

## Top Message



## Aiming for Maximization of the Group's Corporate Value

My name is Masahiko Moriyama. I became Representative Director and President of T&D Holdings in April 2024. Taking over this heavy responsibility when T&D Holdings has reached the milestone of the 20th anniversary of its establishment and listing is both a great honor and a sobering prospect.

My most important responsibility as the leader of the Group is to maximize the Group's corporate value. The Group's corporate value is the total value of the Group created through all Group companies acting as one single entity. It is a reflection not only of current corporate value but also expectations for the future and growth potential. T&D Holdings aims to maximize the Group's corporate value through management that values "people" as the greatest driving force for realizing its corporate philosophy, defined as "With our 'Try & Discover' motto for creating value, we aim to be a group that contributes to all people and societies."

To achieve this goal, we will constantly practice the "Try & Discover" cycle through various initiatives including expanding the customer base, improving brand strength, diversifying sources of revenue, fostering a sound corporate culture and fulfilling our social responsibility and we will steadily expand the track record (policy results, profits, etc.) built up to date. We will also increase the Group's resilience from a long-term perspective by strengthening "integrated Group management." Through these efforts, we will become a Group that grows in a sustainable manner.

**Masahiko Moriyama**

Representative Director and President

After joining Daido Life in 1989, I worked in sales for around 10 years. I later worked in a wide range of departments gaining experience in HR, underwriting, corporate planning, marketing planning, product planning and information systems, before taking up a post at T&D Holdings in 2022 and becoming involved in work related to the whole Group. As a listed company, T&D Holdings strives to actively communicate with investors in order to be properly evaluated in capital markets. We sometimes receive fairly harsh feedback but, personally, this feedback really spurs me on. I can learn a lot from it and, most of all, I have been able to use all this valuable information as a reference when enhancing the Group's corporate value.

## Valuing people and creating value that is greater than the sum of the parts

In my practice of management, I attach particular importance to "valuing people." All business activities and outcomes cannot be attained without an underlying attitude of valuing people and, also within the T&D Insurance Group, we consider the "human resources" working alongside us as the most valuable, greatest driving force for realization of the Group's management philosophy. Accordingly, we invest broadly in human resources and focus on creating an environment that promotes the active participation of diverse human resources. Respect for others engenders communication, which in turn gives rise to relationships based on mutual trust. Such cooperation and interconnection strengthens organizations, leading to the creation of value that is greater than the sum of the parts. This theory has also been corroborated by past work experiences whereby, in many of the situations I have faced, the relationships of trust between individuals have provided strong impetus to overcome difficulties. One experience that made a particularly deep impression on me is the so-called Valentine's shock\* that occurred in the life insurance industry in February 2019, when I was in charge of

marketing planning and product planning at Daido Life. Due to changes in tax treatments on corporate-owned life insurance, we decided to stop selling various products, including core products, and faced a huge crisis in terms of sales, causing our stock price to plunge temporarily. However, less than six months later, we succeeded in developing a pioneering order-made protection-type product adapted for the revamping of the tax treatments. As a highly competitive product with unique features, this product is now one of Daido Life's leading insurance products. By developing a new product in a short space of time, we were able to provide cover without any interruption and received a great deal of appreciative feedback from customers, agency staff and employees.

In the limited amount of time available, everyone rallied round and, though not always agreeing, trusted each other and worked together towards the same goal. As a result, we were able to quickly produce results in difficult circumstances. This product was developed not solely by the product department in charge. The shortness of the development period and the complexity of the product design meant that the cooperation of many relevant departments was required. I think this was truly a project in which many individuals joined into a single entity on the basis of trust and created value that was more than the sum of the parts. In such situations, I am reminded of the huge potential of people and the power of organizations, and deeply impressed by the outcomes achieved through cooperation in the face of adversity. This is why, as leader of the Group, I am determined to value people above all else both inside and outside the company.

In fact, there is one more belief that is fundamental to my working life. This belief stems from my high school experience of being a member of a strict baseball club that placed importance on the quality of drills. It is the idea that the right kind of effort is needed to produce results and the idea of staying positive when things get tough. I think that making an effort is noble. That said, the wrong kind of effort will not produce results. If we look back at the

process and results, we see that it is precisely steady repetition of basic drills and efforts based on a clear understanding of the point and aim of each drill that leads to results. And staying calm even when things get tough creates a positive atmosphere and motivates others. This is something I came to understand more tangibly as I gained more experience at work.

\* In February 2019, all Japanese life insurance companies stopped selling corporate life insurance products following notification from the National Tax Agency of a review of amendments to the Corporate Tax Basic Notice. (The amended notice was released at the end of June 2019.)

## T&D Insurance Group's value creation

### Fulfilling the responsibilities entrusted to us by constantly referring back to our corporate philosophy

I believe that a corporate philosophy is the final point of reference for day-to-day actions and business activities and should always be referred back to. The Group's corporate philosophy defined by T&D Holdings is "With our 'Try & Discover' motto for creating value, we aim to be a group that contributes to all people and societies." The first part "With our 'Try & Discover' motto for creating value" shows our spirit. The second part "we aim to be a group that contributes to all people and societies" shows the nature of the company as a public institution of society. Nowadays, these values would surely be interpreted as connected to contributing to the realization of a sustainable society. It is truly amazing that these values have existed within our Group as universal values since the establishment of T&D Holdings 20 years ago.

Since we believe that expanding profit in a healthy manner through the realization of this corporate philosophy is in itself fulfilment of the responsibilities entrusted to us by our stakeholders, we will share this philosophy across the Group and sincerely commit to it.

To Be a Group That Moves as One →P3

### Creating value by resolving social issues

The insurance business we are involved in is highly public

in nature, and we have divided the insurance market into segments and created value by resolving social issues in specialized markets.

For example, Taiyo Life is working to resolve issues in the seniors market such as extending healthy life expectancy and supplementing social security. Daido Life provides the business owners of SMEs, who are now working longer due to the aging of society, with disease and disability income protection products and helps them prepare to transfer the business through the use of life insurance products, and it also promotes health and productivity management at SMEs through health promotion-type insurance products. Meanwhile, T&D Financial Life provides asset formation products to meet the increasingly diverse needs of the senior population, including preparing for post-retirement expenditures and protecting bereaved families. These are just some examples, but the scope for value creation in the insurance business is huge, and we intend to resolve social issues through our core business activities and provide value to society.

We are also tackling social issues in business domains related to insurance. For instance, Taiyo Life offers a service that supports the prevention of dementia. In 2020, Taiyo Life also founded the Taiyo Life Aging Society Institute. The Institute conducts research in collaboration with academic institutions to resolve social issues including tackling the falling birthrate and extending healthy life expectancy. Its research findings are used to inform the development of insurance products and services. Similarly, in conjunction with insurance, Daido Life provides an app for SMEs that supports employees' health maintenance and healthy behaviors to help SMEs implement health and productivity management. In addition to such services, it also provides a business owner community for business succession issues and has built an ecosystem (*Dodai?*) where business owners can solve their issues together. Through such initiatives, the Group is mitigating the economic and social risks faced by customers and promoting health. By continuing to provide value that helps resolve a wide range of

social issues, not only in the insurance business but also in related business domains, we will help each company expand its customer base and enhance its brand value.

T&D's Trajectory of Value Creation →P5 Aiming to Enhance Intellectual Capital →P23

Provision of Products and Services →P30

## Issues to be addressed for achievement of the Group Long-Term Vision and further growth

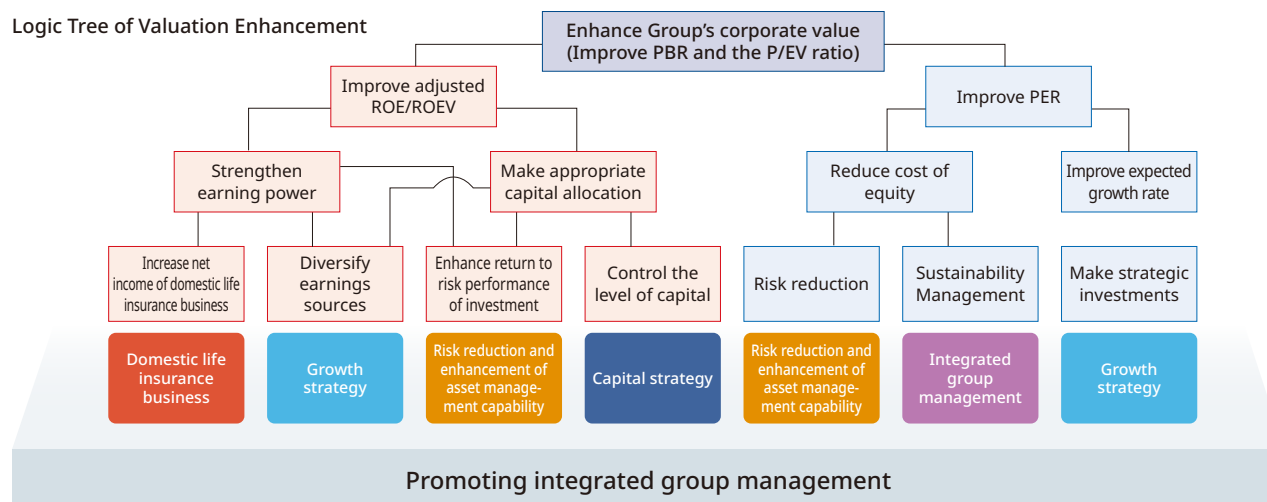
The Group Long-Term Vision "Try & Discover 2025" has less than 2 years left to run, and I believe we must definitely achieve the Group adjusted profit target of 130 billion yen and put ourselves on track for profit growth under the next long-term vision. Looking first at policy results, which are the source of profit, recently, new policy sales results have increased thanks to our highly competitive strong business models in the life insurance business. The steady build-up of in-force policies will lead to expansion in insurance earnings that are less likely to be affected by economic conditions, which will, in turn, help stabilize profit in the medium and long term.

We are also taking action on the asset management front.

These past few years, in our overseas investments, foreign currency hedging costs have increased due to the widening differential between domestic and foreign interest rates, especially sharply rising U.S. interest rates, putting much stronger downward pressure on earnings. We have, therefore, sought to reduce hedged foreign bonds and shift the focus towards yen-denominated bonds. This action can be expected to pay off in the form of higher positive spread. In addition, we seek to improve our asset management portfolio as well as return on risk by upgrading management through Groupwide collaboration as the T&D asset management platform, strengthening cooperation with external asset management companies, and reducing equity from the perspective of decreasing market risk. Given that we can expect to record capital gains to some extent in the process of reducing market risk, I believe we have an even better chance of achieving the Group adjusted profit target of 130 billion yen.

Our most important task under the Group Long-Term Vision is improvement of capital efficiency and I believe that, together with expansion of profit, the reduction of risk and effective utilization of capital through this are crucial.

### Logic Tree of Valuation Enhancement





Over the coming two years, we plan to reduce market risks, specifically equity risk and interest rate risk, but at the same time we will strive to improve capital efficiency by allocating the released capital to growth investment and shareholder returns. Moreover, by increasing the stability of profit through the reduction of market risks, we will limit stock price synchronicity and try to reduce our cost of shareholders' capital. We estimate that our cost of shareholders' capital is in the range 6-10% and recognize that it is roughly around 8%. Against this, our ROE has improved to the 8% level, which means that to achieve further expansion in the equity spread, we need to realize further improvement in ROE and reduction in our cost of shareholders' capital.

As for our stock price, our PBR is also improving as a result of initiatives under the current Long-Term Vision; however, we also consider economic value as an insurance company to be an important indicator. Now, embedded value (EV) is gradually expanding, and a very large component of the EV of T&D Holdings is the value of in-force business. The expansion of EV shows that policies in force are expanding because our top line is steadily growing. It is value that will be realized as profit from such policies in force in the long run, which means that profit can be expected to be stable in the future. That said, our P/EV ratio is around 0.3x, far below the 0.5x target for FY2025 set out in the Group Long-Term Vision. This fills me with a sense of crisis and, as the leader of a listed Group, I feel the need to increase the sense of urgency in our management. At the IR Meeting in May 2024, I presented a logic tree for enhancing corporate value. By speedily and steadily implementing measures to realize each element of the logic tree, we will address the issues of improving capital efficiency and reducing cost of shareholders' capital and achieve improvement in the Group's corporate value.

