basis can work with vigor and enthusiasm. I think it is extremely positive that sales representatives are now included in the employee engagement survey. Trends in survey results will emerge in the future, and it is important not to be complacent about good overall scores, but to analyze critical evaluations in detail, and for management to promptly take the necessary remedial measures. I intend to closely supervise this. I also believe there is a need to keep a close eye on matters such as whether Taiyo Life is responding with attention to detail in the household market, or whether Daido life is cultivating sustainable SMEs as small micro-enterprises decrease in number due to a lack of successors.

### Higaki

The independent insurance agent market, on which T&D Financial Life focuses, is a highly competitive market. Mr. Morinaka, former HD Representative Director and Executive Vice President, has been appointed President of this company. I think it is important to develop leaders who do not build their careers only within one company, but also have experience in outside companies other than one's own company. Large banks give their employees experience from a young age in being seconded in order to restructure their loan recipients' companies, not just their affiliates. This creates management personnel. I strongly wish that people who have experienced tough business will become leaders in our Group in the future.

### Ohgo

There are also issues that boil down to diversity in human resources—since the Group is developing its business globally, it is questionable that management is exclusively Japanese, and All Right, which is developing its business using digital technology, should hire more and more engineers from outside the company. In this era of reforming services through digital transformation, I think it is only natural that we will see an increase in the number of people with science backgrounds, including those on the executive side. I believe we need to increase the number of personnel who can see things in a different way, and we need to have more diversity, breaking with the conventional wisdom of the company and the industry. Rather than discovering a consensus that everyone can agree on, I want people to be ready to delve deeper and discuss whether the consensus is correct.

### Higaki

I agree. If anything, administrative personnel think based on previous precedents and do not question the common sense within the company very much. This is something I have said



## Outside Director Roundtable

before at the Board of Directors. On the other hand, people in the sciences are in the business of taking on the unknown, so I think it is rather natural for reform to start from a place where one's common sense is negated. In this light, I believe that it is difficult for reforms to progress, much less innovation, in a company

with a large concentration of administrative personnel. As is demonstrated by the calls for the ratio of female managers to be brought to 30%, I think it will be difficult to become an innovative company unless we increase the diversity of the organization, be it in the ratio of people with science backgrounds or in mid-career

hiring. The company will change considerably when it becomes an organization that mobilizes people through their skills, abilities, and judgments. I would like the company to aim to become like this.

## Message to stakeholders

### Higaki

Encourage the Group to fulfill its accountability to policyholders in the most understandable and appropriate manner, and to provide products and services that are superior to any other company. At the very least, I believe it is the duty of those of us who are appointed as outside directors in this company.

**I believe the company will not be innovative unless it increases its organizational diversity.**  
— Higaki



### Yamada

The Group takes an extremely positive stance toward information disclosure. This is highly commendable. The company has also started preparing its annual securities report much earlier, and is one of the few companies that submit it before the Shareholders' Meeting. Not only does it publish its integrated report at an early stage, but it also appears to work hard to enhance the report's content. The company is also proactive when it comes to constructive dialogue with investors. While the amount of information communicated externally is increasing every year, I would like the company to establish a system to ensure accountability without fleeing from the issue. I believe this will help improve the corporate value of the Group.

### Watanabe

Because I have been a business revitalization attorney for so long, I often think about things from the employee's perspective, which is key to business revitalization. A comfortable and rewarding working environment for employees and the development of human resources are also important for the growth of a company. I would like to ensure that the company and employees can grow together, and from this perspective, I would like to supervise the management of the company.

### Taishido

Customer satisfaction and employee engagement scores are the KPIs of the Group Long-Term Vision, so I would like to properly see a change in them. It is important that those scores steadily increase, and I will focus my supervision on whether new issues are being identified from the survey results, and whether improvement measures are being formulated and implemented. In addition, I advocate for ROE management and actively discuss our business portfolio. Concerning this point, I believe that we should proceed while further deepening our dialogue with the capital market, and I intend to keep a close eye on such matters during this year.

### Ohgo

I would like to see the Group steadily implement "Try & Discover" as stated in the T&D Insurance Group's Corporate Philosophy and the "Make Change with Boldness" committed to in the Group Long-Term Vision. My hope is that the company will not only uphold these ideals, but also carry them through.

# 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/>

## Progress in Strengthening Governance

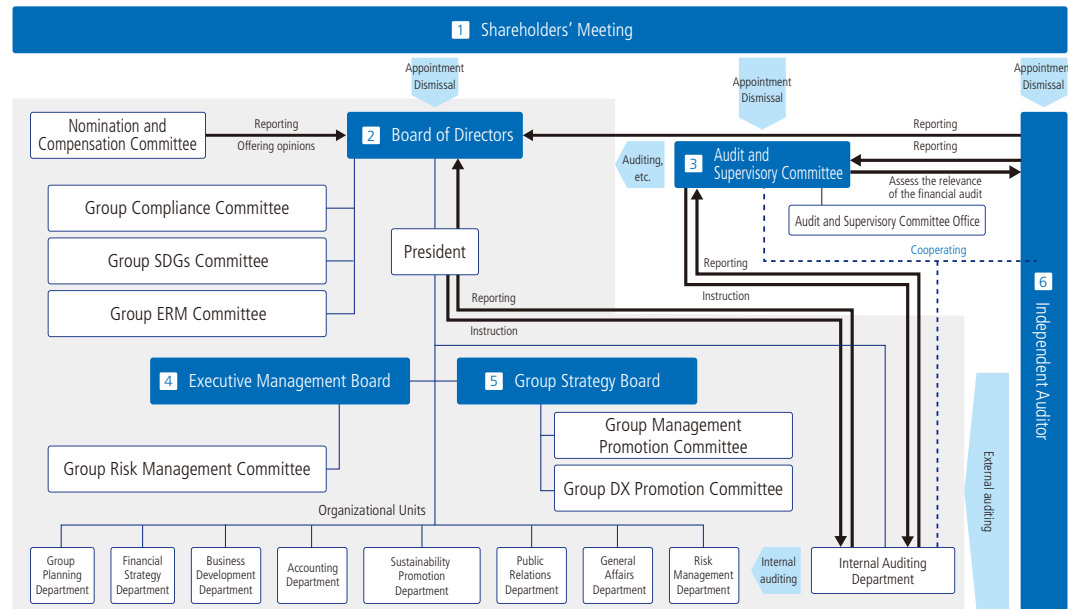
	Entity	Outside directors (Female outside directors within the total) / Board of Directors	Ratio of outside directors	Topics
2004	Company with an Audit & Supervisory Board	<b>1 / 8 persons</b>	<b>13%</b>	• Establishment of T&D Holdings, Inc.
2012		<b>1 / 10 person</b>	<b>10%</b>	• Introduction of stock compensation-type stock options as an executive compensation system.
2013		<b>2 (1) / 11 person</b>	<b>18%</b>	• Increase in the number of outside directors from one to two.
2015		<b>2 (1) / 11 person</b>	<b>18%</b>	• Establishment of the Nomination and Compensation Committee. • Commencement of the evaluation of the effectiveness of the Board of Directors. • Establishment and announcement of the Basic Policy on Corporate Governance.
2017		<b>3 (1) / 12 person</b>	<b>25%</b>	• Increase in the number of outside directors from two to three.
2018		<b>3 (1) / 12 person</b>	<b>25%</b>	• Introduction of trust-type stock compensation [the Board Incentive Plan (BIP) Trust] as an executive compensation system. * Abolition of stock compensation-type stock options.
2020	Company with an Audit and Supervisory Committee	<b>5 (1) / 14 person</b>	<b>36%</b>	• Transition to a company with an Audit and Supervisory Committee. • Increase in the number of outside directors from three to five.
2021		<b>5 (1) / 12 person</b>	<b>42%</b>	• Change in the number of inside directors from nine to seven to further strengthen agile decision-making and oversight function.
2022		<b>6 (2) / 13 person</b>	<b>46%</b>	• Increase in the number of outside directors from five to six*. • Increase in the number of female directors from one to two*.
2023		<b>5 (1) / 12 person</b>	<b>42%</b>	• The method for determining the monthly compensation, bonuses, and individual evaluations of directors has been changed following deliberation by the Nomination and Compensation Committee and a resolution by the Board of Directors.

\* Within the same year, one female outside director resigned for personal reasons.

## Corporate Governance

### Mechanisms to Support Initiatives

#### Corporate Governance Framework



<b>1 Shareholders' Meeting</b>	The Shareholders' Meeting is the highest decision-making entity of the Company. At the meeting, reports are made on the Group's business and consolidated/non-consolidated financial statements, and resolutions are made on important issues, which are stipulated in laws and ordinances and the Articles of Incorporation, such as the appropriation of retained earnings and election of officers. The Ordinary General Meeting of Shareholders is held once a year.													
<b>2 Board of Directors</b>	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 Committee, some important business execution decisions are delegated from the Board of Directors to the directors themselves by resolution of the Board of Directors in accordance with the provisions of the Articles of Incorporation.													
<b>3 Audit and Supervisory Committee</b>	The Audit and Supervisory Committee is composed of Audit and Supervisory Committee members, the majority of whom are outside directors. As an independent body entrusted by the Company's shareholders, the Audit and Supervisory Committee fulfills its roles and responsibilities, including auditing the execution of duties by directors (excluding directors serving as Audit and Supervisory Committee members) in accordance with laws and ordinances, the Articles of Incorporation, and the Company's relevant rules.													
<b>4 Executive Management Board</b>	The Executive Management Board deliberates and passes resolutions on important matters concerning the Company's management and the corporate management of the Group.													
<b>5 Group Strategy Board</b>	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.													
<b>Committees</b>	Committees discuss management-related strategies and issues of the Company or those common to the Group.													
<b>6 Information related to the Independent Auditor (FY2022)</b>	<table border="1"> <thead> <tr> <th>Category</th><th>Remuneration for audit certification services (¥ millions)</th><th>Remuneration for non-audit certification services (¥ millions)</th></tr> </thead> <tbody> <tr> <td>Submitting company</td><td>201</td><td>8</td></tr> <tr> <td>Consolidated subsidiaries</td><td>246</td><td>14</td></tr> <tr> <td>Total</td><td>447</td><td>23</td></tr> </tbody> </table>		Category	Remuneration for audit certification services (¥ millions)	Remuneration for non-audit certification services (¥ millions)	Submitting company	201	8	Consolidated subsidiaries	246	14	Total	447	23
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Submitting company	201	8												
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## Corporate Governance

### 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 seven Group companies, including Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company in particular as well as T&D United Capital, T&D Asset Management, Pet & Family Insurance and All Right (the “directly owned subsidiaries”) and works to build a Group business management 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 corpo-

rate value by maximizing their uniqueness and specialization through determining marketing strategies and operating businesses in line with their strengths.

The specific roles and responsibilities of the holding company

and its direct subsidiaries are outlined in the table below. The T&D Insurance Group advances flexible and cohesive Group operations by clearly defining the roles and authority of the holding company and its direct subsidiaries.

#### Roles of the holding company and direct subsidiaries

Roles of the holding company	Roles of direct subsidiaries
<ul style="list-style-type: none"> <li>• Expanding the Group's corporate value</li> <li>• Using a strong governance system for the entire Group management</li> </ul>	<ul style="list-style-type: none"> <li>• Expanding business profit</li> </ul>
<ol style="list-style-type: none"> <li>1. Determining Group strategies</li> <li>2. Profit and risk management</li> <li>3. Optimizing the allocation of business resources</li> <li>4. Determining capital strategies</li> </ol>	<ol style="list-style-type: none"> <li>1. Determining marketing strategies</li> <li>2. Undertaking the business execution of each business unit</li> </ol>

### Corporate Governance System

As a company with an Audit and Supervisory Committee, we have adopted a corporate governance framework in which the Audit and Supervisory Committee, independent of the Board of Directors, audits the performance of directors' duties and provides oversight. This framework focuses on enhancing the managerial functions (determining management policy and overall strategy) of the Board of Directors, which is responsible for making crucial management decisions and overseeing the execution of business, as well as oversight functions, while also improving the agility and efficiency of business execution.

A majority of the Audit and Supervisory Committee members are outside directors, and they audit and oversee the Board of Directors from a neutral and independent perspective to ensure

that business execution decision-making is done in an appropriate and efficient manner. Audit and Supervisory Committee members who are not involved in business execution closely coordinate with the internal audit and internal control departments to exercise effective oversight functions over management, thereby establishing a transparent management system.

Additionally, our company has implemented an executive officer system to strengthen business execution capabilities. This system clarifies the responsibilities for oversight and execution, thereby enhancing the governance function of the Board of Directors.

Moreover, we have established a Nomination and Compensation Committee as an advisory body to the Board of Directors.

The committee scrutinizes the fairness and appropriateness of director appointments and dismissals (including succession plans) and executive compensation to ensure the transparency of management and improve accountability, thereby reinforcing the corporate governance framework of our company and the Group as a whole.

We have also set up an Executive Management Board to deliberate and make decisions on significant matters concerning the management of our company and the Group. Running parallel to this, we have a Group Strategy Board to consider matters related to the Group's growth strategy and other significant issues for the purpose of achieving sustainable enhancement of Group corporate value, all from a Group-wide perspective.



## Corporate Governance

### Composition of Directors and the Board of Directors

The number of directors (excluding directors who are Audit and Supervisory Committee members) of the Company shall be no more than nine, and the number of directors who are Audit and Supervisory Committee 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 Committee members) 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 Committee

The number of Audit and Supervisory Committee 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 Committee members. In addition, members include persons with appropriate knowledge of finance and accounting. The Audit and Supervisory Committee consists of all the Audit and Supervisory Committee members.

## Corporate Governance

### Details of Discussions at the Board of Directors Meeting

As a company with an Audit and Supervisory Committee, we delegate some important business execution decisions from the Board of Directors to the directors by resolution of the Board of Directors pursuant to the provisions of the Articles of Incorporation. By doing so, the Company aims to separate management and oversight from business execution and further strengthen the management functions (deciding on management policies and overall strategy) and oversight functions of the Board of Directors. The Board of Directors is now able to allocate more time to the deliberation of important agenda items such as the Group's management policies and overall strategy.

#### Key themes discussed at the fiscal 2022 Board of Directors meeting

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

### Effectiveness Evaluation of the Board of Directors

To ensure the effectiveness of the Board of Directors as a whole (including the voluntary Nomination and Compensation Committee), the Company conducts an annual performance review of the Board of Directors as a whole based on the self-evaluations of individual directors. The performance review examines whether the Board of Directors is functioning appropriately and producing results, and how the Board of Directors is contributing to increasing the Company's corporate value over the medium to long term. Moreover, based on the evaluation of the Board's effectiveness, etc., we are working toward further enhancing the oversight functions and decision-making process of the Board of Directors. For objectivity, transparency, and the incorporation of third-party perspectives, we conduct evaluations of the Board's effectiveness using external organizations once every few years.

#### Summary of the evaluation of the effectiveness of the Board of Directors as a whole in fiscal 2022

<b>Evaluation Procedures</b>	For fiscal 2022, we conducted a survey (self-evaluations, etc.) and interviews among the directors to analyze and evaluate the effectiveness of the entire Board of Directors, including the voluntary Nomination and Compensation Committee.
<b>Evaluation Method</b>	In the survey, we verified the effectiveness of the Board through multiple-choice answers and written opinions on evaluation items related to the composition, operation, discussion, and oversight functions, etc. of the Board of Directors. Through interviews, we confirmed the evaluation judgement basis of the questionnaire responses as well as issues of the Board of Directors.
<b>Overall Assessment</b>	<p>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.</p> <ul style="list-style-type: none"> <li>The number of directors and the ratio of outside directors on the Board are generally appropriate</li> <li>From the perspective of integrated Group management, there has been further progress in discussions on business portfolios and capital costs</li> <li>Governance and oversight of subsidiaries are making progress</li> <li>The quality of Board discussions has improved, with more time being devoted to important agenda items</li> <li>Progress is being made in sharing the details of dialogue with investors internally and responding to issues</li> </ul>
<b>Status of Responses to Previous Issues</b>	We recognize that steady improvements have been made by addressing the issues identified in the fiscal 2021 evaluation, such as enriching and deepening discussions on integrated Group management strategies, further promoting integrated Group management, and improving the structure and creation of materials for better discussions in the Board of Directors, etc.
<b>Newly Recognized Issues</b>	In terms of issues facing the Board of Directors, we have identified the need for a more diverse Board of Directors in line with the management strategy, promoting ROE management with consideration for capital costs and capital profitability, and stronger efforts toward advancing Group personnel matters that contribute to human capital improvement.
<b>Future Initiatives</b>	We will continue to work toward further enhancing the effectiveness of the Board of Directors by addressing the issues identified in this effectiveness evaluation.

## Corporate Governance

## TOPICS Discussions with outside directors

**1. Information communicated by outside directors**

Our outside directors act from an independent standpoint as representatives of stakeholders, including minority shareholders, and maintain a suitable level of tension and distance from our internal directors. Through effective communication, they contribute to enhancing both the oversight functions and effectiveness of our Board of Directors, as well as the growth and improvement of corporate value of our Group. Each outside director provides valuable and candid insights and opinions based on their individual expertise and experience.

We have been committed to our five-year Group Long-Term Vision Try & Discover 2025, which was launched in April 2021. For fiscal 2022, we established the topic of "Group-wide business portfolio management" with the aim of broadly and comprehensively discussing five primary themes. These themes include strengthening our core business, diversifying and optimizing our business portfolio, and upgrading our capital management and so forth. Throughout the year,

the Board of Directors led multiple rounds of concentrated discussions on issues and countermeasures specific to each business within our Group in light of the current situation, all from a standpoint of improving capital efficiency. Over the course of these discussions, our outside directors contributed in a significant manner, offering numerous opinions and identifying points and issues that warrant deeper exploration. They provided valuable contributions from an objective, broad perspective.

Furthermore, we have been actively working on expanding and developing our closed book business, identified as a growth area. We have also formed a corporate venture capital fund for investing in startup companies. The outside directors have provided effective feedback and suggestions based on their own expertise, particularly concerning the establishment and maintenance of a more appropriate management and oversight system for our business investment targets.

In the life insurance industry in FY2022, there was an increase in hospitalization benefits and other payments due to

the spread of COVID-19. However, from both the perspective of the impact on company performance and the social mission that life insurance companies should fulfill, statements and useful suggestions were made from the perspective of general business companies as well.

**2. Meetings with outside directors**

To further enhance the effectiveness of our Board of Directors and to stimulate richer discussions, we have implemented the following meetings and initiatives.

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 Committee members and outside directors	We hold discussion sessions intended to give our Audit and Supervisory Committee members and outside directors (excluding Audit and Supervisory Committee members) the opportunity to share information on management issues, risks faced by the Company, etc.

## Nomination and Compensation Committee

The Nomination and Compensation Committee scrutinizes the fairness and appropriateness of appointments and dismissals of our company's and direct subsidiaries' directors and executive officers, including succession plan, as well as their executive compensation. The committee then reports its opinions to the Board of Directors.

This committee is comprised of the President of our company and the outside directors. To ensure independence and neutrality, a majority of its members are chosen from among the outside directors. Moreover, the chairman of the committee is selected from among the outside directors by mutual vote of the committee members.

In fiscal 2022, the Nomination and Compensation Committee met a total of 14 times.

## The main topics discussed by the Nomination and Compensation Committee

For fiscal 2022 were as follows.

Nominations, etc.	<ul style="list-style-type: none"> <li>• Succession plans for the presidents and outside officers of both our company and direct subsidiaries</li> <li>• The composition of our Board of Directors</li> <li>• Selection of director candidates not serving as Audit and Supervisory Committee members, director candidates serving as Audit and Supervisory Committee members, and director candidates serving as substitute Audit and Supervisory Committee members</li> <li>• Identification of outside directors to serve on the Nomination and Compensation Committee</li> <li>• Selection of the chairman for the Nomination and Compensation Committee</li> <li>• Appointment of director and Audit and Supervisory Board member candidates for direct subsidiaries</li> <li>• Election of executive officers for both our company and direct subsidiaries</li> </ul>
Compensation, etc.	<ul style="list-style-type: none"> <li>• Evaluation outcomes for directors not serving as Audit and Supervisory Committee members and executive officers for fiscal 2021</li> <li>• Evaluation outcomes for the representative directors of direct subsidiaries for fiscal 2021</li> <li>• Executive treatment for our company and direct subsidiaries</li> </ul>

## Corporate Governance

### 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 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.

### The Three Main Functions of the Board of Directors



### Board of Directors Skills Matrix

Name	Position at the Company	Nomination and Compensation Committee	Expertise and experience particularly anticipated					
			Corporate management and business strategy	Capital and financial markets	Marketing	Finance and accounting	Risk management	Legal affairs and compliance
Hirohisa Uehara	Representative Director and President	●	●	●	●			
Masahiko Moriyama	Representative Director and Senior Managing Executive Officer		●		●			
Hotaka Nagai	Director and Managing Executive Officer		●	●		●		
Naoki Ohgo	Outside director	●	●	●	●			
Kensaku Watanabe	Outside director	●					●	●
Naoki Soejima	Director		●	●	●			
Mutsurou Kitahara	Director		●	●	●			
Takashi Ikawa	Director (Full-time Audit & Supervisory Committee Member)					●	●	●
Takashi Tojyo	Director (Full-time Audit & Supervisory Committee Member)					●	●	●
Seiji Higaki	Outside director (Audit & Supervisory Committee Member)		●	●				
Shinnosuke Yamada	Outside director (Audit & Supervisory Committee Member)					●	●	
Atsuko Taishido	Outside director (Audit & Supervisory Committee Member)	●					●	●

\* The Company utilizes outside knowledge to further improve the functions of the Board of Directors by inviting persons with expertise and experience in fields other than the above to serve as outside members of advisory committees established as necessary in each field (e.g., digital and SDGs), and by reporting the content of each committee meeting to the Board of Directors.



## Corporate Governance

### The relationship between the Group's growth strategies and the expertise and experience expected of the Board of Directors and the reasons for selection of the expertise and experience

In the management policy for the period from FY2021 to FY2025, the Group Long-Term Vision, the Company has set the following primary themes in the Group's growth strategies. The relationship between the primary themes in the Group's growth strategies and the expertise and experience expected of the Board of Directors and the reasons for selection of the expertise and experience are as follows.

#### Relationship between the Group's growth strategies and the expertise and experience expected of the Board of Directors

Primary themes in the Group's growth strategies		Expertise and experience			
I	Strengthening of core business	(1) Corporate management and business strategy	(3) Marketing		
II	Diversification and optimization of business portfolio	(1) Corporate management and business strategy	(2) Capital and financial markets	(3) Marketing	(5) Risk management
III	Further advancement of ERM (Upgrading of capital management)	(2) Capital and financial markets	(4) Finance and accounting	(5) Risk management	
IV	Promoting integrated Group management	(1) Corporate management and business strategy	(3) Marketing		
V	SDGs management and creation of value	(1) Corporate management and business strategy	(2) Capital and financial markets	(3) Marketing	

(6) Legal affairs and Compliance

#### Reasons for selection of the expertise and experience

Expertise and experience	Reasons for selection
(1) Corporate management and business strategy	Because a wealth of expertise and experience in overall corporate management and business strategy is necessary to make important management decisions and to formulate and promote business strategies that contribute to improving corporate value over the medium to long term.
(2) Capital and financial markets	Because a wealth of expertise and experience in finance and capital markets, including corporate finance, is necessary for the appropriate operation of group capital management, etc.
(3) Marketing	Because a wealth of expertise and experience in marketing, including branding, is necessary to accurately grasp the business environment and the intentions of stakeholders, and to continuously provide valuable products and services, etc.
(4) Finance and accounting	Because a wealth of expertise and experience in finance and accounting is necessary for the preparation of appropriate financial statements and the fulfillment of auditing and supervisory roles from the perspective of protecting investors and ensuring credibility in the capital markets.
(5) Risk management	Because a wealth of expertise and experience in risk management is necessary to maintain and increase group corporate value by systematically managing group-wide risks and avoiding or reducing losses, etc.
(6) Legal affairs and Compliance	Because a wealth of expertise and experience in various legal aspects is necessary to establish an appropriate governance structure and fulfill an effective supervisory role for fair and reliable corporate management.

## Corporate Governance

### Compensation System

#### ● Policy related to determining executive compensation, etc. and calculation formulae

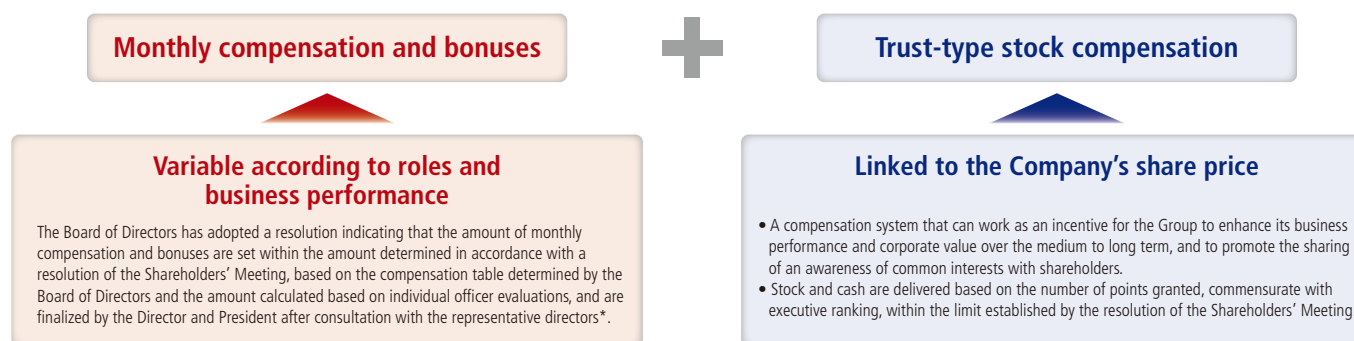
The Basic Policy on Corporate Governance stipulates the Company's policy related to determining executive compensation, etc.

#### ● Composition of executive compensation, etc.

Our company has designed a compensation system and specific compensation levels to serve as healthy incentives for the medium- to long-term performance improvement and corporate value enhancement of our Group. For our directors (excluding part-time directors, which includes

outside directors, and directors serving as Audit and Supervisory Committee members), the compensation package consists of a monthly compensation and bonuses that vary based on roles and performance. Additionally, we offer trust-type stock compensation (not applicable to non-residents of Japan) utilizing a trust scheme to deliver the Company's shares.

It is deemed inappropriate to have performance-linked compensation for our part-time directors, including outside directors independent of the Company's business execution, and directors serving as Audit and Supervisory Committee members. Thus, these positions receive a fixed amount of compensation.



\* In order to further improve the fairness and appropriateness and management transparency regarding the policy related to determining calculation formulae for individual officer compensation, etc., the Company revised this policy on May 31, 2023, and for monthly compensation, bonuses to be paid after June 29 of the same year and individual evaluations, the Nomination and Compensation Committee deliberate and report its opinion to the Board of Directors, which passed a resolution at a meeting.

#### ● Calculation method for Company performance assessment and evaluation of the division in charge

A weighted average is used for the evaluation weightings for both the Company performance assessment and the evaluation of the division each officer is in charge of, based on criteria set by the Board of Directors according to the responsibilities of each role. Note that the Representative Director's evaluation weighting for the Company performance assessment is 100%.

#### Calculation method

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

## Corporate Governance

### ● Key performance indicators of Company performance assessment <Performance-linked indicator> (FY2022)

Key performance indicators of Company performance assessment are as follows.

For finance performance indicators, we evaluate the single fiscal year target achievement ratio and progress toward the achievement of the target in fiscal year 2025 based on the Group's long-term vision established in fiscal year 2021.

#### (i) Single fiscal year evaluation items [evaluation weightings: 50%]

The single fiscal year target achievement ratio was evaluated toward the achievement of the target in FY2025.

	Target in FY2025
Group adjusted profit	¥130.0 billion
Value of new business	¥200.0 billion

	Single year target	Actual	Achievement ratio
Group adjusted profit	¥105.6 billion	¥90.2 billion	85.4%
Value of new business	¥168.4 billion	¥167.0 billion	99.2%

#### (ii) Medium- and long-term evaluation items [evaluation weightings: 30%]

These items were evaluated based on progress as an evaluation criterion for the achievement of the target in FY2025.

	Target in FY2025
Adjusted ROE	8.0%
ROEV	7.5%

Actual adjusted ROE is 7.6%. Actual ROEV is 2.9% in FY2022.

### ● Reflecting Assessment of Company performance in Executive Compensation for Direct Subsidiaries

We conduct Assessment of Company performance with the primary aim of ascertaining whether our company and our direct subsidiaries are managing their operations in line with the Group's strategic goals. The objective is to contribute to a stable and sustainable improvement in the corporate value of the Group as a whole.

The method we use for calculating individual executive compensation, etc. amounts for the directors of our direct subsidiaries is consistent with these corporate performance evaluations for each direct subsidiary, as determined by our Board of Directors.

#### (iii) Market evaluation items [evaluation weightings: 10%]

Evaluation criteria, etc.	
Total shareholder return (TSR)	TSR is calculated, taking into account factors such as the deviation rate between the actual result and the listed life insurance company as the benchmark.

Actual TSR performance is 112.0% over five years.

Note: TSR is calculated as follows:

• Five years: (Share price on March 31, 2023 + cumulative total of dividends per share from FY2018 to FY2022) / share price on March 31, 2018

#### (iv) ESG evaluation items [evaluation weightings: 10%]

Evaluation criteria, etc.	
Customer satisfaction level	• The status of achievement of these items are evaluated based on the levels of these items in the previous fiscal year as the evaluation criteria.
Employee satisfaction level	
Reduction of CO <sub>2</sub> emissions	

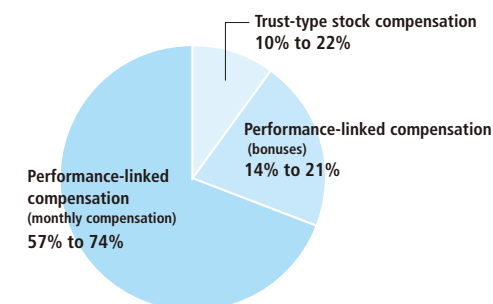
The results of the customer satisfaction level and the employee satisfaction level have achieved or exceeded the levels of the previous fiscal year. CO<sub>2</sub> emissions have been reduced by 6.5% compared to the level of the previous fiscal year.