Message from the Head of Finance →P13 Asset Management Business →P53

### Diversifying revenue sources

I recognize that, in addition to the stable growth of the domestic life insurance business, further growth strategies

to drive growth are necessary to achieve the next level of profit required for the next Long-Term Vision. Also from the viewpoint of improving capital efficiency and generating expectations for growth, making investment in growth, including diversifying revenue sources, is important. In the domestic life insurance market, which is our main focus, new policy sales results are growing and we expect there will still be room for growth in the future. However, when we think about 10 or 20 years from now, we have to start taking firm action now in response to the megatrends in Japan, specifically the falling birth rate and the aging and shrinking population. Moreover, with the changes in the external environment such as digitalization, mounting geopolitical risk and climate change also accelerating, various issues are expected to arise in the future.

We must, therefore, use capital effectively and move beyond the domestic life insurance industry to make growth investments in new business areas and overseas markets. One such initiative is the implementation of global investments in growth areas, focusing on the closed book business. In the closed book business, we will continue to pursue investment opportunities that contribute to the expansion of our investment portfolio and the diversification of risks in terms of business models, regions and other factors. Going forward, we will broaden the scope of our investments to include investment aimed at creating value by resolving new issues. The measures adopted to achieve this goal include efforts in the non-insurance business domains. In 2022, we established All Right, a company which uses digital tools to gain an understanding of the needs and problems of more specific customers in more specific markets and develops and provides trial products and services to resolve such problems. We intend to create a new market by solidifying this business as much as possible. Through these investments in new domains and overseas territories, we will become a Group that grows in a sustainable manner over the medium to long term.

Closed Book Business →P52 New Sector →P55

## Maximizing group synergy

Another thing we have to do from a longer term perspective is to use AI to make up for labor force shortages caused by population decline and to increase the resilience of platforms to enable this. We currently have seven direct subsidiaries and we draw up strategies to ensure that each company will grow in its specialized market whilst at the same time respecting each company's independence. However, there is still a great deal of scope for synergy between Group companies. One of the biggest jobs I want to do whilst in post is to standardize administrative processes and information systems. Investors and analysts have often pointed out that, since the management integration of the Group's various companies under a holding company system, each company is still very independent and not much synergy has been generated. In other words, there is concern over how we will optimize people, assets and capital as a group and how this will be realized under the leadership of T&D Holdings. However, I think that, regarding capital, the strengthening of capital management has gone quite well over the past three years of the Group Long-Term Vision.

Meanwhile, on the "people" front, I think the fact that the Group's 20,000 employees do not have the opportunity to work across all the Group's business fields is the biggest issue we need to address and this is something we need to change. In terms of "assets," one of the main reasons Group companies use different information systems and platforms is that their administrative processes are completely different, and if we could standardize these processes, we could rationalize and increase the efficiency of both system development costs and organizations. This would also increase the flexibility of assignments and transfers of "people" within the Group and allow us to broaden career opportunities for Group employees. Over the coming year, I plan to conduct a detailed review in preparation for realizing such standardization. I believe that, with population decline accelerating, this is something we have to do now in order to increase the resilience of the Group and build an

efficient, highly productive organization/group.

The logic tree I mentioned earlier shows that the promotion of sustainability management is necessary to reduce the cost of shareholders' capital. This includes people-related initiatives such as developing human resources more efficiently and changing skill sets in response to major changes in the external environment. We created the logic tree out of a desire to live up to stakeholders' expectations in the long-term and with the intention of being the kind of group that will be able to continue growing 10, 20 years from now. At the base of the tree is "integrated Group management." This is the foundation for everything.

Human Capital →P25 Sustainability Management →P 42

### Strengthening communication through the "Group IR" initiative

In 2022, we launched the "Group IR" initiative. Our management team, including myself and then President Uehara, travelled around Japan holding small meetings with around 10 participants each time, talking with around 1,000 employees over the course of a year. What struck me at the time was the difference between generations in terms of attitudes towards the standardization of the Group's administrative processes and information systems. While younger employees recognized standardization as achievable, more senior employees said, based on previous bitter experiences of working hard on projects which ultimately failed, that it would be "extremely difficult." However, there were some

senior employees who had listened with interest to the young employees saying "it might be achievable with a different approach." As I witnessed this, I once again felt the importance of opportunities for candid communication between management and Group employees.

Ultimately, we will not be able to proceed with the difficult business we are trying to implement unless we have the full backing of all employees. This is another reason why I intend to continue communicating and having a frank exchange of views with people with different standpoints going forward.

Strengthening IR Activities within the Group →P 80

### Introduction of stock compensation plan

In June 2024, we introduced a stock compensation plan for all employees. When I myself worked as an employee at an operating company, I was not really aware of the stock price of T&D Holdings. However, when employees themselves become shareholders and get a more tangible sense of improvement in corporate value, then the interests of employees are aligned with those of shareholders and investors. The psychology of human beings is such that an incentive is more motivating if it is tangible and so both awareness raising and mechanisms are necessary. We have held internal briefings to clarify the purpose of introduction and are working to increase the motivation of all employees.

Accelerating integrated Group management →P 27

### In conclusion

In April 2024, we carried out major restructuring to promote integrated Group management. With respect to personnel matters and information systems, which hold the key to integrated Group management, we established the Group Human Capital Improvement Committee and the Group System and DX Promotion Committee under the Group Strategy Board, to discuss integrated strategies as part of the Group's overall strategy. At the same time, we reorganized the General Affairs Department of T&D

Holdings into the Human Resources & General Affairs Department in order to implement measures and operate in an integrated manner, and also established the System Management Department. In addition, we consolidated the internal audit function within T&D Holdings to conduct audit operations in a unified manner across the Group. We also upgraded our IR business unit into an Investor Relations Department in light of the importance of dialogue with the market and IR that is aligned with management strategy. These initiatives clearly convey through restructuring the intentions of the new management team. To promote Group unity, we must convey management's intentions and aims in such a way that employees "get" them and, for this, communication will, of course, be key.

My most important responsibility as the leader of the Group is to maximize the Group's corporate value; however, I am also aware of the importance of dialogue with investors and other stakeholders, and I intend to take advantage of various opportunities to do this.

T&D Holdings tends to be regarded as conservative, partly because we have insurance companies with long histories. However, throughout our history of more than 100 years, we have continued to grow by constantly practicing the Try & Discover cycle, for example, developing various pioneering insurance products, specializing in the corporate insurance market, and being the first Japanese life insurance company to become a stock company and list our stock.

By passing on this Try & Discover DNA, we will gain a firmer foothold, and when we are ready, we will advance boldly and bravely forward with determination toward a new phase. I am often told that we are too serious and sober as a group but only the right kind of efforts bear fruit. I want everyone in the Group to work together and make the right kind of efforts that will lead to growth.



# Value Creation Process

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

## Input

### Financial capital

- Equity
- MCEV

### Intellectual capital

- Knowhow used in business model →P.23

### Human capital

- Number of Group employees: 20,408
- Diverse human resources

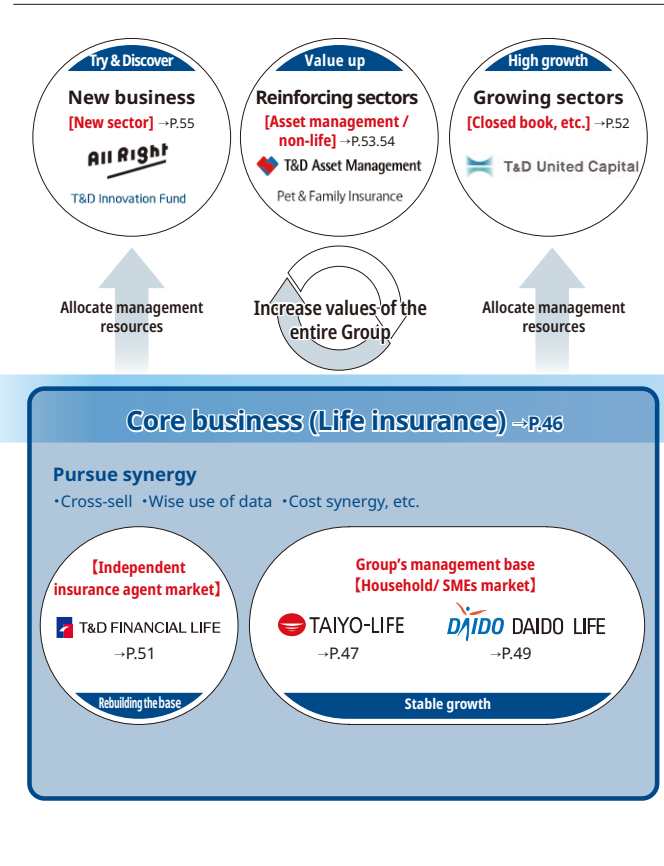
### Social and relationship capital

- Taiyo Life  
Number of policies in force: Approximately 7,799,000
- Daido Life  
Number of enrolled companies: Approximately 364,000
- TDF  
Number of policies in force: Approximately 541,000
- Number of agents:  
Daido Life: 15,679 sales agents

TDF: 192 partner agents

\* As of March 31, 2024

## Business Portfolio



## Output

### Business investment

- Closed book business

### Insurance product

- Life insurance (mainly third sector insurance such as medical and nursing care products)

TAIYO-LIFE

- Insurance for business owners (term life insurance, disability benefit insurance, etc.)

DAIDO DAIDO LIFE

- Asset formation products

T&D FINANCIAL LIFE

- Pet insurance  
Pet & Family Insurance

## Outcome

### Financial capital →P.13

- TSR

### Intellectual capital →P.23

- Innovative products
- Track record of business investment
- Asset management knowhow and track record

### Human capital →P.25

- Employee engagement score: 3.81
- Total amount spent on development and training of human resources: 601 million yen
- Training hours per employee: 146.0 hours
- Ratio of female managers: 23.1%

### Social and relationship capital →P.30

- Customer satisfaction level
- Number of cases using *Kaketsuke Tai* service: Approximately 26,000
- Number of *Dodai?* members: Approximately 64,000
- Amount of claims and benefits paid: Approximately 804.7 billion yen
- Amount of CVC investment: Approximately 1.8 billion yen
- Amount of ESG investment and financing: Approximately 960 billion yen

### Natural capital →P.35

- CO<sub>2</sub> emission (Scope 1+2) reduction rate 41.2% (Compared to FY2013)
- CO<sub>2</sub> emission reduction rate of investees and borrowers 49.2% (Compared to FY2020)
- Renewable energy introduction rate: 21.3%

## Impact

### Customers

- Mitigation of economic and social risks of customers
- Promotion of health of customers
- Mutual growth of agents/business partners and T&D

### Employees

- Well-being of employees
- Diversity and Inclusion

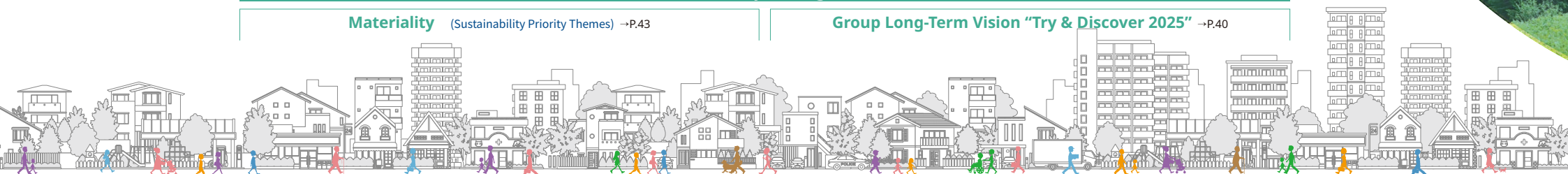
### Environment

- Biodiversity conservation
- Improvement of sustainability of natural capital
- Sustainable growth of investees and borrowers