## Corporate Governance

### ● Payment ratios by type of compensation

In terms of our compensation composition 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

Category	Monthly compensation, etc.		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 Committee members (excluding outside directors)	6	123	3	40	3	42	6	207
Directors serving as Audit and Supervisory Committee members (excluding outside directors)	4	79	0	—	0	—	4	79
Outside directors not serving as Audit and Supervisory Committee members	3	22	0	—	0	—	3	22
Outside directors serving as Audit and Supervisory Committee members	4	37	0	—	0	—	4	37
Total	17	263	3	40	3	42	17	346

- Monthly compensation and reserve for bonus for Directors who are not Audit and Supervisory Committee Members (excluding part-time Directors (includes Outside Directors) are performance-linked compensation and trust-type stock compensation is non-monetary compensation. For Directors who are not Audit and Supervisory Committee Members (excluding part-time Directors (includes Outside Directors)) (four Directors), performance-linked compensation is a total of ¥145 million and non-monetary compensation, etc. is a total of ¥42 million.
- Regarding the number of individuals who have received compensation, etc. and the total amounts, these figures include one director not serving as an Audit and Supervisory Committee member, who retired at the conclusion of the 18th Ordinary General Meeting of Shareholders on June 28, 2022. They also include three directors serving as Audit and Supervisory Committee members and one director not serving as an Audit and Supervisory Committee member, who resigned on September 15, 2022. As of the end of this fiscal year, we have seven directors not serving as Audit and Supervisory Committee members and five who are.
- 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.
- In addition to the above, the Company paid ¥1 million that was not included in reserve for bonus to directors and Audit and Supervisory Committee members recognized in fiscal year 2021 as a bonus to one resigned Director who is not an Audit and Supervisory Committee Member.
- There is no compensation, etc. received by Outside Directors from the Company's parent company, etc.
- 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 deliberates items regarding important decisions or changes relating to executive treatment at the Company or direct subsidiaries and offers its opinions to the Board of Directors. The amount of monthly compensation and bonuses is determined based on individual evaluations of officers decided through deliberations by the Nomination and Compensation Committee and the compensation table, etc. determined by the Board of Directors.

### Appropriateness of compensation levels

The amount of compensation for directors, etc. is determined based on consideration of the responsibilities of directors, etc. 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, etc. after the transition to a company with an Audit and Supervisory Committee

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

Maximum amount of compensation, etc.	Amount	Number of persons*
Directors not serving as Audit and Supervisory Committee members	¥450 million per year	9
Outside directors included in the above	¥40 million per year	2
Directors serving as Audit and Supervisory Committee 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 Committee 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 Committee members	215,000 points per fiscal year	4

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



## Corporate Governance

### Succession Plan

#### ● Succession Plan Formulation and Implementation

With an eye on the sustained growth and medium- to long-term corporate value enhancement of our Group, and ensuring the stable continuation of business, our Board of Directors oversees the formulation and implementation of succession plan for the presidents of our company and the three life insurance companies that constitute our Group's core business.

Our Nomination and Compensation Committee, the majority of whose members are outside directors, takes part in the formulation and implementation of succession plan, ensuring objectivity, timeliness, and transparency in the succession nomination process.

#### ● Development of Successor Candidates and Future Group Management Talent

In a concerted effort to systematically nurture successor candidates for the presidencies of our company and the three life insurance companies, as well as future Group management talent for the Group, we undertake various initiatives that include rotation of executives and employees within the Group, dispatching individuals to external executive training programs, and conducting interviews with our outside directors.

# Management Organization (as of August 31, 2023)

## Board of Directors



**Representative Director and President**  
**Hirohisa Uehara**

Apr 1984 Joined Taiyo Life  
Feb 2005 Director of T&D Asset Management  
Apr 2011 Executive Officer 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  
Apr 2017 Executive Vice President of T&D Holdings  
Jun 2017 Director of T&D Financial Life  
Jun 2017 Representative Director and Executive Vice President of T&D Holdings  
Apr 2018 Representative Director and President of T&D Holdings (current)

Number of the Company's shares held*1	56,700
Attendance to the Board of Directors' meetings*2	16 / 16



**Representative Director and Senior Managing Executive Officer**  
**In charge of Group Planning Department**  
**Vice in charge of Internal Auditing Department**  
**Masahiko Moriyama**

Apr 1989 Joined 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)  
Apr 2022 Senior Managing Executive Officer of T&D Holdings  
Jun 2022 Director and Senior Managing Executive Officer of T&D Holdings  
Oct 2022 Director of All Right (current)  
Jun 2023 Representative Director and Senior Managing Executive Officer of T&D Holdings (current)

### Significant concurrent positions

Director of Daido Life  
Director of All Right

### 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	14,300
Attendance to the Board of Directors' meetings*2	13/13



**Director and Managing Executive Officer**  
**In charge of Financial Strategy**  
**Department and Accounting Department**  
**Hotaka Nagai**

Apr 2002 Joined Daido Life  
Apr 2015 Executive Officer of T&D Holdings  
Apr 2017 Managing Executive Officer of T&D Financial Life  
Jun 2017 Director and Managing Executive Officer of T&D Financial Life  
Apr 2020 Director and Senior Managing Executive Officer of T&D Financial Life  
Jun 2021 Director of T&D Financial Life (current)  
Jun 2021 Managing Executive Officer of T&D Holdings  
Jun 2022 Director of T&D Asset Management (current)  
Jun 2023 Director and Managing Executive Officer of T&D Holdings (current)

### Significant concurrent positions

Director of T&D Financial Life  
Director of T&D Asset Management

### Reasons for selection

Mr. Hotaka Nagai has operational experience within the Group including planning and business management. He is expected to serve his role in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to the management of insurance holding companies, insurance companies, which includes being in charge of financial strategy and accounting.

Number of the Company's shares held*1	14,500
Attendance to the Board of Directors' meetings*2	—



**Director (outside director, part-time)**  
**Naoki Ohgo**

Apr 1985 Joined McKinsey & Company, Inc.  
Jul 1999 Partner of McKinsey & Company, Inc.  
Jul 2005 Executive Officer of GE Consumer Finance K. K. (current Shinsei Financial Co., Ltd.)  
Aug 2008 Representative Director of Root F Co., Ltd. (current)  
Jun 2017 Director of T&D Holdings (current)

### Significant concurrent positions

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

### Reasons for selection

Mr. Naoki Ohgo 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	4,000
Attendance to the Board of Directors' meetings*2	16/16



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

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

### Significant concurrent positions

Attorney

### Reasons for selection

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

Number of the Company's shares held*1	1,000
Attendance to the Board of Directors' meetings*2	16/16



**Director (part-time)**  
**Naoki Soejima**

Apr 1981 Joined 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	23,510
Attendance to the Board of Directors' meetings*2	16/16



**Director (part-time)**  
**Mutsurou Kitahara**

Apr 1982 Joined 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	38,000
Attendance to the Board of Directors' meetings*2	16/16

\*1 As of March 31, 2023  
\*2 FY2022

## Management Organization (as of August 31, 2023)

### Directors who are Audit and Supervisory Committee Members



**Director (Audit and Supervisory Committee Member (Full-Time))**

#### Takashi Ikawa

Apr 1985 Joined 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  
 Apr 2021 Senior Managing Executive Officer of T&D Holdings  
 Jun 2022 Audit & Supervisory Board Member of T&D United Capital (current)  
 Jun 2022 Director (Audit and Supervisory Committee 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 Committee 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 <sup>*1</sup>	63,600
Attendance to the Board of Directors' meetings <sup>*2</sup>	13/13
Attendance to Audit and Supervisory Committee meetings <sup>*2</sup>	12/12



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

#### Atsuko Taishido

Oct 2001 Registered as an Attorney  
 Oct 2001 Joined Mori Sogo Law Offices (current Mori Hamada & Matsumoto)  
 Jan 2010 Partner of Mori Hamada & Matsumoto (current)  
 Jun 2022 Director (Audit and Supervisory Committee 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 Committee members from the perspective of protecting general shareholders by utilizing this knowledge and experience.

Number of the Company's shares held <sup>*1</sup>	0
Attendance to the Board of Directors' meetings <sup>*2</sup>	11/13
Attendance to Audit and Supervisory Committee meetings <sup>*2</sup>	10/12



**Director (Audit and Supervisory Committee Member (Full-Time))**

#### Takashi Tojyo

Apr 1986 Joined Taiyo Life  
 Apr 2017 Executive Officer of Taiyo Life  
 Apr 2021 Executive Officer of T&D Holdings  
 Apr 2021 Director of Pet & Family Insurance  
 Jun 2021 Director of T&D United Capital  
 Jun 2022 Director (Audit and Supervisory Committee 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 Committee 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 <sup>*1</sup>	14,500
Attendance to the Board of Directors' meetings <sup>*2</sup>	13/13
Attendance to Audit and Supervisory Committee meetings <sup>*2</sup>	12/12



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

#### Seiji Higaki

Apr 1975 Joined The Daiwa Bank, Ltd. (current Resona 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 Committee 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 Committee members from the perspective of protecting general shareholders by utilizing this knowledge and experience.

Number of the Company's shares held <sup>*1</sup>	2,100
Attendance to the Board of Directors' meetings <sup>*2</sup>	16/16
Attendance to Audit and Supervisory Committee meetings <sup>*2</sup>	18/18



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

#### Shinnosuke Yamada

Oct 1983 Joined Asahi Accounting Company (current KPMG AZSA LLC)  
 Mar 1987 Registered as a Certified Public Accountant  
 Jul 2010 Partner of KPMG AZSA LLC  
 Jul 2010 Executive Board Member of The Japanese Institute of Certified Public Accountants  
 Jun 2020 Director (Audit and Supervisory Committee Member) of T&D Holdings (current)

#### Significant concurrent positions

Certified public accountant

Audit & Supervisory Board Member of EXEO Group, Inc.

Audit & Supervisory Board Member of RAKUTEN BANK LTD.

#### 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 Committee members from the perspective of protecting general shareholders by utilizing this knowledge and experience.


Number of the Company's shares held <sup>*1</sup>	1,600
Attendance to the Board of Directors' meetings <sup>*2</sup>	16/16
Attendance to Audit and Supervisory Board meetings <sup>*2</sup>	18/18

<sup>\*1</sup> As of March 31, 2023

<sup>\*2</sup> FY2022

## 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.

	Means of Interaction	Stakeholder Relations
Shareholders and Investors	<ul style="list-style-type: none"> <li>•Shareholders' Meetings</li> <li>•Financial results briefings</li> <li>•One-on-one meetings for institutional investors</li> <li>•Publication of shareholder newsletters, etc.</li> </ul>	<p>T&amp;D Holdings conducts highly communicative investor relations (IR) activities based on the principle that its top management is responsible for all IR statements.</p> <p>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</p> <hr/> <p><b>Number of interviews conducted</b></p> <p>Total 305</p> <p>Number of participating officers: 99 companies</p> <p>Number of participating IR departments: 206 companies</p> <hr/> <p><b>Activities conducted in FY 2022</b></p> <ul style="list-style-type: none"> <li>• Financial results conference calls (four times) ..... IR responsible officers provided an overview of the financial results.</li> <li>• IR Meetings (two times) ..... The president explained the progress on the Group Long-Term Vision</li> <li>• IR Day (two times) ..... 1) The presidents of our major subsidiaries, Taiyo Life and Daido Life, explained their respective business strategies. 2) The CEO of Fortitude, a company we are investing in, talked about the closed book business (conducted concurrently with an IR Meeting).</li> <li>• Presentations for individual investors (two times) ..... Conducted both online and in-person by IR responsible officers.</li> <li>• Conferences sponsored by securities firms (four times) .. One-on-one meetings were held between the officers responsible for IR and the participants</li> </ul> <hr/> <p><b>Main contents of dialogue</b></p> <p>Our top management and other members of the management team, as well as our IR department, have actively communicated with shareholders and investors both domestically and internationally through various briefings and one-on-one meetings and have received a wealth of feedback from our shareholders and investors as a result. These opinions are regularly fed back to our Board of Directors and have been incorporated into numerous initiatives in FY 2022. Specifically, we have restructured our policy on shareholder returns and accelerated the reduction of strategic shareholding.</p> <p>We continue to hold IR Day events that focus on themes of particular interest to our shareholders and investors, and based on the feedback received, we are intensifying our disclosure efforts primarily in the following areas.</p> <ul style="list-style-type: none"> <li>• Disclosing not only the actual payment results, but also forecasts for the fiscal year due to the surge in payments related to COVID-19</li> <li>• Disclosing both the balance of our currency hedges and the fluctuations in our foreign currency-denominated bonds given that costs for currency hedging costs are increasing</li> <li>• Sharing our understanding of the issues as well as future initiatives to improve the P/EV ratio</li> <li>• Disclosing profits by new policy duration in the EV calculations for our major subsidiaries, as well as IRR/the time frame for reaching profit, given that life insurance involves long-term policies</li> <li>• Disclosing the breakdown of profits related to the closed book business</li> </ul> <p>* Results current as of the IR Meeting held in May 2023</p> <hr/> <p><b>Evaluations by External Assessment Organizations</b></p> <ul style="list-style-type: none"> <li>• 2022 Internet IR Award (Daiwa Investor Relations Co. Ltd.) Evaluated 3,996 listed companies* Selected as one of 133 winners of the Commendation Award</li> <li>• FY2022 All Japanese Listed Companies' Website Ranking (Nikko Investor Relations Co., Ltd.) Evaluated all 3,926 listed companies* Selected as one of 207 companies with grade AAA websites in the Overall Ranking for the sixth consecutive year</li> </ul> <p>* The number of evaluated companies differs depending on the timing of surveys, etc.</p>
		



## Stakeholder Engagement

	Means of Interaction	Stakeholder Relations
Customers	<ul style="list-style-type: none"> <li>•Customer feedback</li> <li>•Customer surveys</li> <li>•Customer meetings</li> <li>•Service Quality Improvement Committee</li> <li>•Service Supervision Committee, etc.</li> </ul>	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 procedures 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, in its management.
Employees	<ul style="list-style-type: none"> <li>•Education and training</li> <li>•Human rights training</li> <li>•Group IR Activities</li> <li>•Employee awareness surveys</li> <li>•Dialogues and consultations with labor unions</li> <li>•An internal reporting system, etc.</li> </ul>	Education and training are provided through on-the-job training and group training, and through support for self-education efforts. The Group also conducts human rights awareness training that addresses discrimination, harassment and other issues as a way of deepening 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 benefits.
Agents and Tie-up Organizations	<ul style="list-style-type: none"> <li>•Training programs</li> <li>•Business partner meetings</li> <li>•Proposal of welfare systems for companies and organizations, and other services</li> </ul>	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.
Protecting the Environment and Contributing to Local Communities	<ul style="list-style-type: none"> <li>•The UN Global Compact (UNGC)</li> <li>•Principles for Financial Action for the 21st Century</li> <li>•Participation in the Japan Association for the United Nations Environment Programme (UNEP)</li> <li>•Support for the Japan Down Syndrome Society</li> <li>•Implementing Forests of Taiyo Life activities</li> <li>•Supporting activities by The Nature Conservation Society of Japan, etc.</li> </ul>	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.

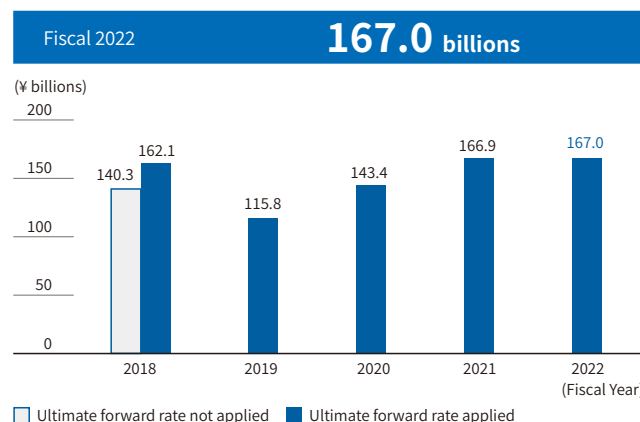
# Supplementary Materials and Corporate Data

- 87 Financial Highlights
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# Financial Highlights

## Key Performance Indicators

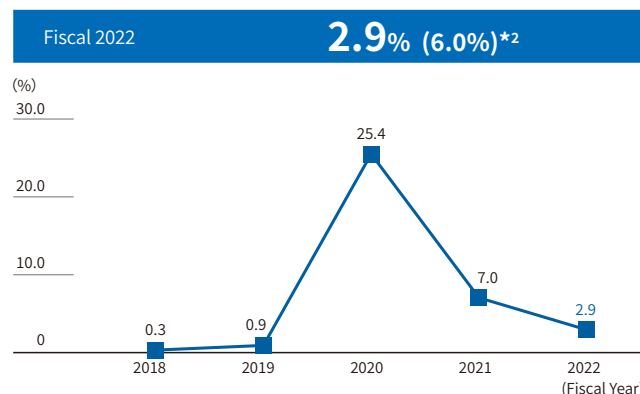
### Value of New Business



\* UFR has been changed from the end of March 2023; UFR: from 3.8% to 2.9%, start year in extrapolation: from 31 year to 41 year, convergence year: from 60 years to 70 years.

The value of new business remained essentially flat compared to last year at a total of 167 billion yen, due in part to the impact of changes in the UFR. When this impact is excluded, the value of new business is approximately 175 billion yen.

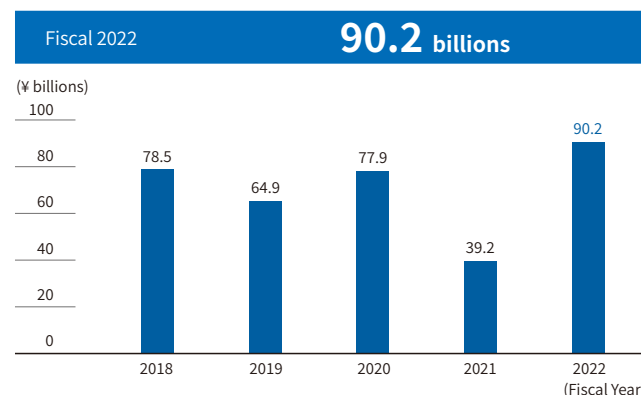
### ROEV\*1



\*1 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.  
\*2 Estimated amount calculated by the conventional UFR.

ROEV decreased to 2.9%, primarily due to the change in the terminal interest rate from 3.8% to 2.9%. However, when calculated on the same basis as before, the ROEV stands at 6%.

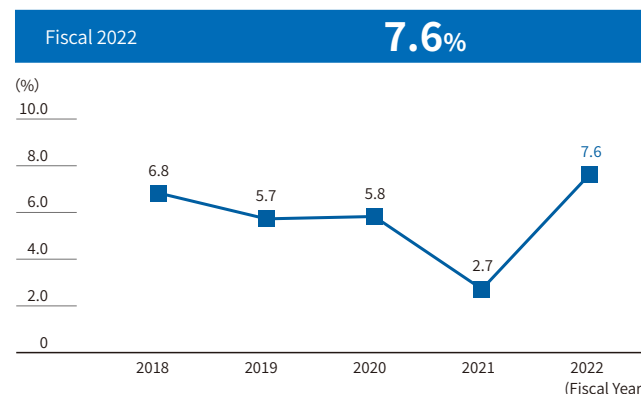
### Group Adjusted Profit\*



\* 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 in fiscal 2018.

Group adjusted profit increased from the previous fiscal year, largely because of the reversal of losses related to reinsurance transactions at Taiyo Life in the previous year.

### Adjusted ROE\*

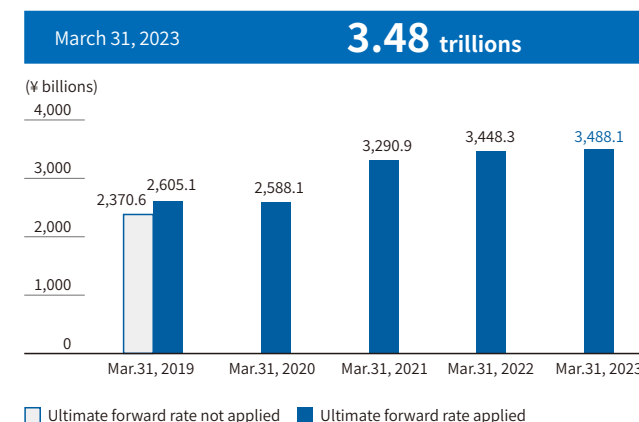


\* Adjusted ROE = Group adjusted profit / Average net asset balance.  
Adjusted net income was described in fiscal 2018.

Various initiatives aimed at improving capital efficiency led to an adjusted ROE of 7.6% for FY2022, marking an increase from 5.8% prior to the initiation of the Group Long-term Vision.

## Corporate Value

### Group MCEV



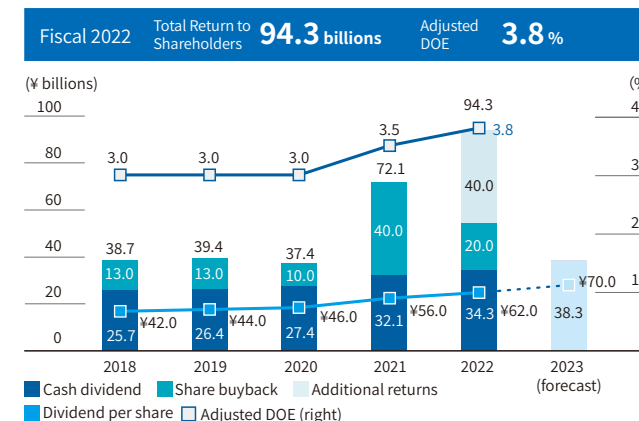
\*1 Base excluding valuation gains/losses, etc. related to Fortitude

\*2 UFR has been changed from the end of March 2023; UFR: from 3.8% to 2.9%, start year in extrapolation: from 31 year to 41 year, convergence year: from 60 years to 70 years.

Group MCEV increased by 39.7 billion yen from the end of the last fiscal year to 3,488.1 billion yen, primarily due to the accumulation of the value of new business. The impact of the change in the terminal interest rate was a reduction of 106.9 billion yen.

## 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)

Regarding our share buybacks for FY2022, we decided in May 2023 to allocate an additional 40 billion yen. This, along with the 20 billion yen announced in November 2022, brings the full-year total to a record high of 60 billion yen.

## Financial Highlights

### Consolidated Results of Operations

For the fiscal year ended March 31, 2023, while our ordinary revenues increased due to factors like higher income from insurance premiums, both ordinary profit and net income for the term declined. This was due to increased insurance claims, higher investment expenses, and temporary valuation losses related to Fortitude.

In terms of full-year earnings forecasts for the fiscal year ending March 31, 2024, despite the expected decrease in positive spread due to higher currency hedging costs, we anticipate a net income of 87 billion yen driven by improvements in underwriting profitability, largely due to a decrease in payment related costs for COVID-19.

#### Fiscal 2023 Full-year Earnings Forecasts\* [Consolidated and Three Life Insurance Companies]

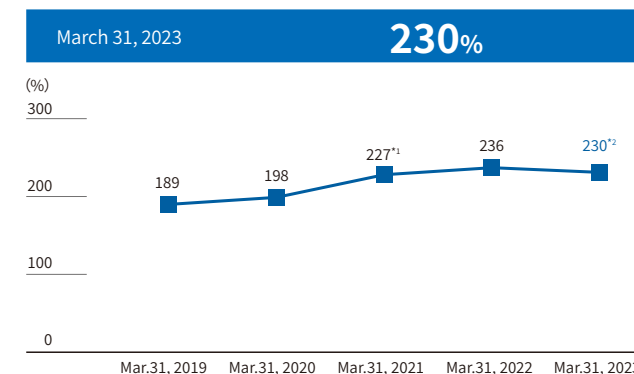
(¥ billions)

	T&D Holdings		Taiyo Life		Daido Life		T&D Financial Life	
	Fiscal 2022 (actual)	Fiscal 2023 (forecasts)	Fiscal 2022 (actual)	Fiscal 2023 (forecasts)	Fiscal 2022 (actual)	Fiscal 2023 (forecasts)	Fiscal 2022 (actual)	Fiscal 2023 (forecasts)
Ordinary revenues	3,214.1	2,560.0	961.3	860.0	1,233.0	1,060.0	980.9	590.0
Ordinary profit	(74.1)	146.0	48.1	60.0	84.0	89.0	11.0	1.0
Net income	(132.1)	87.0	26.8	38.0	49.3	52.0	7.9	0.0
Income from insurance premiums			643.3	670.0	810.3	830.0	714.6	560.0
Core profit			21.2	32.0	75.0	61.0	(3.2)	(1.0)
Positive spread			42.0	15.0	15.6	3.0	(1.9)	(1.0)

\* Disclosed on May 15, 2023.

### Financial Soundness

#### ESR



\*1 Figures reflect the retroactive application of the accounting treatment of Fortitude's reorganization announced on October 1, 2021.

\*2 From the end of March 2023, we are unifying ESR and core ESR and UFR has been changed (UFR: from 3.8% to 2.9%; year externalization starts: from the 31st year to the 41st year; year of convergence: from the 60th year to the 70th year).

#### 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	—	—	920.1%
Taiyo Life	AA	AA-	A	580.9%
Daido Life	AA	AA-	A	1,116.1%
T&D Financial Life	AA	AA-	—	659.4%

Rating is as of January 31, 2023  
Solvency margin ratio is as of March 31, 2023

\* 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 920.1% on a consolidated basis, 580.9% for Taiyo Life, 1,116.1% for Daido Life and 659.4% 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 engagement score

\* Five rated evaluation

	Fiscal 2020	Fiscal 2021	Fiscal 2022
T&D Holdings	3.84	4.07	4.03
Taiyo Life	3.61	3.63	3.57
Daido Life	3.75	3.85	3.84
T&D Financial Life	3.55	3.69	3.80

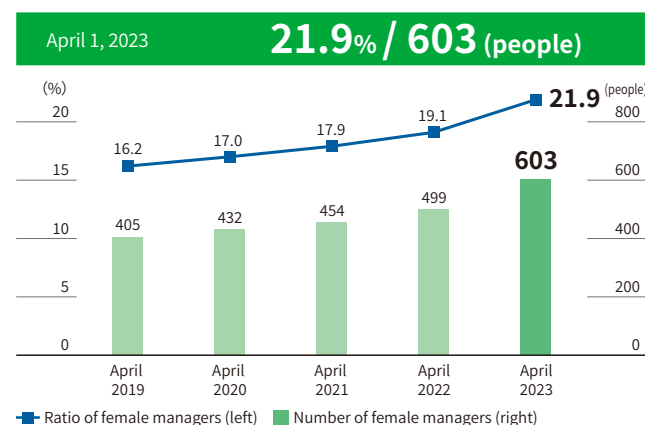
### Recognition for health and productivity management initiatives



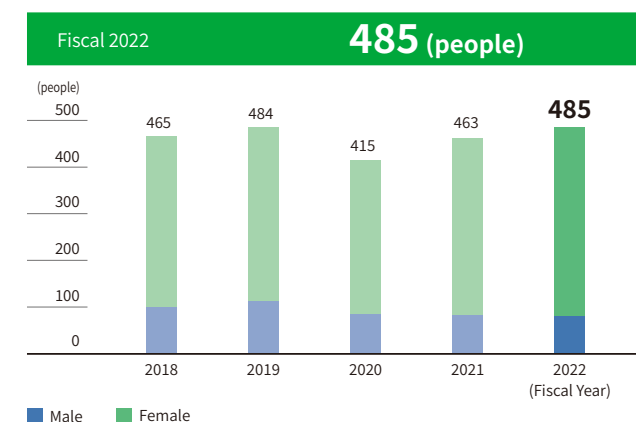
#### Certified Health and Productivity Management Organizations - White 500 -

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 seven consecutive years.

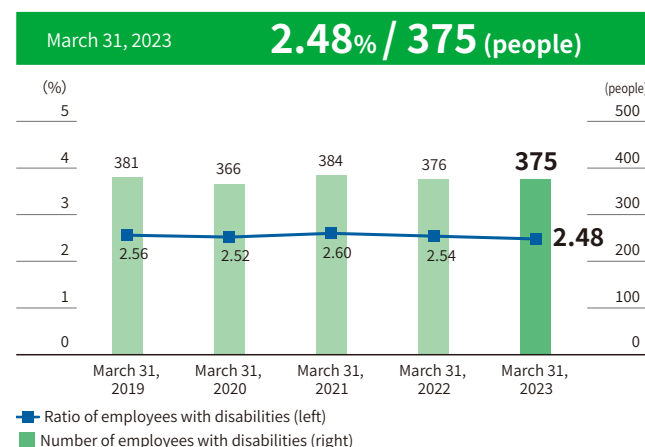
### Ratio/number of female managers



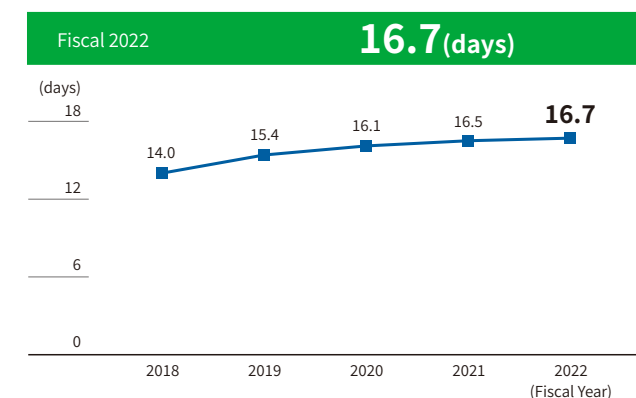
### Number of employees taking child care leave



### Ratio/number of employees with disabilities



### Average number of paid leave days taken





## Non-financial Highlights

### 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 “T&D Insurance Group Basic Policy on Customer-oriented Business Operations.” Each Group company is taking steps in accordance with such value.