## Sustainability management

### Materiality (Sustainability Priority Themes) →P.43

### Group Long-Term Vision "Try & Discover 2025" →P.40



## Business Portfolio

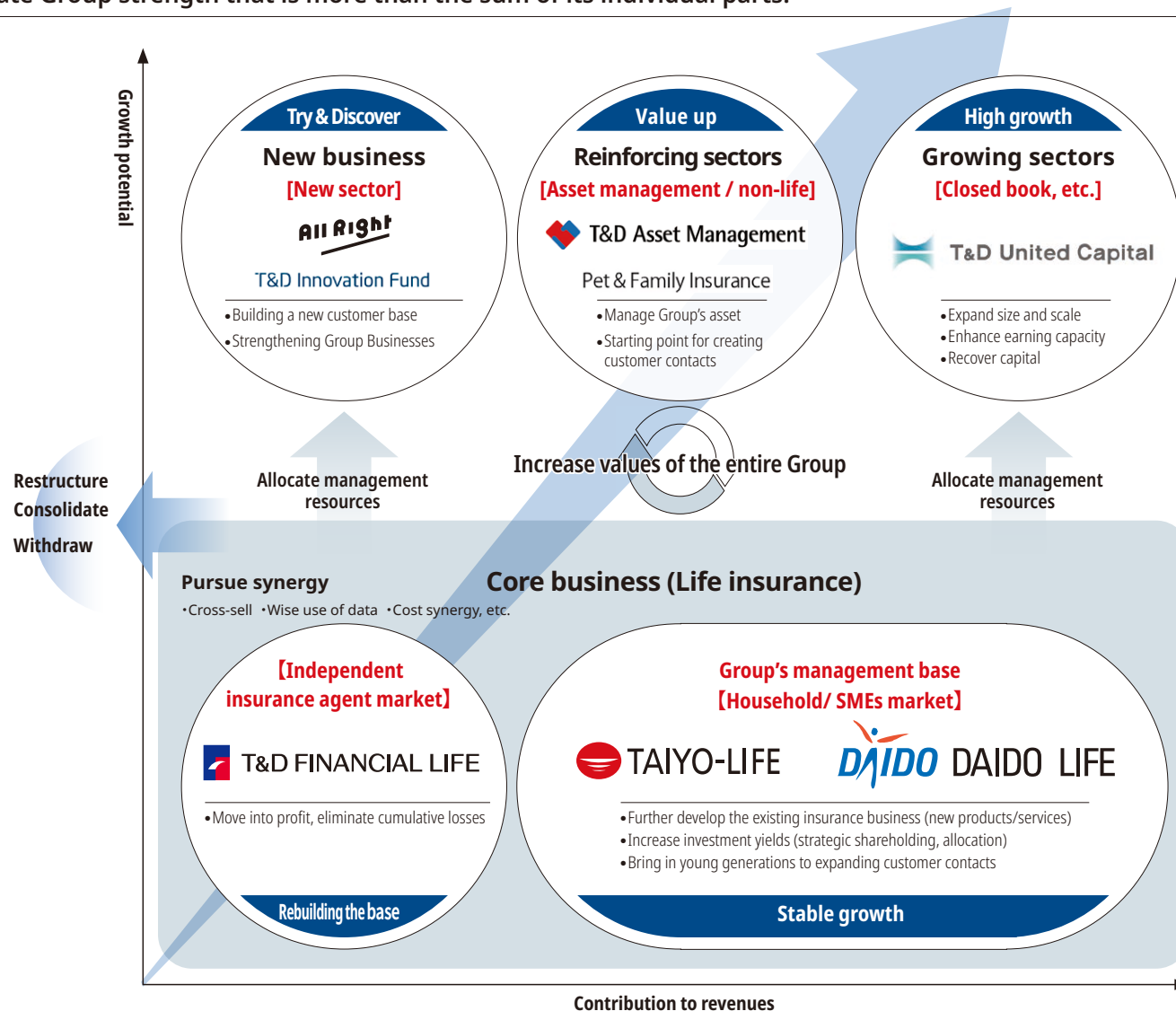
While each operating company performs to its full potential as a unique and specialized business unit, T&D Holdings pursues overall optimization and conducts Group management to demonstrate Group strength that is more than the sum of its individual parts.

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 2022, is working on the creation of new customer contact points using digital tools.





# Financial Capital

## Message from the Head of Finance

### Strive for balance between growth investment and shareholder returns

— To promote the Group's long-term vision and improve capital efficiency.—

Director and Senior  
Managing Executive Officer

**Hotaka Nagai**



#### Outcomes of Financial Capital

• TSR

## Review

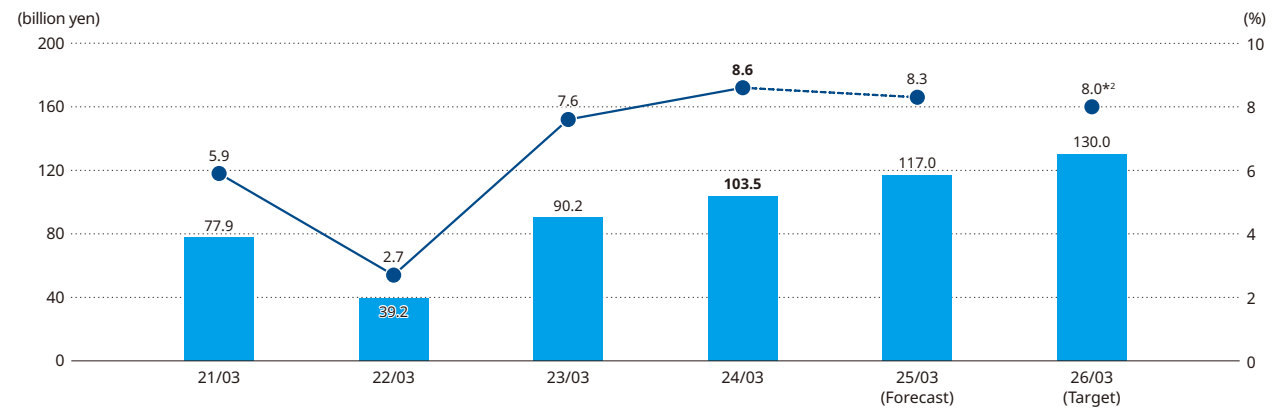
Three years have passed since we formulated the Group Long-Term Vision in 2021. Looking back on measures taken during that time, first, we invested an additional 64 billion yen approximately in U.S. reinsurance company Fortitude as a growth investment. We also reduced risk by around 100 billion yen by promoting use of reinsurance, reduction of interest rate risk through the purchase of super long-term bonds, reduction of foreign currency denominated bonds, and reduction of strategic shareholdings as measures to reduce risk and improve capital efficiency. In addition, our total shareholder returns for

the three-year period exceeded 250 billion yen and our total payout ratio was over 100%.

Adjusted ROE rose from 5.9% to 8.6%, exceeding the 8.0% target under the Group Long-Term Vision.

In FY2023, Group adjusted profit amounted to 103.5 billion yen, mainly due to enhancement of asset management capabilities through improvement of the asset management portfolio, which offset headwinds such as a sharp increase in currency hedging costs due to the widening differential between domestic and overseas interest rates. This represents an increase of more than 30% in the space of three years, from

## Trend in Group adjusted profit and adjusted ROE



\*1 Adjusted ROE for FY2024 is calculated using net assets as of March 31, 2024 as the denominator.

\*2 Figures as of the announcement of the Group Long-Term Vision (May 2021)



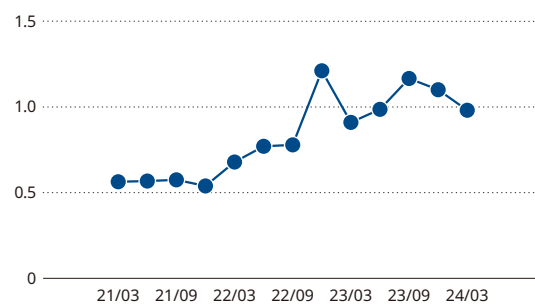
## Financial Capital

### Message from the Head of Finance

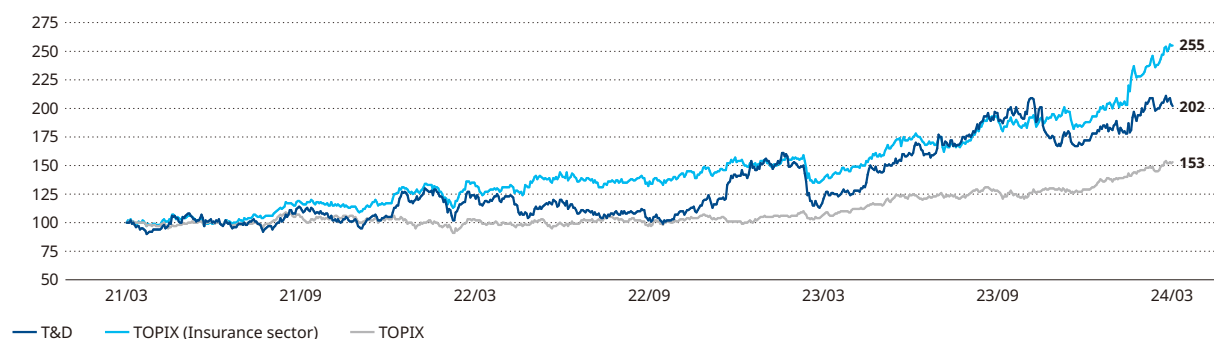
77.9 billion yen in FY2020 before formulation of the Group Long-Term Vision, as well as steady progress towards the final fiscal year target for Group adjusted profit under the Group Long-Term Vision of 130 billion yen.

Our share price has also remained firm on the back of enhanced capital efficiency, and our PBR has also recovered to around 1x. However, if we look at valuation on an economic value basis, which is important for us, our P/EV ratio is only about 0.3x and is still far away from our current target of 0.5x.

### Trend in PBR

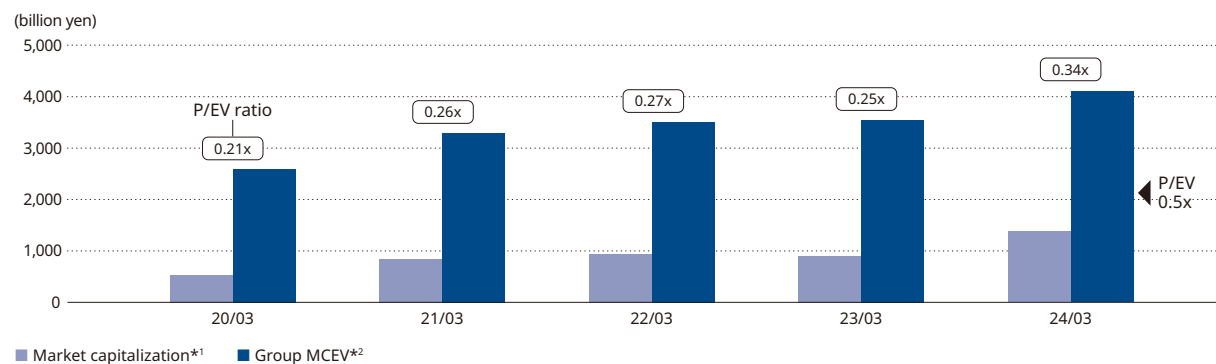


### Trend in TSR



\* Total Shareholder Return (TSR): (Profitability calculated pre tax and assumes that all dividends are reinvested.) End of March 2021 set as 100.  
(Source) Bloomberg

### Trend in P/EV ratio



\*1 Excluding treasury shares

\*2 Excluding valuation gains/losses, etc. related to Fortitude

## Financial Capital

### Message from the Head of Finance

#### ■ Reduction of risk and reduction of cost of shareholder's capital

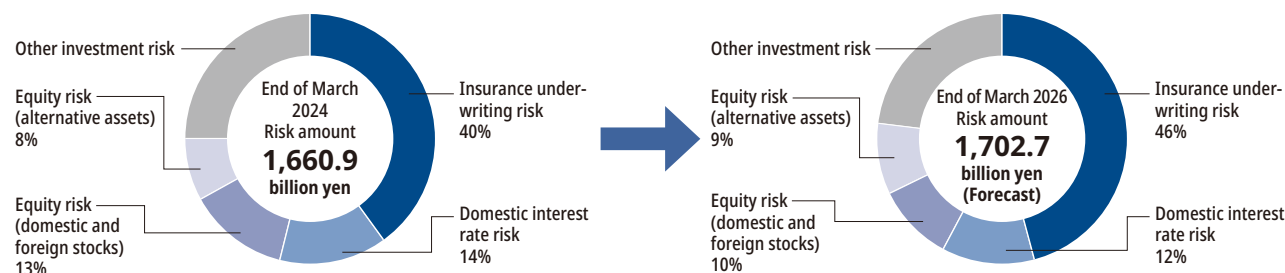
To increase the P/EV ratio, we need to implement initiatives to reduce the cost of shareholder's capital, in addition to improving adjusted ROE and ROEV, which are indicators of capital efficiency.