#### Customer satisfaction (Assessments of the policies of the three life insurance companies on customer-oriented operations)


	Fiscal 2020	Fiscal 2021	Fiscal 2022
Taiyo Life	91.8%	91.9%	91.6%
Daido Life	82.3%	81.1%	79.0%
T&D Financial Life	72.8%	75.8%	76.7%

\* Taiyo Life: Four levels - “satisfied,” “mostly satisfied,” “somewhat unsatisfied,” and “unsatisfied.” Aggregate the total of “satisfied” and “mostly satisfied.”

Daido Life: Seven levels - “highly satisfied,” “satisfied,” “mostly satisfied,” “neutral,” “somewhat unsatisfied,” “unsatisfied,” and “highly unsatisfied.” Aggregate the total of “highly satisfied,” “satisfied,” and “mostly satisfied.”

TDF Life: Five levels - “satisfied,” “mostly satisfied,” “average,” “somewhat unsatisfied,” and “unsatisfied.” Aggregate the total of “satisfied” and “mostly satisfied.”

Please refer to our website for “T&D Insurance Group Basic Policy on Customer-oriented Business Operations”

 [https://www.td-holdings.co.jp/information/business\\_operations.html](https://www.td-holdings.co.jp/information/business_operations.html)  
(Japanese)

#### Main awards received for initiatives on customer service

##### Taiyo Life

- Received the UCDA 2022 the “Another Voice” Award at the UCDA Award 2022

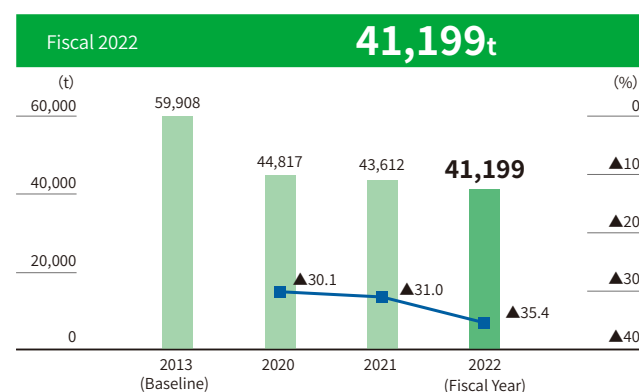
##### Daido Life

- Received the highest rank of “3 Star” for HDI-Japan’s “Quality Service” for three consecutive years

### 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 and Reduction rate



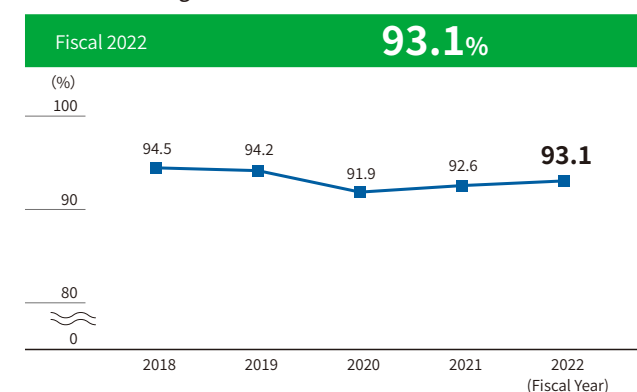
■ Scope 1+2 (left) ■ Reduction rate (right)

\* Scope 1+2

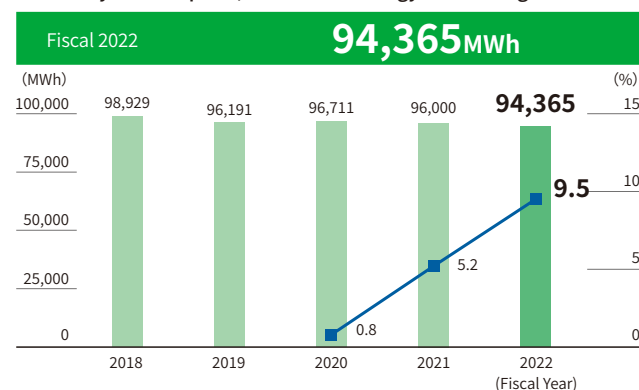
\* The CO<sub>2</sub> emission reduction rate is per unit of floor space.

\* Our Group has set a goal to reduce CO<sub>2</sub> emissions by 40% by fiscal 2025. (Scope 1+2, compared to fiscal 2013, per unit of floor space)

#### Green Purchasing Ratio



#### Electricity consumption/Renewable Energy Purchasing Ratio

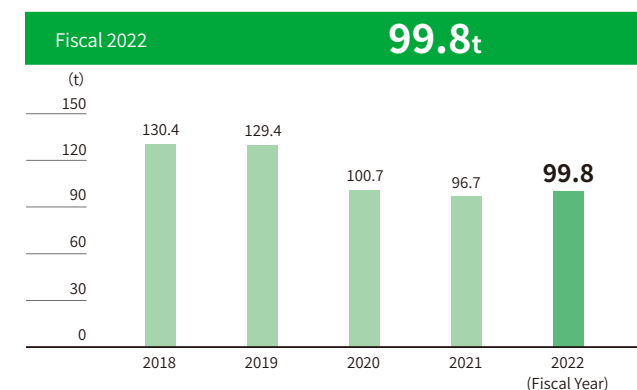


■ Number of employees with disabilities (left)

■ Renewable Energy Purchase Ratio (right)

\* We have set an interim goal of sourcing 60% of our electricity from renewable energy by fiscal 2030, and are actively promoting the use of renewable energy.

#### Office paper consumption



## Selected Financial Data

### T&D HOLDINGS Consolidated Statements of Income

											¥ millions
Years ended March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021 <sup>*2</sup>	2022	2023
Statement of Operation Data											
Ordinary revenues	2,418,959	2,085,734	2,412,165	2,025,925	1,975,784	1,928,359	2,140,162	2,197,928	2,360,470	2,614,377	3,214,110
Income from insurance premiums	1,940,900	1,609,732	1,958,055	1,574,506	1,505,234	1,483,719	1,676,184	1,753,508	1,783,369	1,781,952	2,178,203
Investment income	402,985	397,818	384,223	379,707	402,709	372,753	393,901	369,419	453,706	476,904	500,793
Other ordinary income	75,043	78,146	69,847	71,665	67,838	71,813	70,076	75,001	73,963	338,770	535,113
Equity in earnings of affiliates	29	37	38	46	1	72	—	—	49,431	16,749	—
Ordinary expenses	2,267,269	1,899,510	2,223,222	1,854,490	1,818,556	1,771,884	1,993,213	2,072,506	2,185,820	2,557,348	3,288,255
Insurance claims and other payments	1,343,556	1,520,988	1,401,534	1,302,899	1,160,357	1,146,175	1,141,636	1,193,510	1,308,157	2,174,187	2,547,969
Provision for policy and other reserves	516,959	22,597	485,139	194,387	259,134	262,894	469,615	431,011	484,929	1,945	2,902
Investment expenses	118,387	86,680	66,427	77,477	130,277	96,288	112,285	164,819	110,235	82,332	191,076
Operating expenses	203,781	197,655	199,435	198,999	197,600	202,366	201,563	212,453	214,509	229,279	251,301
Other ordinary expenses	84,584	71,588	70,686	80,727	71,186	64,159	68,086	70,424	67,988	69,602	77,621
Equity in losses of affiliates	—	—	—	—	—	—	24	287	—	—	217,383
Ordinary profit	151,689	186,224	188,943	171,434	157,227	156,475	146,949	125,422	174,649	57,029	(74,144)
Net extraordinary gains (losses)	(27,483)	(30,736)	(8,105)	(29,274)	(35,067)	(16,485)	(17,890)	(6,055)	(12,591)	(9,816)	(7,449)
Provision for reserve for policyholder dividends	31,197	31,638	32,555	31,920	25,374	30,331	27,144	21,883	24,429	24,284	22,378
Income before income taxes	93,008	123,849	148,281	110,239	96,786	109,657	101,915	97,483	137,628	22,928	(103,972)
Income taxes (current)	27,436	48,113	44,147	46,075	33,316	34,106	32,383	31,768	28,969	3,730	34,605
Income taxes (deferred)	1,644	(3,402)	9,755	(8,561)	(11,895)	(2,044)	(3,316)	(1,425)	(744)	4,779	(6,806)
Total income taxes	29,081	44,711	53,903	37,513	21,421	32,061	29,066	30,343	28,224	8,510	27,799
Profit attributable to non-controlling interests	193	155	163	179	177	19	22	36	890	237	378
Profit attributable to owners of parent	63,733	78,982	94,215	72,547	75,187	77,577	72,825	67,103	108,512	14,180	(132,150)

\*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.

### T&D HOLDINGS Consolidated Balance Sheet

											¥ millions
As of March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021*2	2022	2023
<b>Balance Sheet Data</b>											
<b>(Assets)</b>											
Total assets	13,668,719	13,804,219	14,664,705	14,674,207	14,891,167	15,262,398	15,794,711	16,520,137	17,826,238	17,813,408	16,773,877
<b>(Liabilities)</b>											
Policy reserves	12,209,259	12,226,787	12,707,957	12,892,482	13,139,218	13,395,725	13,859,097	14,282,219	14,765,300	14,505,391	14,055,870
Total liabilities	12,748,972	12,783,895	13,319,755	13,460,145	13,794,395	14,109,362	14,635,123	15,396,987	16,324,441	16,423,901	15,780,196
<b>(Net assets)</b>											
Total shareholders' equity	617,120	683,519	749,436	775,208	794,554	833,779	863,933	889,817	960,015	898,301	706,952
Total accumulated other comprehensive income	299,970	333,929	592,301	435,331	298,302	313,645	289,181	226,124	533,641	482,949	279,647
Total net assets	919,746	1,020,324	1,344,950	1,214,061	1,096,772	1,153,036	1,159,588	1,123,149	1,501,796	1,389,506	993,681

\*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.

## Selected Financial Data

## T&amp;D HOLDINGS

Years ended March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	¥ millions 2023
<b>Policy Results *:</b>											
<b>Policy amount in force</b>	59,996,511	60,699,818	62,117,777	62,998,174	64,612,813	66,010,749	69,264,639	67,362,978	65,638,037	64,228,285	<b>62,932,694</b>
<b>New policy amount</b>	7,158,927	6,639,823	7,227,221	6,685,973	7,441,437	7,273,000	9,985,762	4,711,892	4,220,821	4,642,915	<b>5,211,950</b>
<b>Surrender and lapse amount</b>	4,071,327	3,967,421	3,752,457	3,789,522	3,837,734	3,884,453	4,625,021	4,206,148	3,891,199	4,007,120	<b>4,333,414</b>
*Total of the individual insurance and individual annuities, the insurance amounts of <i>J-type product</i> , <i>T-type product</i> and the nursing-care insurance amounts of <i>Kaigo Relief Alpha</i> and so forth. New policies include net increase from conversion.											
<b>Other Data:</b>											
<b>Core profit</b>	182,498	210,256	182,766	153,097	159,985	148,466	149,638	166,227	161,039	184,059	<b>93,088</b>
<b>Group MCEV *1</b>	1,664,400	1,970,100	2,298,000	1,893,700	2,290,500	2,406,700	2,370,600	2,588,100	3,377,600	3,508,500	<b>3,331,300</b>
<b>Value of New Business *1</b>	61,600	89,100	93,000	56,300	119,500	129,400	140,300	115,800	143,400	166,900	<b>167,000</b>
<b>Consolidated solvency margin ratio</b>	943.8%	1115.0%	1220.7%	1155.8%	1105.1%	1061.8%	1093.1%	1107.0%	1094.7%*3	1026.3%	<b>920.1%</b>
<b>ESR *2</b>			217%	162%	175%	168%	159%	198%	227%*3	236%	<b>230%</b>

\*1 Group MCEV, Value of New Business is shown rounding down to the hundred million yen. Based on Ultimate Forward Rate since fiscal year ended March 31, 2020. UFR has been changed from the end of March 2023; UFR: from 3.8% to 2.9%, start year in extrapolation: from 31 year to 41 year, convergence year: from 60 years to 70 years.

\*2 In addition to applying the Ultimate Forward Rate, subordinated debt is added to the surplus since the end of March 2020. UFR has been changed from the end of March 2023; UFR: from 3.8% to 2.9%, start year in extrapolation: from 31 year to 41 year, convergence year: from 60 years to 70 years.

\*3 Figures reflect the retroactive application of the accounting treatment of Fortitude's reorganization announced on October 1, 2021.

## Selected Financial Data

## TAIYO LIFE

	¥ millions										
Years ended March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statement of Operation Data											
Ordinary revenues	1,229,598	857,272	1,061,146	873,887	897,955	738,716	917,610	802,538	797,301	1,439,893	961,343
Income from insurance premiums	1,018,383	655,233	865,232	657,185	654,379	511,900	715,120	593,679	619,721	598,144	643,308
Investment income	187,629	175,794	176,370	202,909	228,058	189,495	190,444	196,911	165,283	174,377	214,741
Other ordinary income	23,585	26,244	19,544	13,792	15,517	37,319	12,044	11,947	12,296	667,370	103,292
Ordinary expenses	1,160,797	785,015	993,539	794,763	831,312	675,925	863,413	765,756	765,695	1,526,535	913,198
Insurance claims and other payments	654,858	585,429	566,446	604,261	535,387	522,746	521,457	542,912	569,480	1,381,684	726,570
Provision for policy and other reserves	319,781	52,437	281,973	39,860	99,991	885	183,693	43,421	46,414	1,649	255
Investment expenses	47,926	29,303	31,893	36,540	83,109	45,292	52,386	76,173	46,919	36,965	71,514
Operating expenses	85,578	77,693	77,606	76,424	77,189	76,698	76,730	75,077	76,509	80,675	88,495
Other ordinary expenses	52,652	40,151	35,619	37,676	35,635	30,301	29,147	28,171	26,371	25,560	26,361
Ordinary profit (loss)	68,801	72,257	67,606	79,124	66,642	62,790	54,196	36,782	31,606	(86,642)	48,144
Net extraordinary gains (losses)	(14,789)	(12,931)	(5,249)	(20,251)	(18,995)	(4,254)	(5,370)	(1,594)	(4,592)	(3,665)	(2,754)
Provision for reserve for policyholder dividends	16,995	17,688	18,093	18,135	11,738	15,664	13,138	10,197	12,574	12,572	10,847
Income (loss) before income loss	37,017	41,637	44,264	40,736	35,909	42,870	35,687	24,990	14,440	(102,881)	34,542
Income taxes (current)	10,342	17,045	12,827	17,624	11,120	10,238	10,798	10,391	5,956	(23,042)	6,011
Income taxes (deferred)	1,073	(1,763)	3,482	(3,722)	(4,178)	2,151	(657)	(1,218)	(1,800)	(5,691)	1,699
Total income taxes	11,416	15,282	16,309	13,902	6,941	12,390	10,140	9,172	4,156	(28,734)	7,710
Net income (loss)	25,601	26,355	27,954	26,834	28,967	30,480	25,547	15,817	10,284	(74,147)	26,832

\* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

## TAIYO LIFE

											¥ millions
As of March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Balance Sheet Data											
(Assets)											
Total assets	6,645,339	6,760,825	7,217,901	7,084,800	7,188,371	7,219,463	7,411,864	7,660,474	8,235,372	7,693,272	7,354,754
(Liabilities)											
Policy reserves	5,951,016	5,998,989	6,279,589	6,318,824	6,410,781	6,389,235	6,569,075	6,608,629	6,654,572	6,001,168	5,915,649
Total liabilities	6,260,697	6,360,611	6,658,543	6,603,082	6,807,381	6,810,776	6,996,551	7,269,351	7,708,881	7,351,808	7,108,475
(Net assets)											
Total shareholders' equity	222,597	245,046	259,537	279,336	279,765	290,945	304,203	303,647	302,568	186,925	203,799
Total valuation and translation adjustment	162,043	155,166	299,819	202,382	101,224	117,742	111,109	87,476	223,923	154,538	42,479
Total net assets	384,641	400,213	559,357	481,718	380,989	408,687	415,312	391,123	526,491	341,464	246,278

\* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

## Selected Financial Data

## TAIYO LIFE

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	¥ millions 2023
Years ended March 31											
<b>Policy Results *:</b>											
<b>Policy amount in force</b>	21,023,223	21,595,680	22,154,564	21,983,504	21,741,191	21,154,486	19,945,620	18,023,246	16,278,405	14,527,568	12,991,974
<b>New policy amount</b>	2,974,307	2,696,671	2,840,754	2,134,199	2,084,818	1,686,796	1,196,690	540,573	243,585	179,669	237,128
<b>Surrender and lapse amount</b>	1,236,211	1,255,419	1,270,225	1,255,956	1,255,824	1,236,078	1,240,097	1,149,490	941,331	915,627	775,953
<b>Surrender and lapse rate</b>	6.11	5.97	5.88	5.67	5.71	5.69	5.86	5.76	5.22	5.62	5.34

\* The total of individual insurance and individual annuities. The new policy amounts include net increases from conversions.

## Other Data:

<b>Core profit</b>	67,218	72,611	68,188	53,812	53,464	48,547	51,859	54,387	52,703	55,122	21,294
<b>MCEV *</b>	637,000	705,100	868,600	725,700	777,500	825,000	856,200	895,800	1,114,600	1,134,500	1,084,200
<b>Solvency margin ratio</b>	823.4%	981.3%	993.9%	890.6%	848.6%	835.1%	849.7%	805.5%	852.8%	734.2%	580.9%
<b>Number of in-house sales representatives</b>	8,856	8,603	8,432	8,631	8,902	8,942	8,440	8,071	8,473	8,534	9,016

\* MCEV is shown rounding down to the hundred million yen. Based on Ultimate Forward Rate since fiscal year ended March 31, 2020. UFR has been changed from the end of March 2023; UFR: from 3.8% to 2.9%, start year in extrapolation: from 31 year to 41 year, convergence year: from 60 years to 70 years.



## Selected Financial Data

## DAIDO LIFE

											¥ millions
Years ended March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statement of Operation Data											
Ordinary revenues	884,006	893,318	981,052	935,739	944,431	988,070	1,045,561	1,015,124	1,022,834	1,032,690	1,233,042
Income from insurance premiums	724,517	712,866	792,715	748,914	766,336	790,852	828,003	818,070	808,161	808,083	810,311
Investment income	142,588	160,483	169,016	165,153	154,066	171,830	191,065	165,137	185,876	191,249	259,241
Other ordinary income	16,901	19,968	19,320	21,671	24,029	25,387	26,492	31,916	28,796	33,357	163,489
Ordinary expenses	816,385	802,008	883,588	845,431	861,736	898,672	956,290	928,967	926,928	909,910	1,148,962
Insurance claims and other payments	569,293	522,489	494,272	502,896	484,881	496,329	510,573	522,146	511,604	516,795	887,660
Provision for policy and other reserves	76,097	119,712	231,264	181,357	204,770	232,739	259,032	214,775	221,616	211,578	639
Investment expenses	54,799	46,369	39,128	34,443	48,244	46,233	61,342	61,569	66,440	44,781	114,923
Operating expenses	99,036	99,377	99,152	102,531	103,099	103,602	103,883	107,649	106,644	116,139	121,827
Other ordinary expenses	17,158	14,058	19,770	24,203	20,739	19,767	21,458	22,826	20,622	20,614	23,912
Ordinary profit	67,621	91,309	97,464	90,307	82,695	89,397	89,270	86,157	95,905	122,780	84,079
Net extraordinary gains (losses)	(11,163)	(17,410)	(2,653)	4,413	(12,450)	(11,698)	(11,956)	(3,703)	(7,123)	(5,267)	(4,313)
Provision for reserve for policyholder dividends	14,202	13,951	14,462	13,788	13,636	14,668	14,005	11,687	11,854	11,711	11,530
Income before income taxes	42,255	59,948	80,348	80,932	56,608	63,031	63,308	70,766	76,927	105,800	68,236
Income taxes (current)	12,798	26,644	28,104	29,351	20,777	22,854	21,414	21,646	25,029	29,892	20,962
Income taxes (deferred)	570	(2,656)	1,064	(2,896)	(7,286)	(4,396)	(3,634)	(1,330)	(2,965)	(313)	(2,035)
Total income taxes	13,369	23,987	29,168	26,455	13,491	18,458	17,779	20,315	22,064	29,578	18,926
Net income	28,886	35,960	51,180	54,476	43,116	44,572	45,528	50,450	54,863	76,222	49,309

\* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

## DAIDO LIFE

											¥ millions
As of March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Balance Sheet Data											
(Assets)											
Total assets	5,399,189	5,572,800	5,977,975	6,152,026	6,298,188	6,573,924	6,843,179	7,037,507	7,554,346	7,837,366	7,464,151
(Liabilities)											
Policy reserves	4,783,783	4,896,850	5,125,125	5,301,162	5,501,639	5,729,754	5,986,450	6,195,363	6,415,546	6,624,897	6,491,257
Total liabilities	4,936,237	5,041,936	5,297,596	5,488,203	5,654,175	5,913,402	6,180,746	6,393,649	6,701,219	6,978,638	6,693,817
(Net assets)											
Total shareholders' equity	325,329	352,559	388,865	433,499	448,016	466,141	489,267	513,114	541,184	532,210	546,647
Total valuation and translation adjustment	137,622	178,304	291,513	230,323	195,996	194,380	173,165	130,743	311,942	326,517	223,686
Total net assets	462,951	530,863	680,379	663,823	644,013	660,521	662,433	643,858	853,127	858,727	770,334

\* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

## Selected Financial Data

## DAIDO LIFE

	¥ millions										
Years ended March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Policy Results *:</b>											
<b>Policy amount in force</b>	36,933,235	37,255,621	38,156,747	39,205,952	40,992,241	42,803,504	47,146,055	46,947,214	46,656,071	46,703,372	46,683,895
Individual term life insurance	32,900,930	32,882,207	33,209,130	33,673,604	34,772,475	34,724,011	35,305,536	34,688,890	34,301,814	34,214,918	34,183,001
J-type product, T-type product, and Kaigo Relief Alpha, etc.	775,298	1,192,991	1,764,379	2,415,881	3,166,600	5,426,922	10,057,448	10,514,377	10,633,572	10,821,740	11,466,536
<b>New policy amount</b>	3,992,546	3,698,182	4,063,816	4,315,542	5,121,169	5,231,498	8,474,888	3,724,420	3,550,612	4,041,989	4,287,235
Individual term life insurance	3,374,850	3,108,689	3,228,184	3,426,632	4,088,485	2,944,065	4,128,641	2,460,009	2,474,808	2,844,737	3,088,205
J-type product, T-type product, and Kaigo Relief Alpha, etc.	436,498	472,806	657,003	786,609	934,940	2,523,252	5,085,094	1,224,617	1,039,312	1,192,846	1,394,866
<b>Surrender and lapse amount</b>	2,738,436	2,537,348	2,378,329	2,472,006	2,525,540	2,582,199	3,295,771	2,976,811	2,846,020	2,972,735	3,251,608
<b>Surrender and lapse rate</b>	7.49%	6.87%	6.38%	6.48%	6.44%	6.30%	7.70%	6.31%	6.06%	6.37%	6.96%
* The total of individual insurance, individual annuities and Daido Life's <i>J-type product, T-type product, Kaigo Relief Alpha</i> , etc. The new policy amounts include net increases from conversions.											
<b>Other Data:</b>											
<b>Core profit</b>	84,635	110,673	107,654	104,829	105,677	100,781	99,245	116,903	111,604	131,632	75,039
<b>MCEV *</b>	923,500	1,145,900	1,306,700	1,078,000	1,417,400	1,473,200	1,417,700	1,626,000	2,058,800	2,148,100	2,222,500
<b>Solvency margin ratio</b>	1043.2%	1156.4%	1363.7%	1341.9%	1252.6%	1206.2%	1271.9%	1335.3%	1293.5%	1203.8%	1116.1%
<b>Number of in-house sales representatives</b>	3,943	3,833	3,790	3,867	3,843	3,714	3,786	3,746	3,766	3,699	3,577
<b>Number of agents</b>	13,459	13,432	13,675	13,793	13,878	13,992	14,132	14,413	14,775	15,137	15,406

\* MCEV is shown rounding down to the hundred million yen. Based on Ultimate Forward Rate since fiscal year ended March 31, 2020. UFR has been changed from the end of March 2023; UFR: from 3.8% to 2.9%, start year in extrapolation: from 31 year to 41 year, convergence year: from 60 years to 70 years.

## Selected Financial Data

## T&amp;D FINANCIAL LIFE

Years ended March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	¥ millions
<b>Statement of Operation Data</b>											
<b>Ordinary revenues</b>	288,656	468,669	382,110	218,035	155,834	196,492	150,758	354,495	460,661	485,311	<b>980,991</b>
Income from insurance premiums	196,740	239,777	297,755	165,436	80,918	176,474	127,853	335,910	348,020	367,118	<b>714,695</b>
Investment income	78,986	64,948	46,366	14,232	23,041	12,982	17,221	11,924	106,851	113,353	<b>28,023</b>
Other ordinary income	12,928	163,943	37,989	38,365	51,874	7,036	5,683	6,660	5,789	4,839	<b>238,272</b>
<b>Ordinary expenses</b>	274,873	447,758	359,653	216,822	149,634	193,948	148,694	352,249	463,608	479,644	<b>969,937</b>
Insurance claims and other payments	118,854	412,275	339,700	194,324	138,311	124,953	106,894	125,135	222,904	270,745	<b>928,437</b>
Provision for policy and other reserves	120,876	7,697	1,440	2	0	50,164	26,791	174,312	216,631	183,641	<b>1,911</b>
Investment expenses	20,522	13,138	1,814	7,950	213	4,888	1,941	30,117	127	840	<b>3,536</b>
Operating expenses	13,140	13,101	14,422	12,705	9,745	12,349	11,453	19,373	20,216	20,543	<b>30,084</b>
Other ordinary expenses	1,479	1,545	2,275	1,840	1,363	1,592	1,612	3,309	3,727	3,873	<b>5,966</b>
<b>Ordinary profit</b>	13,783	20,910	22,457	1,212	6,199	2,543	2,064	2,246	(2,947)	5,667	<b>11,054</b>
<b>Net extraordinary gains (losses)</b>	(1,441)	(398)	(174)	(621)	(3,612)	(461)	(552)	(756)	(868)	(880)	<b>(713)</b>
<b>Provision for reserve for policyholder dividends</b>	(0)	(2)	(0)	(3)	(1)	(1)	0	(0)	0	(0)	<b>0</b>
<b>Income before income taxes</b>	12,342	20,514	22,282	593	2,587	2,083	1,511	1,490	(3,816)	4,788	<b>10,340</b>
Income taxes (current)	3,643	3,647	2,411	(1,735)	874	199	(456)	(754)	(2,212)	(3,115)	<b>5,060</b>
Income taxes (deferred)	(154)	957	5,225	1,837	(427)	295	956	1,178	1,180	4,704	<b>(2,660)</b>
Total income taxes	3,489	4,604	7,636	101	446	494	500	424	(1,031)	1,589	<b>2,399</b>
<b>Net income</b>	8,852	15,909	14,645	492	2,141	1,588	1,011	1,065	(2,784)	3,199	<b>7,940</b>

\* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

## T&amp;D FINANCIAL LIFE

As of March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	¥ millions
<b>Balance Sheet Data</b>											
<b>(Assets)</b>											
<b>Total assets</b>	1,541,553	1,393,592	1,387,624	1,359,879	1,313,747	1,365,878	1,438,819	1,645,401	1,850,918	2,007,568	<b>1,833,544</b>
<b>(Liabilities)</b>											
Policy reserves	1,473,800	1,329,961	1,301,958	1,270,904	1,224,914	1,274,376	1,300,935	1,475,204	1,691,538	1,875,148	<b>1,643,912</b>
<b>Total liabilities</b>	1,504,475	1,340,493	1,319,425	1,289,619	1,242,846	1,292,955	1,361,498	1,564,466	1,782,638	1,943,616	<b>1,764,802</b>
<b>(Net assets)</b>											
Total shareholders' equity	36,798	52,748	67,394	67,886	70,027	71,616	72,627	73,693	70,909	74,108	<b>82,048</b>
Total valuation and translation adjustment	279	349	804	2,373	874	1,306	4,693	7,240	(2,628)	(10,155)	<b>(13,306)</b>
<b>Total net assets</b>	37,077	53,098	68,198	70,260	70,901	72,922	77,321	80,934	68,280	63,952	<b>68,742</b>

\* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

## Selected Financial Data

### T&D FINANCIAL LIFE

											¥ millions
Years ended March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Policy Results *:											
Policy amount in force	2,040,052	1,848,515	1,806,465	1,808,717	1,879,380	2,052,758	2,172,963	2,392,518	2,703,559	2,997,343	3,256,823
New policy amount	192,072	244,969	322,651	236,231	235,449	354,705	314,183	446,898	426,624	421,257	687,586
Surrender and lapse amount	96,679	174,654	103,902	61,559	56,368	66,174	89,152	79,846	103,847	118,758	305,852
Surrender and lapse rate	4.86%	8.56%	5.62%	3.41%	3.12%	3.52%	4.34%	3.67%	4.34%	4.39%	10.20%

\* The total of individual insurance and individual annuities.

### Other Data:

<b>Core profit (loss)</b>	30,644	26,971	6,923	(5,545)	843	(863)	(1,466)	(5,063)	(3,268)	(2,694)	(3,245)
<b>MCEV *</b>	77,500	92,300	95,800	93,400	97,400	102,600	98,500	66,500	108,100	111,300	126,600
<b>Solvency margin ratio</b>	648.4%	1051.2%	1271.9%	1260.7%	1295.6%	1258.3%	1101.7%	1033.6%	826.8%	749.5%	659.4%

\* MCEV is shown rounding down to the hundred million yen. Based on Ultimate Forward Rate since fiscal year ended March 31, 2020. UFR has been changed from the end of March 2023; UFR: from 3.8% to 2.9%, start year in extrapolation: from 31 year to 41 year, convergence year: from 60 years to 70 years.