Based on CAPM and earnings yield, we estimate our cost of shareholder's capital to be in the 6-10% range and recognize that the cost of shareholder's capital is currently approximately 8%; however, over the period of the Group Long-Term Vision, we aim to reduce this to 7%.

To lower the cost of shareholder's capital to 7%, reduction of the volatility of financial accounting profit is essential. To do this, we need to further reduce asset management risk, which is greatly impacted by market factors.

Our plan over the coming two years is to reduce domestic and foreign stock risk by around 20% and to reduce domestic

#### Breakdown of risk



\* Total risk amount includes variance effect. Ratios are calculated excluding other risks such as operational risk.

interest rate risk by around 15%.

Through this, we will increase profit stability and seek to further reduce the cost of shareholder's capital.

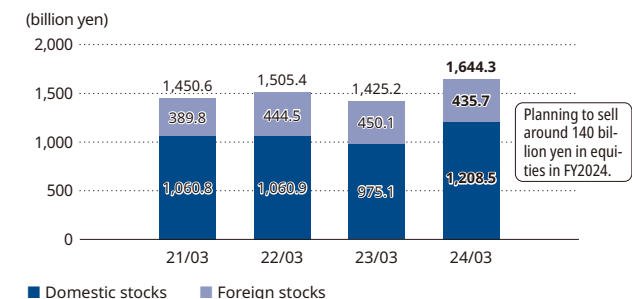
#### ■ Reduction of equity risk

With a view to reducing equity risk, we have sold around 350 billion yen of domestic and foreign stocks over the past three years and, in FY2024, we plan to sell around a further 140 billion yen of stocks, including strategic shareholdings.

As of March 31, 2021, our strategic shareholdings amounted to around 500 billion yen and accounted for around 34% of net assets; however, as of March 31, 2024, the balance was reduced to around 240 billion yen and the ratio of strategic shareholdings to net assets was also down to 17%.

Our policy is to continue reducing our strategic shareholdings, aiming to unwind them completely by March 31, 2031, with the exception of business partnerships and collaborations that are important for management strategies.

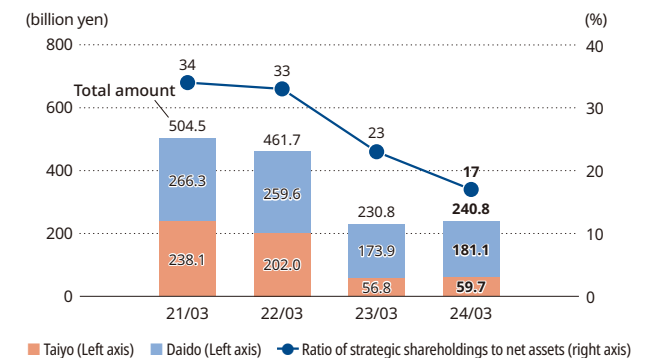
#### Trend in balances of domestic and foreign stocks



#### Factors for increase/decrease (March 31, 2021 to March 31, 2024)

- Reduction due to sale: Decrease of around 350 billion yen
- Market fluctuation: Increase of around 540 billion yen

#### Trend in balance of strategic shareholdings



\* Figures for FY2020 are reflected of retrospective accounting treatments in connection with the group restructuring in Fortitude announced on October 1, 2021.

## Financial Capital

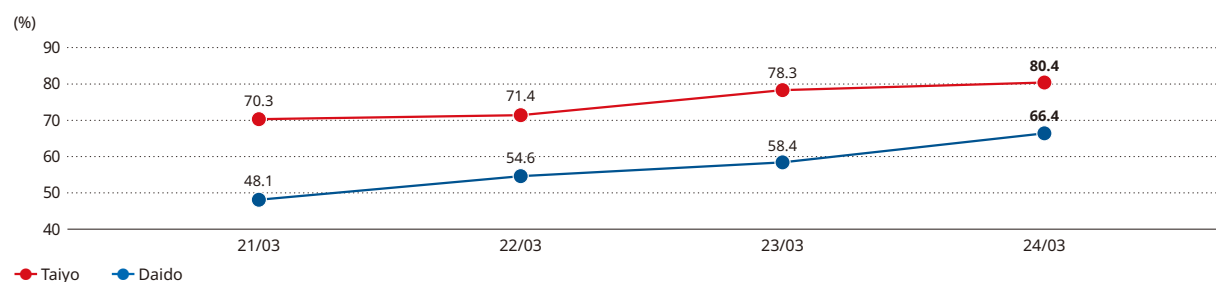
### Message from the Head of Finance

#### ■ Reduction of domestic interest rate risk

The Group Long-Term Vision sets out a policy of systematically reducing interest rate risk through measures such as the purchase of super long-term bonds, and lowering Daido Life's interest rate matching ratio to the 60-70% range. As of March 31, 2024, Daido Life's interest rate matching ratio had risen to 66.4%, and we are making good progress with the reduction of domestic interest rate risk. (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)).

In addition, we are promoting cash flow matching for assets and liabilities through the replacement of bonds during periods of rising interest rates to reduce yield curve risk. Through the promotion of ALM, we will reduce interest rate risk and strive to reduce the cost of shareholder's capital by ensuring stable returns.

#### Trends of interest matching ratio

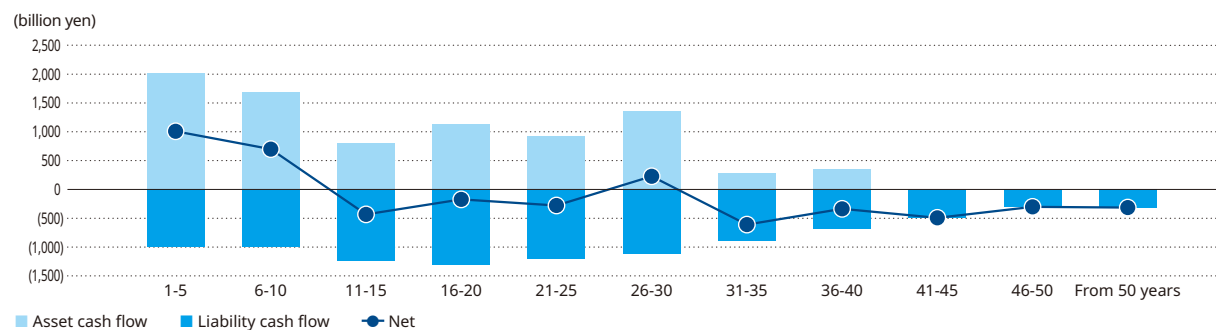


[Reference] Duration of assets and liabilities (as of March 31, 2024)

	Assets	Liabilities		Assets	Liabilities
Taiyo	10.5 years	11.3 years	Daido	14.7 years	26.1 years

\* UFR was changed from March 31, 2023 (3.8% to 2.9% for UFR, 31 years to 41 years for extrapolation year).

#### Asset and liability cash flows (The figures are total of Taiyo Life and Daido Life.)



\* As of March 31, 2024

## Financial Capital

### Message from the Head of Finance

#### ■ Growth investment and shareholder returns

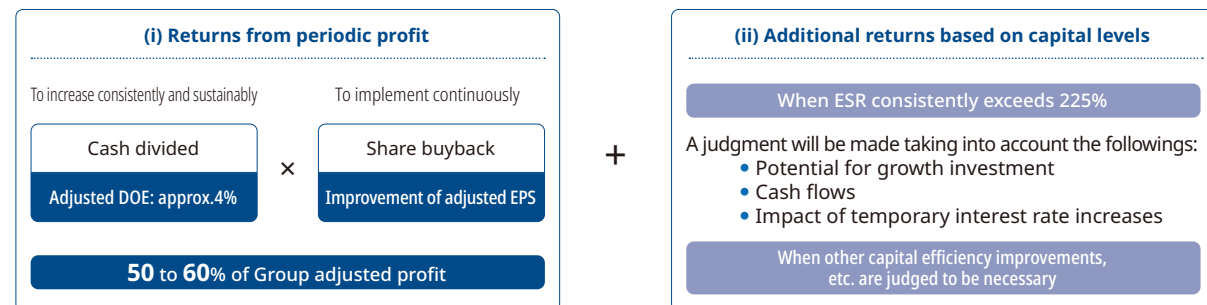
We aim to increase earnings and improve capital efficiency through aggressive growth investments, taking advantage of our financial soundness. In addition to the closed book business, which is positioned as a growing sector, we are considering investments that will help strengthen the insurance business, and investments in businesses that have an affinity with the insurance business and new sectors.

We have adopted (i) returns from periodic profit and (ii) additional returns based on capital levels as our shareholder returns policy.

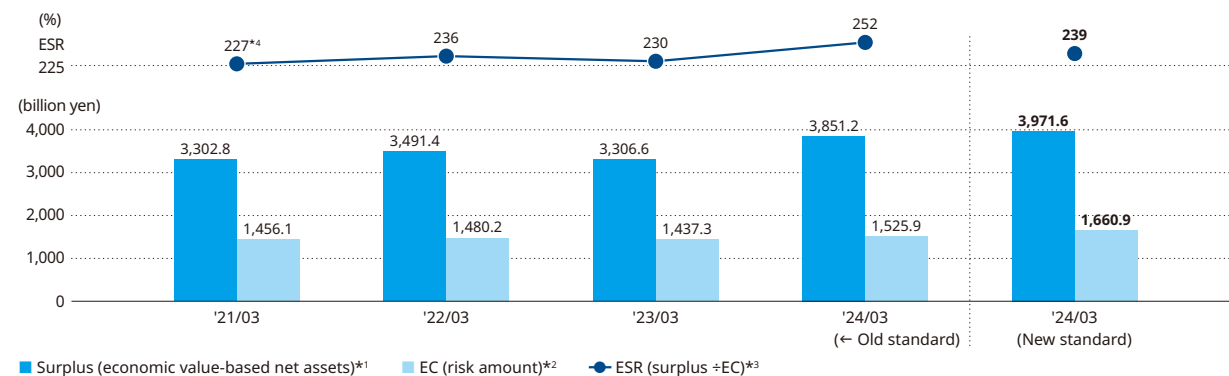
Our policy on (i) returns from periodic profit is to increase cash dividends consistently and sustainably and to implement share buybacks continuously to return 50 to 60% of Group adjusted profit. Our policy on (ii) additional returns based on capital levels is that we will make additional returns when ESR\* exceeds 225%, taking into account factors such as potential for growth investment and cash flows.

\* For details of ESR, see page 96.

#### Shareholder returns policy



#### Trend in ESR



\*1 The cost of capital rate used for risk margin is 5% (old standard) (new standard is 3%).

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

\*3 From March 31, 2023, the extrapolation method for domestic interest rates was changed.

(UFR: 3.8% to 2.9%, extrapolation year: 31 years to 41 years, convergence year: 60 years to 70 years)

\*4 Figures shown here are reflected of retrospective accounting treatments in connection with the group restructuring in Fortitude announced on October 1, 2021.



## Financial Capital

### Message from the Head of Finance

In accordance with our shareholder returns policy, we have increased our cash dividends for nine consecutive fiscal years and have conducted share buybacks of between 40 billion yen and 60 billion yen every year since FY2021. Our total payout ratio for last three years is over 100%. Going forward, we will continue actively returning profits to shareholders on the back of profit growth and financial soundness.

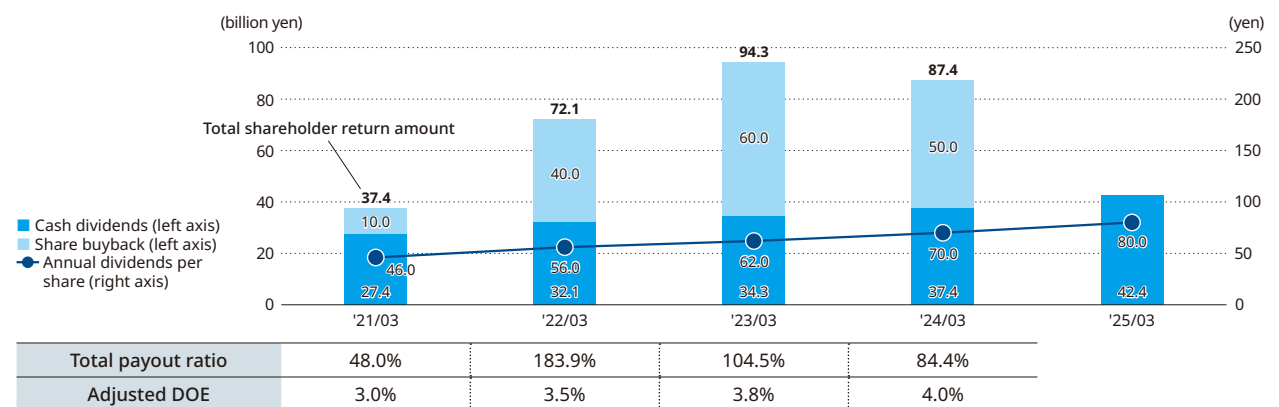
#### In closing

The BOJ has ended its negative interest rate policy and Japan is returning to “a world with interest rates.” We believe that rising interest rates are positive for the life insurance business, with potential for expansion in asset management earnings through rising reinvestment yields as well as the provision of attractive products especially saving products with higher assumed investment yields.

However, there are also more risks to consider than before, for example, increased risk of unrealized losses on bonds and surrenders for certain products.

By responding in a timely and appropriate manner to market fluctuations and changes in the environment, we will continue working to lower the cost of shareholder's capital and improve capital efficiency and achieve enhancement of our corporate value. We hope that we can rely on your continued support going forward.

### Trend in shareholder returns



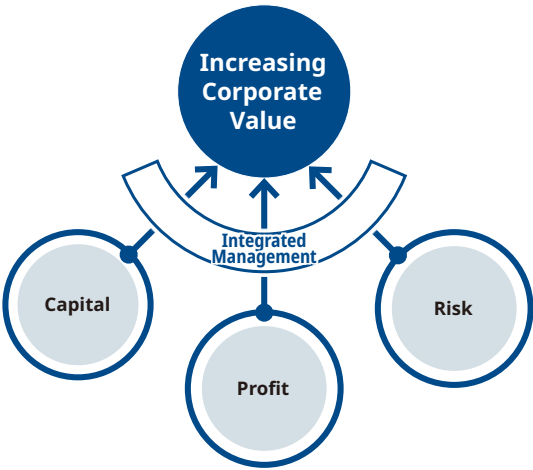
\* The amount of cash dividends for FY2024 is calculated using the number of shares as of March 31, 2024.

Financial Capital

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, the T&D Insurance Group monitors ROR (Return on Risk) by risk category and reflects these monitoring results in its risk-taking policy and other measures. Our policy is to expand categories with high ROR such as insurance underwriting and business investment while at the same time promoting reduction of risks such as interest rate risk and strategic shareholdings, aiming to increase the ROR of the Group as a whole and improve capital efficiency.

Group Risk Appetite

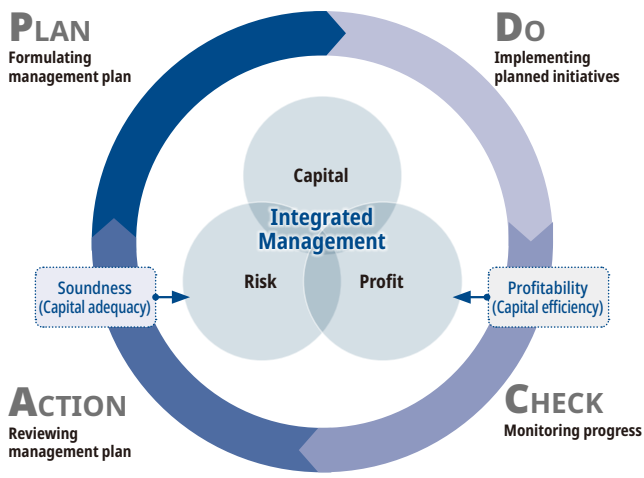
Soundness	Required level of ESR	At least 133%
	Adjusted ROE	At least 8.0% in the medium- to long-term
	ROEV	At least 7.5% in the medium- to long-term
	Core ROEV	At least 5.0% in the medium- to long-term
Profitability		

\* 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)

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.



## Financial Capital

### 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.

### ■ 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.

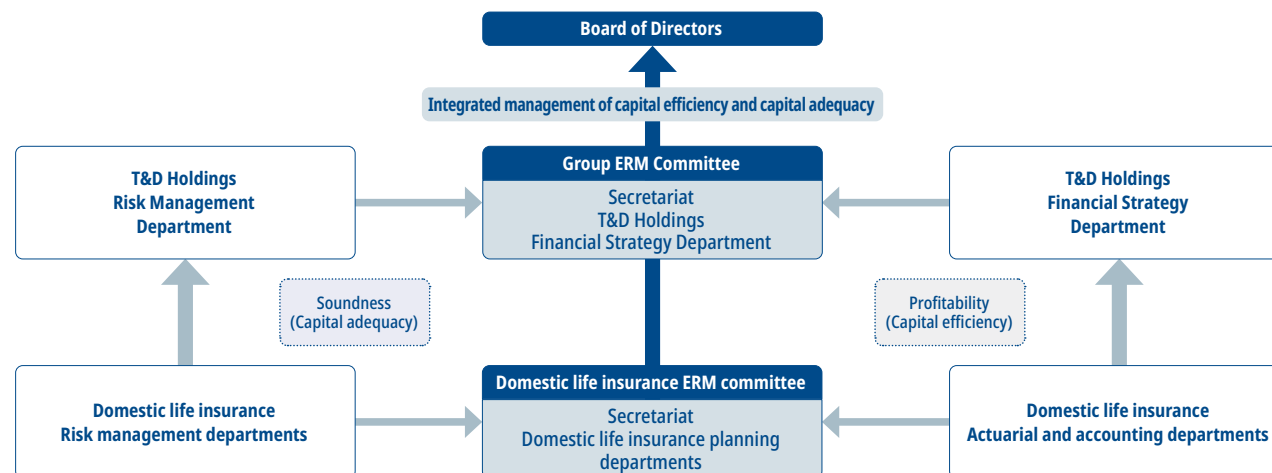
T&D Holdings has established a Group Risk Management Committee and manages risks within the Group. The Committee receives reports, regularly and as required, on risks assessed using uniform economic value-based risk management indicators, from the directly owned subsidiaries, in order to identify and manage the various types of risks faced by the Group companies. T&D Holdings reports on these risks to the Board of Directors and provides guidance and advice to the directly owned subsidiaries as necessary, thereby ensuring that proper risk control is implemented at each company and strengthening the risk management system for the entire Group.

### Risk awareness and assessment (risk profiles)

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



## Financial Capital

### 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.



## Financial Capital

### 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.

#### 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 quantified risks (economic capital, or EC) as follows. 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.

\* For details of trend in ESR, see page 17.

### 3. Stress test implementation

We strive to keep track of a wide range of risks to make sure we can also handle risks not fully grasped by quantification while also controlling quantified risks. We run stress tests to check the impacts of widely identified risks and of severe shocks that exceed expectations, such as major worsening of financial markets or large-scale disasters. We analyze the results of stress tests and check our countermeasures, etc. in advance, and we build a framework that can maintain our soundness in all kinds of situations.

### Cyber security initiatives

The Group recognizes that one of the important tasks of management is properly protecting and managing information assets in compliance with laws and regulations. This specifically involves protecting information assets from increasingly sophisticated cyber threats. To fulfill our social responsibilities

as a company engaged in life insurance business and other businesses, we have formulated our Group Information Security Policy and Rules on the Group's Cyber Security Management and made engagement in cyber security mandatory for all executives and employees. Cyber attacks, etc. have the potential to stop systems and impede our operations and to cause leakage of important information.

In particular, in order to provide even safer services to customers, we utilize security tools to conduct round-the-clock monitoring of cyber threats that target financial institutions, as these threats have become more frequent and increasingly sophisticated in recent years. 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 (Information Security Management Regulations and Information Security Handbook) to strengthen our practical responsiveness.

Along with conducting multi-layered security measures (entrance, exit, and internal), we regularly receive diagnostic security evaluations from independent institutions and promptly implement the necessary measures. In addition, we bring in outside experts to educate group management on the latest trends in cyber security, and we are working to raise awareness of cyber security risks. Executives and employees also receive training (including group training and e-learning) 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.

(billion yen)				New standard*3
	As of March 31, 2023	As of March 31, 2024	Change	As of March 31, 2024
Insurance risk (domestic)	911.9	1,005.5	+93.6	1,102.7
Counterparty risk	8.4	5.2	(3.1)	5.2
Investment risk	1,421.7	1,493.2	+71.5	1,628.5
Operational risk	99.8	98.0	(1.8)	98.0
Insurance risk (overseas) *1	11.5	11.3	(0.1)	11.3
Subsidiaries and affiliates risk	29.0	28.9	(0.1)	29.3
Investment/insurance diversification effect, etc.	(468.2)	(504.4)	(36.2)	(551.7)
Tax effect, etc.	(576.8)	(611.8)	(35.0)	(662.7)
Total risk amount*2	1,437.3	1,525.9	+88.6	(1,660.9)

\*1 Business investment risk (including insurance risk) of business investment in overseas insurance companies (recorded as subsidiaries and affiliates risk for internal purposes).

\*2 Economic value based risk amount (variance effect included) calculated on internal model (99.5% VaR, 1 year).

\*3 Estimate based on ESR calculation method applied from April 2024

# Intellectual Capital

Through the ownership and utilization of extensive knowledge and data accumulated to date, the T&D Insurance Group develops valuable products and services and builds competitive advantage.

## Aiming to Enhance Intellectual Capital

### Outcomes of Intellectual Capital

#### • Innovative products

##### Taiyo Life

- Simplified cancer diagnosis insurance
- Simplified cancer treatment insurance

##### Daido Life

- Lump-sum payment M-type products
- Kenko Yell discount rider

##### T&D Financial Life

- Hybrid Omakase Life

(products launched from 2023)

#### • Business investment track record

#### • Asset management knowhow and track record

## Knowhow built up by life insurance companies in their respective specialized markets

Taiyo Life, Daido Life and T&D Financial Life have all gained knowhow in their respective business models and developed and launched valuable products and services.



Taiyo Life has a strong base in the household market, where it has continued to develop new business through household visits by sales representatives in pairs and the proposal and provision of the coverage that each household needs.

### Innovative products

- *Hoken Kumikyoku Best*, a pioneering insurance that allows customers to freely customize the coverage they need
- Cancer/critical illness prevention insurance to facilitate the early prevention and detection of cancer and critical illnesses, and help customers lead long and healthy lives



Daido Life has established a unique business model for providing the coverage SMEs need through two strong sales channels (tax accountant agent channel and in-house sales representative channel) thanks to solid relationships with tie-up organizations.

### Innovative products

- L-type α, J-type α, and T-type α products, the industry's first made-to-order insurance products to cater for the diverse needs of SME owners
- *Kaisha Minnade KENCO+*, a health-promotion type insurance product that integrates prevention and preparedness functions



T&D Financial Life specializes in providing products through independent insurance agents that handle the products of multiple insurance companies and has launched differentiated, competitive products.