# Overview of the Life Insurance Business (Market)

## Diversification of Customers' Life Insurance Needs

The total income from insurance premiums for Japanese life insurance companies\* in fiscal 2022 was ¥38.0 trillion. After experiencing a moderate upward trend since fiscal 2002, a declining trend started around 2015. However, the situation has been improving recently, especially as the COVID-19 pandemic has abated. (Fig.1)

\* There are a total of 42 Japanese life insurance companies. (As of April 1, 2023)

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 ¥794 trillion in fiscal 2022, 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 194.58 million in fiscal 2022, marking the 15th straight year of increase. (Fig.2)

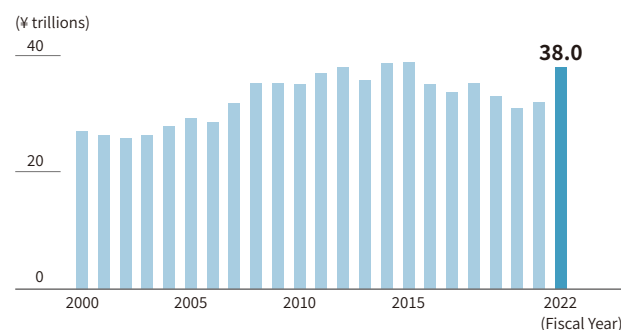
## Number of Policies in Force for Individual Insurance by Type

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 2022. The number of policies has also increased 3 times, from 22.79 million to 69.75 million, indicating increasing customer needs for third sector products. (Fig.3)

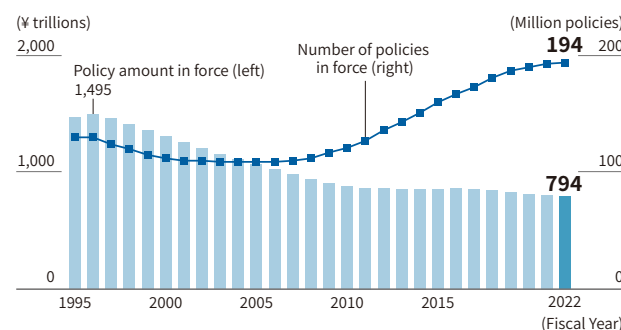
According to a nationwide survey on life insurance conducted in fiscal 2021, the adoption rates for specialized insurance products such as dementia insurance and health-promoting insurance (including additional riders) stand at 6.6% and 4.2%, respectively, indicating that new needs for coverage are consistently emerging. Going forward, life insurance companies will continue to play an important role in introducing new types of coverage that cater to the increasingly diverse needs of customers and addressing social issues.

(Fig.1) Trend in the income from insurance premiums



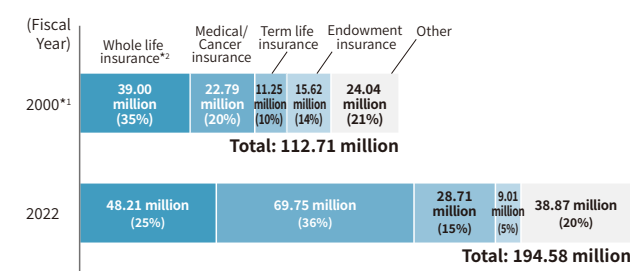
Source: Compiled by T&D Holdings based on "The summary of Life Insurance Business in Japan" published by the Life Insurance Association of Japan.  
Note: Excluding the numerical value of former postal life insurance up to fiscal 2007.

(Fig.2) 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.

(Fig.3) 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.



## Overview of the Life Insurance Business (Market)

### 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.

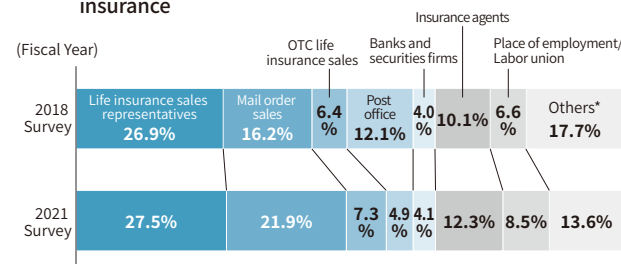
The results of a fiscal 2021 survey also revealed that customers are even more likely to purchase insurance in the future via mail order channels such as insurance sales agents and the internet. (Fig.4)

On the other hand, a significant number of customers feel that they lack sufficient knowledge to determine what types of coverage they need, including considerations such as amounts and terms. Thus, the importance of personal consultations for insurance proposals remains unchanged. Recent survey results concerning the “channels used for the most recent policy enrollments” indicate that more than half of the new enrollments were made through life insurance company sales representa-

tives. Furthermore, this percentage has increased since the last survey. (Fig.5)

As we proceed, we must continue to make thoughtful insurance proposals that meet the varying coverage needs of our

(Fig.4) Channels through which customers are likely to purchase insurance

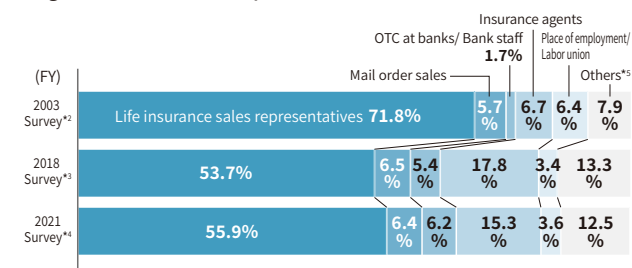


Source: Compiled by T&D Holdings based on the results of the Corporation Sample Survey on Life Insurance (FY2021) of Japan Institute of Life Insurance.

\* Including unknown.

customers, while also incorporating non-face-to-face interactions prompted by the spread of COVID-19.

(Fig.5) 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 2013-2018.

\*4 Policies taken out during 2016-2021.

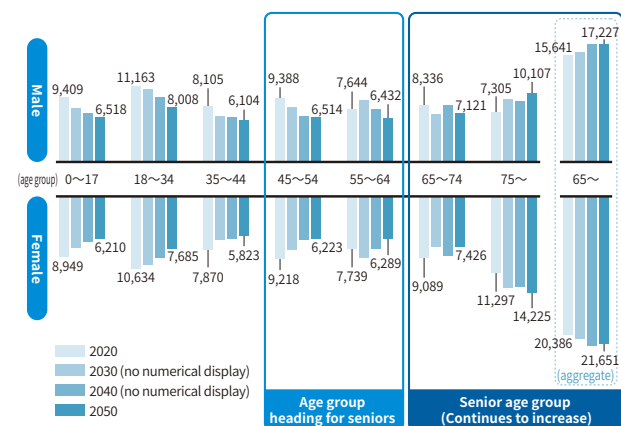
\*5 Including those policies through indistinct channels.

### 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.

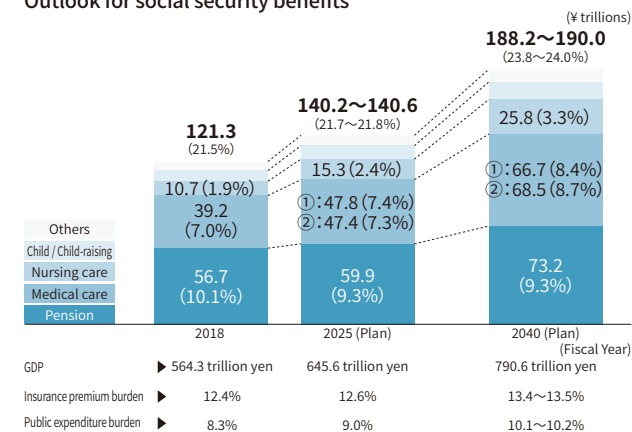
Estimated future population by gender and age group (Unit: 1,000 Persons)



Source: Compiled by T&D Holdings based on “Estimated Future Population of Japan (2023 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.

## Overview of the Life Insurance Business (Market)

### Reference: Types of Life Insurance

There are three main types of life insurance : “death insurance”, “pure endowment insurance”, and “accident and sickness insurance”.

<b>Death insurance</b>	Insurance benefits are paid when the insured individual dies. Typical products include term life insurance and whole life insurance.
<b>Pure endowment insurance</b>	Insurance benefits are paid when the insured individual remains alive after a certain period of time. A typical product is individual annuity insurance.
<b>Accident and sickness insurance</b>	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.

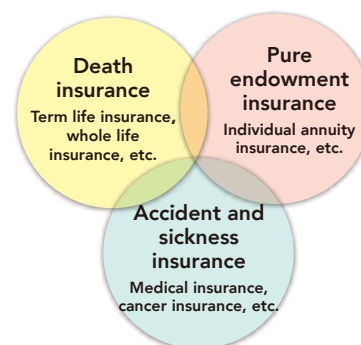
These insurances are sold not only as single products but in various combinations in accordance with customer needs and so forth.

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.

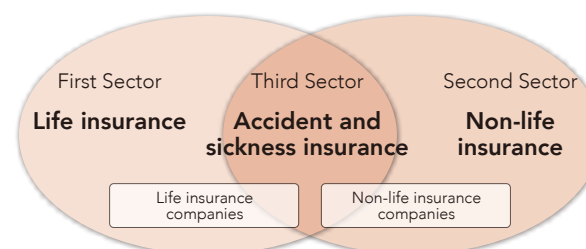
The aforementioned death insurance and pure endowment insurance policies fall under the category of “First Sector” insurance.

Accident and sickness insurance do not belong to either of the “First Sector” and “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

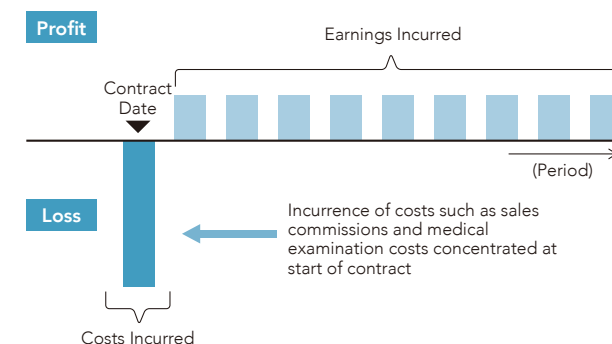
Because life insurance contracts tend to be long-term, there is a disconnect when it comes to recognizing revenues versus the incurrence of expenses, as shown in the figure below.

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.

### Typical Life Insurance Earnings Image



# Glossary

## A

<b>A company with an Audit and Supervisory Committee</b>	A publicly-listed company with an Audit and Supervisory Committee comprised of at least three directors serving as Audit and Supervisory Committee 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 Committee members.
<b>Adjusted DOE</b>	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.
<b>Adjusted ROE</b>	Calculated by dividing Group adjusted profit by average net asset balance.
<b>Annualized premiums</b>	An adjusted figure for premiums paid using monthly, annual, or lump-sum payment methods showing total premiums paid on an annual basis.
<b>Assumed business expense rate</b>	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.
<b>Assumed investment yield</b>	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

<b>Closed book business</b>	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.
<b>Contingency reserve</b>	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
<b>Core profit</b>	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.

<b>Cost of shareholder's capital</b>	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.
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## E

<b>Economic value-based solvency regulation</b>	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.
<b>ERM (Enterprise Risk Management)</b>	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.
<b>ESG investment</b>	Selective investments focused on companies that pay adequate attention to the environmental, social and governance factors.
<b>ESR (Economic Solvency Ratio)</b>	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.
<b>EV (Embedded Value)</b>	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

<b>General account</b>	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.
<b>Group adjusted profit</b>	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

<b>Japan's Corporate Governance Code</b>	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.
<b>Japan's Stewardship Code</b>	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

<b>Level-premium products</b>	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

<b>MCEV (Market Consistent EV)</b>	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.
<b>Mortality rate</b>	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

<b>Non-participating policy</b>	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

<b>Participating policy</b>	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.
<b>P/EV ratio</b>	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.
<b>Policy amount</b>	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."
<b>Policy reserve</b>	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.
<b>Positive spread/ Negative spread</b>	<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) =  <math>(\text{Investment yield on core profit} - \text{Average assumed investment yield}) \times \text{Policy reserve in general account}</math></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 =  <math>(\text{Policy reserve at beginning of fiscal year} + \text{Policy reserve at the end of fiscal year} - \text{Assumed interest}) \times 1/2</math></p>

## Glossary

## R

<b>Reserve for policyholder dividends</b>	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.
<b>Reserve for price fluctuations</b>	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.
<b>ROEV/Core ROEV</b>	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

<b>Separate account</b>	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.
<b>Single-premium insurance</b>	A type of insurance where the premium is paid in lump-sum at the conclusion of the policy which covers the entire insurance period.
<b>Social bond</b>	Bond issued to raise funds for contributing to solutions to global social issues, such as support for emerging countries and measures against global warming.
<b>Solvency margin ratio</b>	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.
<b>Surrender and lapse amount</b>	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

<b>Third sector insurance</b>	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.
<b>Total payout ratio</b>	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.
<b>Trust-type stock compensation</b>	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

<b>Ultimate Forward Rate (UFR)</b>	A very long-term interest rate level that is thought to be realized macroeconomically. The Group begins domestic interest rate extrapolation from 41 years and sets the convergence point for the ultimate forward rate level at 70 years.
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## V

<b>Value of new business</b>	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.

The Group aims to use assets efficiently and improve capital efficiency by examining the adequacy of the holdings of strategic shareholdings and by reducing strategic shareholdings with low return on risk (ROR) in principle to reallocate capital to growth sectors, etc. with high ROR as part of its capital policy, thereby increasing profitability for the entire Group to improve capital efficiency.

Based on this thinking, we have been working to gradually reduce the balance of strategic shareholdings in accordance with our medium-term goal.

Specifically, we aim to first reduce strategic shareholdings to 20% of consolidated net assets by the end of FY2023 and then to further reduce them by the end of FY2025.

We have been reducing the balance through careful dialogue with the issuing companies and executed approx. ¥125.0 billion on a book value basis (approx. ¥240.0 billion on a market value basis) in reductions during FY2022 (reducing the balance by more than half compared to the end of FY2020 on a book value basis).

The ratio of strategic shareholdings to net assets stood at 23% at the end of FY2022 indicating steady progress toward our goal of reducing the ratio to below 20%.

Excluding the impact of a decrease in net assets due to recording of temporary valuation losses resulting from higher interest rates in the U.S. at Fortitude\*, an affiliated company accounted for by the equity method of the Company, the ratio at the end of FY2022 was at a level approx. 19%.

\*Fortitude temporarily recorded a large amount of valuation losses due to higher interest rates in the U.S. for FY2022, since mainly changes in market value on the asset side only are reflected for purposes of U.S. accounting (with the liability side recorded at book value).

However, the economic value of the liability side has also similarly decreased through ALM (the method of risk management, managing assets and liabilities comprehensively), and thus the losses are not substantial.

## 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

## Status of Stock Holdings

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	9	53,993

(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	5	13,479

## 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, 2023	Year ended March 31, 2022	Holding purposes, summary of business alliance, etc., quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart com- pany holds the Company's share Y=Yes/N=No
	The number of shares	Balance sheet amount ¥millions		
Daiwa Securities Group Inc.	41,140,000 25,547	41,140,000 28,497	The purpose of holding the stocks is to maintain and expand relationships of cooperation in insurance sales and long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, they have been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Tsubakimoto Chain Co.	3,559,663 11,444	3,559,663 10,874	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Mitsubishi Estate Co., Ltd.	3,850,000 6,069	5,775,000 10,504	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
RAITO KOGYO CO., LTD.	2,734,500 5,335	2,734,500 5,340	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Tsubakimoto Kogyo Co., Ltd.	573,805 2,372	573,805 2,100	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Taikisha Ltd.	422,029 1,553	422,029 1,285	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Electric Power Development Co., Ltd. (J-POWER)	542,540 1,156	1,085,040 1,896	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Daiwa Motor Transportation Co., Ltd.	375,000 308	375,000 300	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
MEIWA INDUSTRY CO., LTD.	210,120 206	210,120 214	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Sompo Holdings, Inc.	— —	998,820 5,374	Taiyo Life held the stocks for the purpose of maintaining and strengthening business partnerships in insurance field, and reaping medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	N *Note 1

## Status of Stock Holdings

Stock	Year ended March 31, 2023	Year ended March 31, 2022	Holding purposes, summary of business alliance, etc., quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart com- pany holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
Sotetsu Holdings Co., Ltd.	—	760,000	Taiyo Life held the stocks for the purpose of maintaining and expanding long-term and stable business relationships in insurance field, and reaping medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	1,741		
MITSUI & CO., LTD.	—	8,160,800	Taiyo Life held the stocks for the purpose of maintaining and expanding long-term and stable business relationships in insurance field, and reaping medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	N
	—	27,159		
SHIMADZU CORPORATION	—	7,411,520	Taiyo Life held the stocks for the purpose of maintaining and expanding long-term and stable business relationships in insurance field, and reaping medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	31,387		
Keio Corporation	—	5,862,032	Taiyo Life held the stocks for the purpose of maintaining and expanding long-term and stable business relationships in insurance field, and reaping medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	28,049		
Mitsui Fudosan Co., Ltd.	—	8,096,575	Taiyo Life held the stocks for the purpose of maintaining and expanding long-term and stable business relationships in insurance field, and reaping medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	21,213		
TOKYU CORPORATION	—	9,566,559	Taiyo Life held the stocks for the purpose of maintaining and expanding long-term and stable business relationships in insurance field, and reaping medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	15,229		
OBAYASHI CORPORATION	—	5,486,400	Taiyo Life held the stocks for the purpose of maintaining and expanding long-term and stable business relationships in insurance field, and reaping medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	4,937		
Kurimoto, Ltd.	—	1,209,075	Taiyo Life held the stocks for the purpose of maintaining and expanding long-term and stable business relationships in insurance field, and reaping medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	1,898		
Takasago Thermal Engineering Co., Ltd.	—	678,347	Taiyo Life held the stocks for the purpose of maintaining and expanding long-term and stable business relationships in insurance field, and reaping medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	1,176		

\*Note 1 The subsidiary Sampo Japan Insurance Inc. holds stocks.

\*Note 2 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 2022		Fiscal 2021	
	The number of stocks	Total of balance sheet amount (¥millions)	The number of stocks	Total of balance sheet amount (¥millions)
Unlisted stocks	34	5,949	34	7,219
Stocks other than unlisted stocks	42	367,569	34	224,348

	Fiscal 2022(¥ millions)			
	Total dividends received	Total gains (losses) on sales	Total of valuation gains (losses)	
			Net unrealized gains (losses)	Valuation losses
Unlisted stocks	28	—	(32)	1,027
Stocks other than unlisted stocks	11,104	3,489	113,619	—

### 3. Change in investment purpose during fiscal 2022

#### 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
MITSUI & CO., LTD.	8,160,800	33,589
SHIMADZU CORPORATION	7,411,520	30,683
Keio Corporation	5,862,032	27,229
Mitsui Fudosan Co., Ltd.	8,096,575	20,111
TOKYU CORPORATION	9,566,559	16,856
OBAYASHI CORPORATION	4,389,100	4,446
Kurimoto, Ltd.	1,209,075	2,458
Takasago Thermal Engineering Co., Ltd.	678,347	1,430



## Status of Stock Holdings

### 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	95	11,607
Stocks other than unlisted stocks	44	162,350

(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	1	200	For new purchase as the purpose of social significance by corporation with our customer, SMEs in the future and strengthen customer contacts.
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	3	14
Stocks other than unlisted stocks	9	70,340

## 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, 2023	Year ended March 31, 2022	Holding purposes, summary of business alliance, etc., quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart com- pany holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
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. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	18,856	17,058		
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. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	18,748	18,768		
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. Regarding the effects to hold stocks, 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
	18,283	14,984		
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 in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	18,102	20,080		
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 in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	15,570	16,005		
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 in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	11,673	13,021		
FUJI CORPORATION	3,342,000	4,811,200	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	7,466	10,695		
The Kansai Electric Power Company, Incorporated	3,656,550	3,656,550	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	4,720	4,201		

## Status of Stock Holdings

Stock	Year ended March 31, 2023	Year ended March 31, 2022	Holding purposes, summary of business alliance, etc., quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart com- pany holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
Electric Power Development Co., Ltd. (J-POWER)	1,993,680	1,993,680	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quanti- tatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	4,248	3,484		
OKASAN SECURITIES GROUP INC.	8,660,000	8,660,000	The purpose of holding the stocks is to maintain and expand relationships of cooperation in insurance sales and long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, they have been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	4,078	3,204		
Mitsubishi Pencil Co., Ltd.	2,344,000	2,344,000	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, they have been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	3,811	2,969		
Sekisui House, Ltd.	1,400,000	1,400,000	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, they have been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	3,777	3,319		
Shizuoka Financial Group, Inc.	3,824,000	3,824,000	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, they have been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	3,636	3,300		
KONICA MINOLTA, INC.	4,520,518	9,040,518	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quanti- tatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	2,572	4,664		
Value HR Co.,Ltd.	1,505,600	*	The purpose of holding the stocks is to maintain and strengthen business partnerships to promote health-oriented management of SMEs, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N
	2,378	*		
Tsukishima Kikai Co., Ltd.	2,115,700	2,115,700	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quanti- tatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	2,301	2,291		

## Status of Stock Holdings

Stock	Year ended March 31, 2023	Year ended March 31, 2022	Holding purposes, summary of business alliance, etc., quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart com- pany holds the Company's share Y=Yes/N=No
	The number of shares Balance sheet amount ¥millions			
Keihan Holdings Co., Ltd.	633,800	*	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quanti- tatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	2,189	*		
Strike Co., Ltd.	*	498,000	The purpose of holding the stocks is to maintain and strengthen partnerships in sales fields such as M & A support service, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. Regarding the effects to hold stocks, it's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N
	*	2,348		
Mitsubishi UFJ Financial Group, Inc.	—	64,168,770	Daido Life held the stocks for the purpose of maintaining and expanding long-term and stable business relationships in a wide range of fields such as insurance and asset management, and to reaping medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	N
	—	48,787		
SMC Corporation	—	295,200	Daido Life held the stocks for the purpose of maintaining and expanding long-term and stable business relationships in insurance field, and reap- ing medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	N
	—	20,321		
Kansai Paint Co., Ltd.	—	7,607,000	Daido Life held the stocks for the purpose of maintaining and expanding long-term and stable business relationships in insurance field, and reap- ing medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	N
	—	15,008		
Mitsui Fudosan Co., Ltd.	—	1,000,000	Daido Life held the stocks for the purpose of maintaining and expanding long-term and stable business relationships in insurance field, and reap- ing medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	2,620		

\*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

	Fiscal2022		Fiscal2021	
	The number of stocks	Total of balance sheet amount (¥ millions)	The number of stocks	Total of balance sheet amount (¥ millions)
Unlisted stocks	11	323	11	465
Stocks other than unlisted stocks	46	95,406	69	91,151

	Fiscal 2022 (¥millions)			
	Total dividends received	Total gains (losses) on sales	Total of valuation gains (losses)	
			Net unrealized gains (losses)	Valuation losses
Unlisted stocks	34	—	(1)	81
Stocks other than unlisted stocks	1,012	436	37,909	—

### 3. Change in investment purpose during fiscal 2022

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

Stock	The number of shares	Balance sheet amount ¥millions
Mitsubishi UFJ Financial Group, Inc.	28,823,070	24,439



## Status of Stock Holdings

### 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 2022

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.

# Stock Information

As of March 31, 2023

## 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	209,198

## 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)	84,605	15.43
Custody Bank of Japan, Ltd. (Trust Account)	35,201	6.42
JP MORGAN CHASE BANK 385632	21,138	3.85
SSBTC CLIENT OMNIBUS ACCOUNT	12,643	2.31
STATE STREET BANK WEST CLIENT – TREATY 505234	9,787	1.78
JPMorgan Securities Japan Co., Ltd.	7,791	1.42
GOLDMAN, SACHS & CO. REG	7,222	1.32
JP MORGAN CHASE BANK 385781	6,757	1.23
AIG General Insurance Company, Ltd.	6,000	1.09
STATE STREET BANK AND TRUST COMPANY 505103	5,829	1.06

Note: In addition to the above, the Company holds 40,543 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

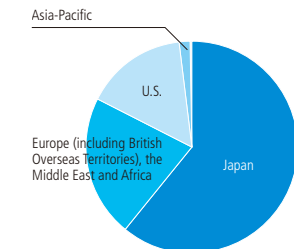
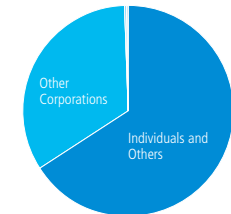
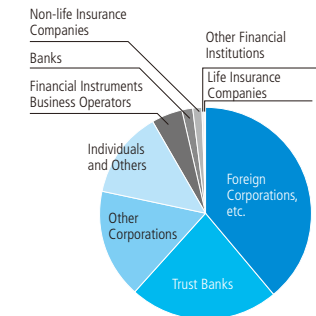
	Shares (Thousands of shares)	%
Foreign Corporations, etc.	229,432	38.95
Trust Banks	135,084	22.93
Other Corporations	97,364	16.53
Individuals and Others	78,243	13.28
Financial Instruments Business Operators	28,078	4.77
Banks	10,863	1.84
Non-life Insurance Companies	7,566	1.28
Other Financial Institutions	1,637	0.28
Life Insurance Companies	727	0.12

### Composition of Shareholders

	Shareholders	%
Individuals and Others	138,185	66.05
Other Corporations	70,192	33.55
Foreign Corporations, etc.	709	0.34
Financial Instruments Business Operators	44	0.02
Trust Banks	18	0.01
Life Insurance Companies	17	0.01
Banks	15	0.01
Other Financial Institutions	14	0.01
Non-life Insurance Companies	2	0.00
Government and Local Public Bodies	2	0.00

### Regional Distribution of Shares Held

	%
Japan	61.05
Europe (including British Overseas Territories), the Middle East and Africa	21.50
U.S.	15.56
Asia-Pacific	1.90
Others	0.00



## Group Companies

The T&D Insurance Group comprised the holding company, 21 consolidated subsidiaries, and 5 affiliated companies.

Centered on the life insurance business, the T&D Insurance Group's operations are outlined below:

### T&D T&D Holdings, Inc.

Major consolidated subsidiaries, and affiliated companies accounted for by the equity method

#### 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 Risk Solutions Co., Ltd. (Insurance brokerage business)
- 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 Investment 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 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.

As of July 31, 2023

\* Significant consolidated subsidiaries and affiliates accounted for by the equity method are listed.

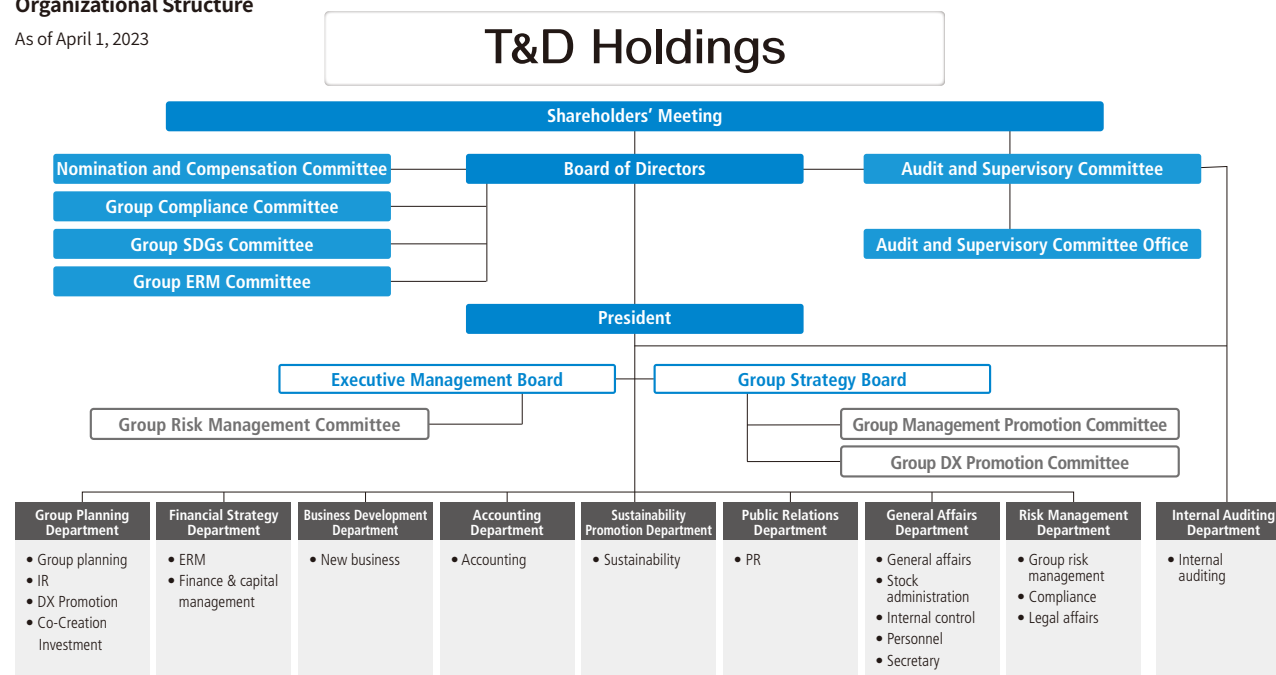
# Corporate Overview

As of March 31, 2023

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	(1) Management control of life insurance subsidiaries under the Insurance Business Act of Japan and other laws and regulations (2) Other business incidental to the business listed in the preceding item (3) Other business that may be conducted by the insurance holding company pursuant to the Insurance Business Act, in addition to the business listed in the preceding two items
Paid-in Capital	207.1 billion yen
Security Code	8795
Stock Exchange Listings	Tokyo Stock Exchange (Prime Market)
Number of Common Stocks Issued	589,000,000 shares
Number of Employees	123

## Organizational Structure

As of April 1, 2023



## Websites

For more detailed information on the contents of this report, please see the Company's websites.

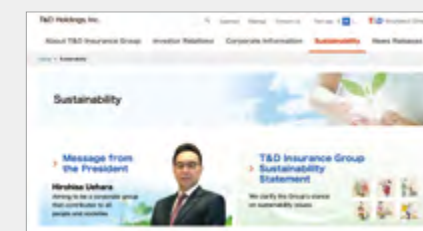
Website of T&D Holdings, Inc.  
<https://www.td-holdings.co.jp/en/>



Investor Relations  
<https://www.td-holdings.co.jp/en/ir/>



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



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