## Innovative products

- Variable insurance products (Hybrid series) which support asset formation through the integration of investment trusts and life insurance

## Implementation of Daido Life Survey

Since October 2015, Daido Life has been conducting the Daido Life Survey, a monthly survey that collects the opinions of SME owners on such matters as business confidence and management issues, in the hope of contributing to the development of SMEs.

The “unfiltered opinions” of approximately 10,000 SME owners across the country are summarized in a report, which is made available to SMEs nationwide as useful management tips and also made available to the general public. The data accumulated in the survey is also used in the development of new products and services.



## Activities of Taiyo Life Aging Society Institute

Taiyo Life established the Taiyo Life Aging Society Institute in April 2020 to further develop measures that help solve social issues such as extension of healthy life expectancy. The institute aims to contribute to society by conducting surveys and research with a medium-to-long-term perspective from the viewpoint of tackling the declining birthrate and extending healthy life expectancy, and by broadly publishing its research findings.

To date, the institute has conducted a survey on dementia, a fact-finding survey on local governments' postpartum care programs, and a survey on assets and information left by parents as part of research and surveys for the development of necessary services in an aging society. The research findings as well

## Intellectual Capital

as newly identified technologies and services will be harnessed in the development of insurance products and services.

### ■ DX initiatives

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. For the analysis and utilization of data, we are also taking steps to develop systems and platforms, secure and develop DX human resources, and strengthen sales activities and improve operational efficiency through the use of AI.

In terms of the structure for implementing DX initiatives, T&D Holdings established a System Management Department in charge of system management and promotion of DX across the Group. We also reorganized the Group DX Promotion Committee into the Group System and DX Promotion Committee, to generate further synergy and strengthen governance.

We have also begun considering standardizing the

#### Introduction of next-generation sales device (Taiyo Life)

From August 2024, Taiyo Life introduced *T-AI-Face*, next-generation sales devices featuring five AI functions and the latest digital technologies, which will help expand the market, increase the sophistication of sales and manage sales activities. Through this device, Taiyo Life will improve sales efficiency and strive for evolution of its business model.

##### Five AI functions

- AI model plan generator
- AI role playing
- AI voice tool
- AI customer list generator
- AI presentation maker

##### Digital technologies

- Online interviews
- Digital proposals
- Activity management function



administrative processes and systems of the three life insurance companies, with a view to building a flexible administrative structure that makes effective use of the Group's business domains, and optimizing our information systems.

Going forward, we will continue striving for evolution of the value we provide to customers by harnessing data and digital technologies to achieve bold transformation that will drive the Group's further growth.

### ■ Private equity investment (Daido Life)

Daido Life first became involved in private equity investment (investment in stock that is not publicly traded) in 1999, when private equity investment was still not that common in Japan, and it has now been making private equity investments for more than 20 years. At the end of March 2024, the balance of private equity investments stood at almost 300 billion yen, accounting for around 4% of general account assets.

Private equity investments have low liquidity but promise high returns and, partly due to Daido Life's comparatively early entry to the market, together with its long-standing relationships with capable asset management companies, its accumulation of knowhow and development of human resources, private equity is now one of the types of investment assets underpinning Daido Life's asset management earnings.

Daido Life has also taken advantage of the resources of Alternative Investment Capital Limited (AIC), an equity-method affiliate of Daido Life involved in private equity investment, and gained knowhow by sending human resources to AIC.

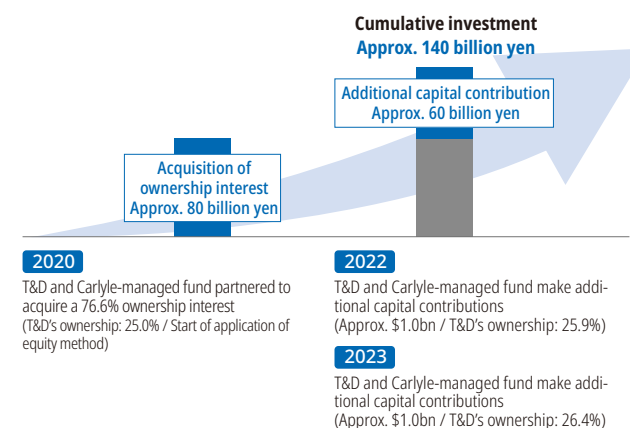
### ■ Business investment (T&D Holdings/T&D United Capital)

With the life insurance business as its core business, the T&D

Insurance Group is making investments in growing business domains that have a strong affinity with life insurance, to put the life insurance knowledge and knowhow it has accumulated to date to good use. In June 2020, we acquired an ownership interest in Fortitude, an insurance company specializing in the closed book business, and participated in its business. In 2023, we established T&D Risk Solutions, a reinsurance brokerage subsidiary through the utilization of the knowledge and knowhow of the closed book business gained by investing in and sending human resources to Fortitude. Through initiatives such as this, we are working to develop new sources of revenue.

Through continued investment in businesses that have a strong affinity with the life insurance business going forward, we will develop our next earnings pillar after the life insurance business and contribute to enhancement of the Group's corporate value in the medium and long term.

#### Investments in Fortitude



## Human Capital



Priority Theme (2)

Provide Workplace Environments that Enable Diverse Human Resources to Participate Actively →P.43

## Message from executive officer in charge of human resources

## “Provide Workplace Environments that Enable All People to Participate Actively”

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

Executive Officer

Toshikatsu Imai

Outcomes of  
Human Capital

- Employee engagement score (FY2023)

\*5-point evaluation

3.81

- Total human resource development and training costs (FY2023)

601 million yen

- Training hours per person (FY2023)

146.0 hours

- Ratio of female managers (as of April 1, 2024)

23.1 %

\*The figure including junior managers is calculated with a view to systematic and stepwise development of female management executives.  
[Companies covered] HD, Taiyo Life, Daido Life, TDF, TDAM, P&F

## 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\* and have established the Basic Group Policy on Human Resources as the basic policy for human resources management in the Group. The Group's core business is the domestic life insurance business, where we pursue market specialization strategies. Human resources active in a wide range of fields with strong affinities with the life insurance business, such as the closed book business, asset management business, and pet insurance business, collaborate to create new value. The Group will secure and develop human resources with advanced expertise, knowledge, and skills in these wide ranging fields, and create opportunities for them to play an active role, which will in turn lead to the sustainable growth of the Group.

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

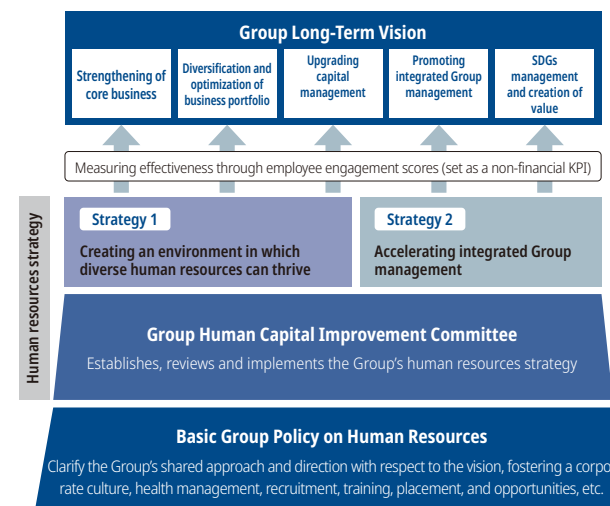
## Relevancy to the Group Long-Term Vision

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. Aiming to strengthen implementation of human resources strategy linked to management strategy, we established the Group Human Capital Improvement Committee, which is made up of officers in charge of corporate planning and officers in charge of HR from T&D Holdings and Group life insurance companies, from

April 2024, and have been accelerating integrated Group management from a human capital perspective. In addition, 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.”

Each initiative will be measured annually for effectiveness using the Employee Engagement Score\*, and through the efforts of each Group company to remedy issues identified in the survey, we will realize improvement in the wellbeing of employees and aim to be a Group which each and every employee can be proud to be a part of.

\* We also analyze the survey results in collaboration with Professor Nobuyuki Isagawa and Associate Professor Kazuo Yamada from the Graduate School of Management, Kyoto University.

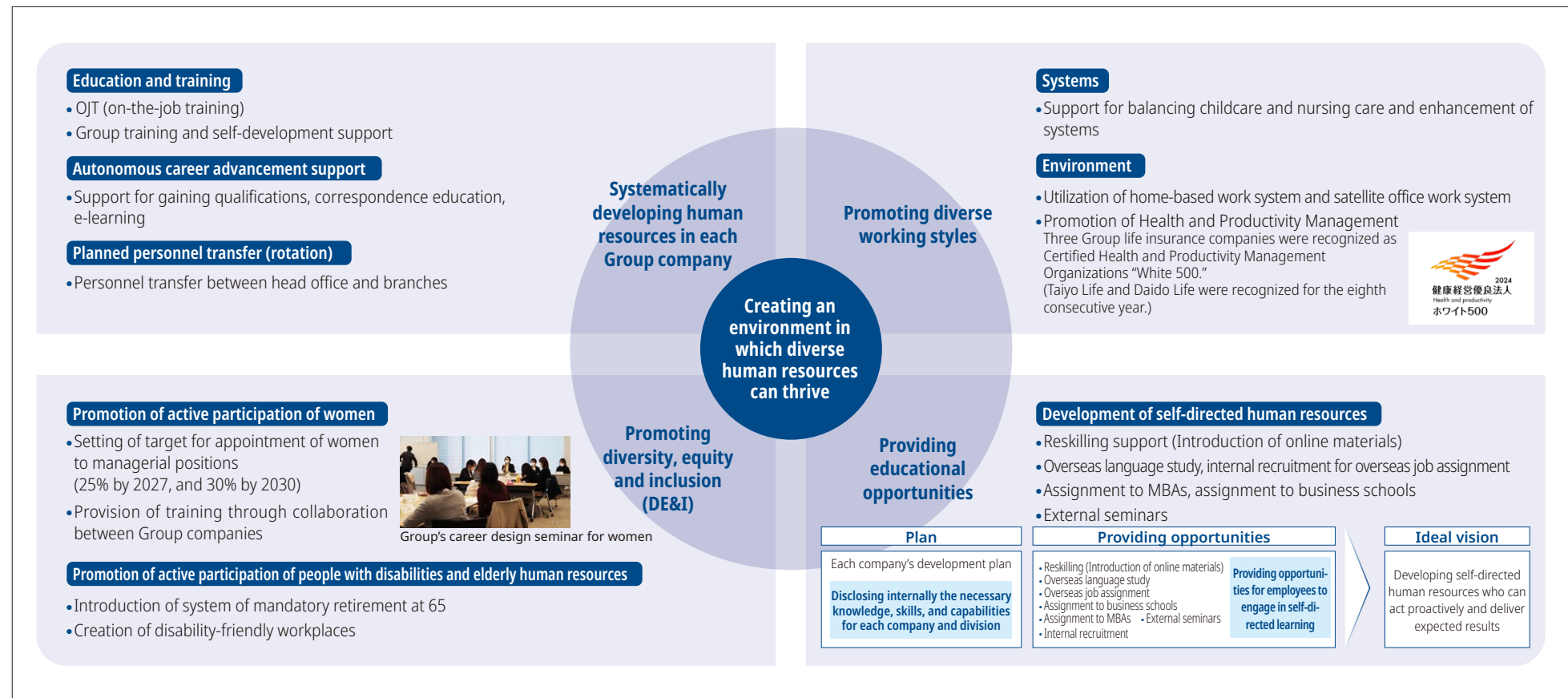




## Human Capital

### Strategy 1 Creating an environment in which diverse human resources can thrive

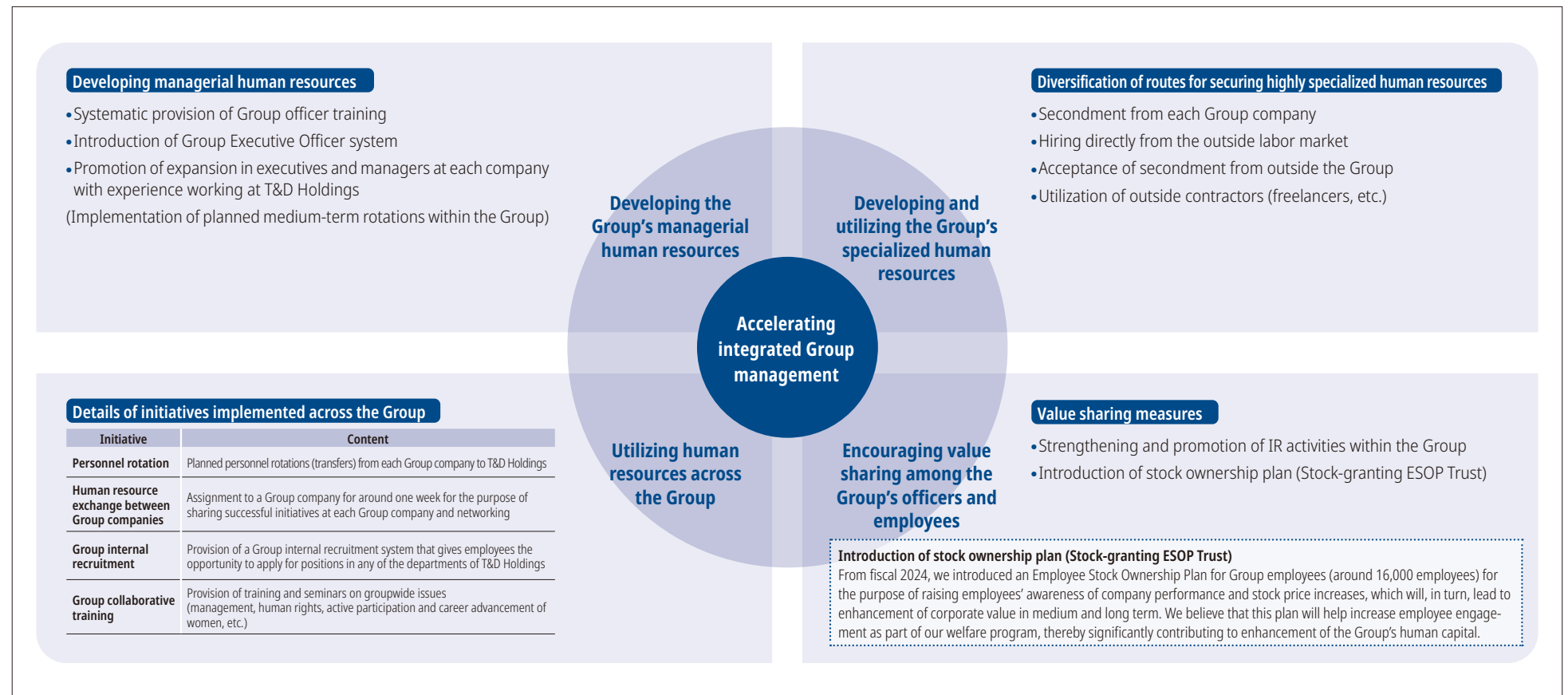
We believe that the human resources who work with us are the most important driving force to realize the T&D Insurance Group's Corporate Philosophy, and we are achieving our strategy of creating an environment in which diverse human resources can thrive by "systematically developing human resources in each Group company," "promoting diverse work styles," "providing educational opportunities" and "promoting diversity, equity and inclusion."



## Human Capital

### ■ Strategy 2 Accelerating integrated Group management

Recognizing that the Group needs to make full use of its management resources in order to respond to a highly uncertain operating environment, we are pursuing the generation of business synergies between Group companies. To further increase Group awareness among employees, which will provide the basis for realizing such synergies, we are implementing a range of initiatives.



## Human Capital

### Related indicators

Strategies	Related indicators	Results	
		2022	2023
Strategy 1	Ratio of female managers <sup>*1</sup>	21.4%	23.1%
	Gender pay gap	42.1%	42.0%
	Ratio of employees with disabilities	2.48%	2.58%
	Percentage of male employees taking childcare leave	100.0%	100.0%
	Average number of days of child care leave taken by male employees	12.4days	19.3days
	Average number of days of paid leave taken	17.8days	18.4days
	Total human resource development and training costs	376 million yen	601 million yen
	Training hours per person	131.4hours	146.0hours
	Group adjusted profit to personnel costs <sup>*2</sup>	77.4%	87.7%

[Companies covered] T&D Holdings and its direct subsidiaries (Taiyo Life, Daido Life, TDF, TDAM, and P&F)

\*1 The figure including junior managers is calculated with a view to systematic and stepwise development of female management executives.

\*2 Group adjusted profit / Personnel expenses

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

\*4 5-point evaluation

Strategies	Related indicators	Results	
		2022	2023
Strategy 1	Value of new business per employee <sup>*3</sup>	8.9 million yen	8.5 million yen
	Employee engagement score (overall) <sup>*4</sup>	3.75	3.81
	Employee engagement score (self-initiative) <sup>*4</sup>	3.92	3.96
	Employee engagement score (challenge) <sup>*4</sup>	3.50	3.54
Strategy 2	Number of people experiencing work at T&D Holdings	429	462
	Number of Group personnel exchange	40	92
	Number of participants in Group collaborative training	982	1083
	Number of participants in "Group IR" initiative	986	670
	Employee engagement score (philosophy/vision) <sup>*4</sup>	3.99	4.00

### 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. The difference between the proportions of men and women in managerial

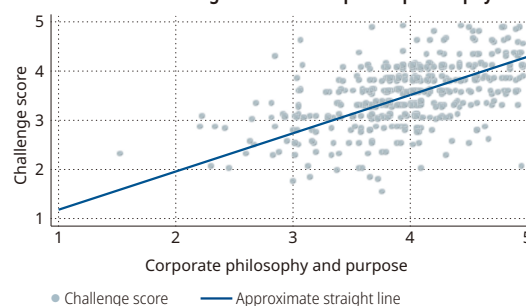
positions is also a major factor in the gender pay gap, and the pay gap between main career track employees (generalists) in managerial and non-managerial positions is shrinking. In addition to creating an environment in which women can play an active role, the Group is working together to provide training for female Group employees, and the three Group life

insurance companies are setting targets for the appointment of women to managerial employees (increasing ratio of female managers to 25% by 2027 and 30% by 2030) to systematically develop human resources for managerial appointments.

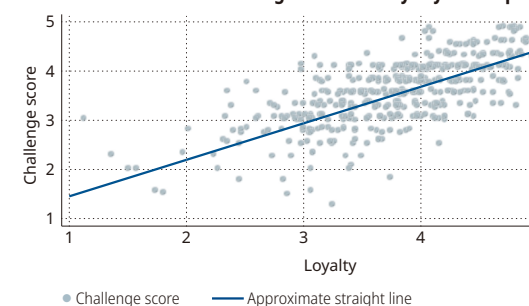
### Employee engagement score survey (analyzed in collaboration with Professor Nobuyuki Isagawa and Associate Professor Kazuo Yamada from the Graduate School of Management, Kyoto University)

Based on the assumption that greater willingness to take on challenges on the part of individual employees will have a positive effect on improving company performance, we analyzed sensitivity between the challenge score (survey items related to "Try") and the human capital keyword score for different employee attributes. Results showed that the greater the understanding of corporate philosophy and purpose and the stronger corporate loyalty, the greater the willingness to take on challenges (there is a correlation between the two). We plan to carry out further analysis for the formulation of effective human resources strategies in the future.

Correlation between challenge score and corporate philosophy and purpose



Correlation between challenge score and loyalty to company



## Human Capital

### ■ Respect for human rights

#### T&D Insurance Group Human Rights Policy

We mention “respect for human rights” in the T&D Insurance Group CSR Charter, and we promote business activities that respect the human rights of the Group’s officers and employees as well as all stakeholders.

As a concrete action, we have established the “T&D Insurance Group Human Rights Policy,” which sets out our stance on respect for human rights in line with the Guiding Principles on Business and Human Rights, a set of principles that apply to both states and companies, endorsed by the UN Human Rights Council.

Please refer to the Company’s website for further details.  
<https://www.td-holdings.co.jp/en/csr/csr-policy/human-right-policy.php>

#### Human rights due diligence

In accordance with the T&D Insurance Group Human Rights Policy, we conduct human rights due diligence to identify, prevent, and mitigate any negative impact on human rights that the Group’s business activities may have.

#### Implementation of human rights due diligence and confirmation of human rights due diligence results

The Group implemented human rights due diligence at T&D Holdings and its consolidated subsidiaries, with March 31, 2024 as the data reference date.

During our due diligence, we carried out a comprehensive human rights assessment covering aspects such as the development of systems for raising awareness of human rights, actions taken at work places to prevent discrimination against workers, and assessment of human rights issues that need taking into consideration in supply chains and at investees. In our assessment, we focused on our own risks in relation to “harassment” and “long working hours,” which are particularly important human rights risks for us.

The results of our human rights due diligence confirmed that there have been no serious human rights violations that require corrective action in the course of our business activities. We also confirmed that there have been no major problems with respect to “consideration for human rights in business activities in Myanmar.”

Going forward, we will continue implementing due diligence on an ongoing basis to verify actions taken by the Group to address human rights violations and assess whether any human rights violations have occurred, and we will report the results of due diligence to the Group Sustainability Promotion Committee annually. The details of the report to the committee will be reported to the Board of Directors of T&D Holdings and will also be relayed to the Group Compliance Committee. We will take action to resolve any human rights issues identified in the human rights due diligence process.

#### Training for increasing human rights awareness

The T&D Insurance Group holds “Human Rights Seminars for Group Managers” with outside lecturers, and also conducts human rights awareness training on various human rights-related issues, such as various types of harassment and diversity, at each Group company to deepen understanding of human rights.

#### Response to harassment

The Group deals with whistleblowing reports and consultations about harassment (sexual harassment, power harassment and other forms of harassment) through the T&D Insurance Group Helpline established as an internal whistleblowing system and harassment consultation desks established at the three life insurance companies, etc.

The Group Helpline also deals with whistleblowing reports and consultations from employees about human rights related issues including harassment and works to provide remedy to victims and prevent recurrence. If our investigations uncover violations of laws and regulations or internal rules, we take measures to provide remedy to victims, including reshuffling personnel, and we also take disciplinary action in accordance with the work rules.

#### Initiatives for respecting human rights: Overall Process

STEP 1	<b>Commitment</b> <ul style="list-style-type: none"> <li>Formulation of T&amp;D Group Human Rights Policy, clearly specifying that the Group will respect internationally recognized human rights standards and will implement human rights due diligence</li> </ul>
STEP 2	<b>Establishment of process</b> <ul style="list-style-type: none"> <li>Determination of assessment criteria for human rights due diligence</li> <li>Determination of especially significant human rights risks as key areas for human rights due diligence</li> </ul>
STEP 3	<b>Human rights assessment</b> <ul style="list-style-type: none"> <li>Evaluation of impact in relation to assessment criteria for significant human rights risks</li> <li>Investigation of occurrence of human rights violations within the Group</li> </ul>
STEP 4	<b>Implementation of human rights risk mitigation measures and countermeasures</b> <ul style="list-style-type: none"> <li>Formulation and implementation of human rights risk prevention and/or mitigation measures and corrective measures to address any human rights violations identified through due diligence</li> </ul>

\* In the recent due diligence process, with March 31, 2024 as the data reference date, we implemented STEP 2 - Establishment of process and STEP 3 - Human rights assessment.



## Social and Relationship Capital



Priority Theme (1)

Promote Healthy and Abundant Lives for All People →P.43

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

### Provision of Products and Services

#### Outcomes of Social and Relationship Capital

• Customer satisfaction level

• Number of cases using *Kaketsuke-Tai Service*

(FY2023):

Approximately **26,000**

• Number of *Dodai?* members:

Approximately **64,000**

• Amount of claims and benefits paid (FY2023):

Approximately **804.7 billion yen**

• Amount of CVC investment:

Approximately **1.8 billion yen**

• Amount of ESG investment and financing:

Approximately **960 billion yen**

### ■ The Initiatives of Taiyo Life

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

To help everyone live long and healthy lives in the era of the 100-year life, Taiyo Life offers *Himawari Dementia Prevention Insurance* and *Cancer and Critical Illness Prevention Insurance* as products in its *Preventive Insurance Series* that supports customers' prevention efforts through insurance. In May 2023, Taiyo Life launched *Simplified Cancer Diagnosis Insurance* and *Simplified Cancer Treatment Insurance*, which can be applied for even by persons for whom it is generally difficult to apply for cancer coverage, such as individuals who had cancer in the past. This means that it is now possible to provide cancer coverage even to customers worried about their health.

On the service front, we offer services such as our *Kaketsuke-Tai Service*, where in-house staff with expert knowledge help customers

#### Taiyo Life My Page, a dedicated web portal for customers

- Users can confirm policy details, complete various procedures, and view web insurance certificates - digital certificates -.
- Portal can be accessed not only by policyholders but also insured members and registered family members.
- Electronic barcode payments for premiums, etc. can also be made on My Page.

#### Opening of official LINE account

- Customers can access Taiyo Life's Internet services, including various insurance-related procedures, via the LINE app.

#### Visiting services

##### ■ Kaketsuke-Tai Service

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

##### ■ Senior Visit Service

Our office workers visit senior customers at least once a year to confirm contract details and check that customers claim all relevant benefits, etc.

##### ■ Senior Benefit Anshin Support

Taiyo Life provides follow-up support to customers who did not meet the payment criteria when claiming benefits in connection with dementia.

with benefit claim procedures directly, and we also propose screening that is useful for dementia prevention (*MCI Screening Plus*) and disease prevention (*AminoIndex® Risk Screening*).

Taiyo Life provides customers with even greater peace of mind by proposing its products and services in an integrated manner.

### ■ The Initiatives of Daido Life

#### Initiatives to promote Kenkokeiei® (Health and Productivity Management) by SMEs

Daido Life supports the implementation of Kenkokeiei® (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 December 2023, Daido Life launched *Kenko Yell Wari* (an excellent health discount rider) in the hope that it would encourage business owners to undergo regular health checks and manage their day-to-day health.

#### Initiatives to support the management of SMEs

In March 2022, we launched the web service *Dodai?* for the owners of SMEs to meet and tackle the resolution of social issues together. As of the end of March 2024, the service had more than 60,000 users. Daido

Life has hitherto supported SMEs through insurance coverage and *Dodai?* embodies their ambition to work with SMEs to create the future.



Image character  
Dodai-kun



## Social and Relationship Capital

Furthermore, from February 2024, Daido Life began providing the *Sustainability Management Practice Guide* to encourage SMEs to practice sustainability management. This Guide includes basic knowledge and key points of sustainability management. It also clearly summarizes case studies of SMEs that practice sustainability management as well as useful support and assistance available to SMEs that are getting to grips with sustainability management. Through this initiative, Daido Life is helping SMEs generate long-lasting growth and contributing to the realization of a sustainable society.

### ■ The Initiatives of T&D Financial Life Providing asset formation products that consider social and environmental changes

T&D Financial Life offers yen denominated and foreign currency denominated whole life insurance and individual annuity insurance, yen-denominated variable insurance and other asset formation products that anticipate the era of the 100-year life through independent insurance agents such as financial institutions and insurance shops.

In April 2023, we launched *Fiveten World 3*, individual annuity insurance offering both a yen currency plan and a foreign currency plan. Then, in March 2024, as a new product in the hybrid series of variable life insurance products for the era of the 100-year life, we launched *Hybrid Omakase Life*, a product that allows customers to leave asset management up to T&D Financial Life, which will manage assets based on the individual customers' desires and needs.

### *Gokazoku Anshin Service (Family Member Registration Service)*

The *Family Member Registration Service* is a service that allows policyholders to register information about their family members in advance so that registered family members can check policy details

and carry out required procedures. In March 2024, we adopted *Gokazoku Anshin Service* as the informal name for the service and expanded the service to enable policy change procedures as well as the designation of accounts in the names of registered family members as payee accounts for insurance payouts and benefits.

### *AI Fund Prediction Service*

In February 2024, T&D Financial Life launched the *AI Fund Prediction Service* for the *Hybrid series* of variable life insurance. This service predicts unit price movement for separate accounts based on economic indicators and other data.



### ■ 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 "cus-

tomor-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.

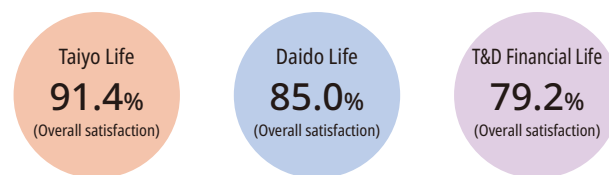
### Customer feedback collected through daily sales activities

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 built 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.

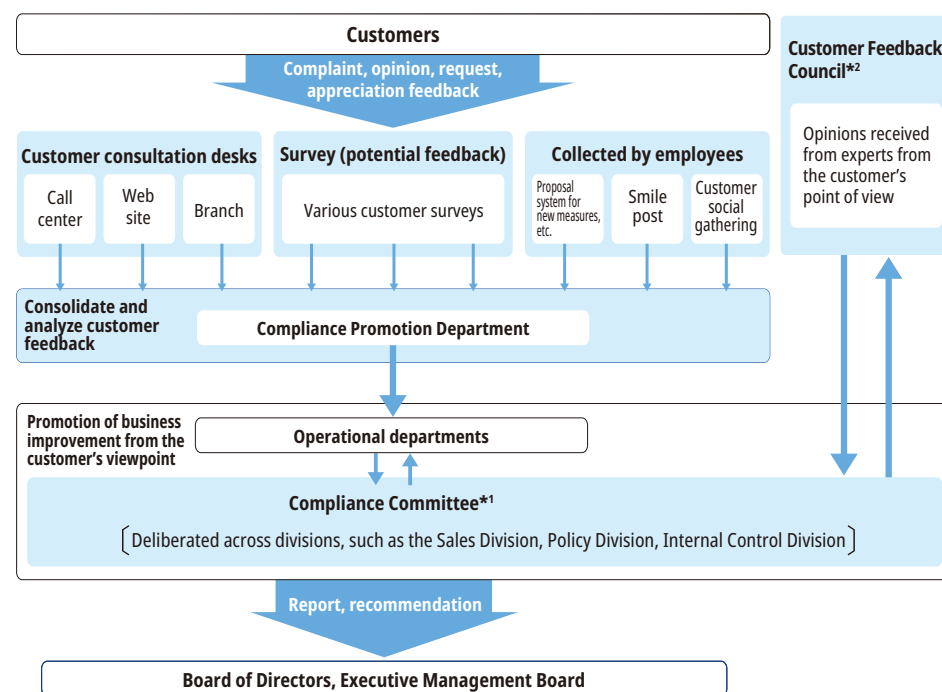
### Evaluation of the three life insurance companies' customer-oriented business operations policy (FY2023)



\* Each company uses a different survey method.

## Social and Relationship Capital

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.

## Number of complaints received at each company

### Taiyo Life

#### Customer complaints\* by type

(Units: no. of complaints received; proportion: %)

Details	FY2020		FY2021		FY2022		FY2023	
	No. received	%	No. received	%	No. received	%	No. received	%
New contracts	1,907	31.7	2,170	32.6	1,919	20.8	1,854	26.5
Payment of premiums	355	5.9	381	5.7	375	4.0	431	6.1
Conservation work	1,203	20.0	1,246	18.7	1,067	11.6	1,280	18.3
Insurance claims and benefits	1,060	17.6	1,508	22.6	3,947	42.8	1,646	23.5
Others	1,498	24.9	1,355	20.3	1,918	20.8	1,791	25.6
Total	6,023	100.0	6,660	100.0	9,226	100.0	7,002	100.0

\* "Complaints" refers to an expression of dissatisfaction by customers.

For details on examples of improvements Taiyo Life has made by utilizing customer feedback, please see Taiyo Life's website.

(Japanese)

[https://www.taiyo-seimei.co.jp/company/activity/voice/voice\\_casestudy.html](https://www.taiyo-seimei.co.jp/company/activity/voice/voice_casestudy.html)

### Daido Life

#### Customer complaints by type

(Units: no. of complaints received; proportion: %)

Details	FY2020		FY2021		FY2022		FY2023	
	No. received	%	No. received	%	No. received	%	No. received	%
Purchase of life insurance policy	809	13.1	802	13.4	774	12.3	638	12.9
Payment of premiums	429	6.9	454	7.6	355	5.6	315	6.4
Procedures after making a contract	2,200	35.6	2,015	33.8	1,815	28.9	1,550	31.3
Payment of insurance claims and benefits	980	15.9	1,087	18.2	1,556	24.8	936	18.9
Others	1,763	28.5	1,607	26.9	1,785	28.4	1,517	30.6
Total	6,181	100.0	5,965	100.0	6,285	100.0	4,956	100.0

\* As percentages are rounded to the second decimal place, totals will not necessarily add to 100.

For details on initiatives pursued by Daido Life to make business improvements based on customer feedback, please see Daido Life's website. (Japanese)

<https://www.daido-life.co.jp/company/satisfied/voice.html>

### T&D Financial Life

#### Customer complaints\* by type

(Units: no. of complaints received; proportion: %)

Details	FY2020		FY2021		FY2022		FY2023	
	No. received	%	No. received	%	No. received	%	No. received	%
New contracts	209	23.6	284	32.8	315	36.5	207	33.0
Payment of premiums	60	6.8	69	8.0	45	5.2	52	8.3
Procedures after making a contract	371	41.9	310	35.8	328	38.0	201	32.0
Insurance claims and benefits	146	16.5	118	13.6	105	12.2	85	13.6
Others	100	11.3	86	9.9	70	8.1	82	13.1
Total	886	100.0	867	100.0	863	100.0	627	100.0

\* "Complaints" refers to customers' complaints and dissatisfaction about products and services, and expressions of dissatisfaction.

For details on major initiatives pursued by T&D Financial Life in fiscal 2023 to make improvements based on customer feedback, please see T&D Financial Life's website. (Japanese)

<https://www.tdf-life.co.jp/company/solvency/2023.html>

## Social and Relationship Capital

### ■ Examples of Reflecting Customer Feedback in Operations

#### Taiyo Life

Taiyo Life began handling children's education insurance and individual annuity insurance in response to feedback from customers who wanted a wider range of fully online (*Sma-Hoken*) insurance products. Furthermore, in response to feedback from customers who wanted more flexible premium payment methods on enrolment, Taiyo Life launched an "electronic bar-code payment" service for the first premium payment when enrolment procedures are carried out by sales representatives.

#### Daido Life

In September 2020, Daido Life introduced *Tsunagaru Tetsuzuki* that allows customers to carry out enrolment procedures on their smartphones any time, anywhere, at a time that suits them, in response to feedback from customers wanting non-face-to-face procedures. The scope of this initiative has now been expanded to include claims for insurance payouts and benefits, policy cancellations, and policyholder loans. In addition, registered users of the *Family Member Registration System* were previously able to inquire about policy details, ask to be sent claim forms, change their own address details, etc. In addition, in response to customer feedback, Daido Life has now expanded the scope of matters handled by the system to enable registered users to carry out procedures to change the policyholder's address and phone number.

#### T&D Financial Life

In response to feedback from customers wanting to carry out claim procedures in the evenings and at the weekend, which are outside of call center operating hours, in May 2023, T&D Financial Life introduced an AI Voice Response System (Voicebot), which

enables customers to request forms over the phone 24 hours a day every day of the year, including weekends and all public and bank holidays. This, combined with our existing Internet Service and Inquiry Form, means that we are now able to deal with telephone inquiries around the clock. Customers can also now use the Internet Service to carry out the procedure for changing the regular premium increases of variable life insurance products.

### ■ Cooperation with Sales Agents and Cooperating Organizations

#### Sales agent support

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

#### Building a sales structure through collaboration with partner organizations

Daido Life has formed partnerships with SME industry associations as well as the professional organizations of tax accountants, and has built a sales structure aimed at offering applicable life insurance products tailored to the needs of various member companies and the clients of those member tax accountants. Because these partner organizations, tax accountants, and other agents are key stakeholders of Daido Life, the Company holds regular business meetings with its partners to report the latest business developments and to hear their views on Daido Life's business operations.

#### Wholesaler activities

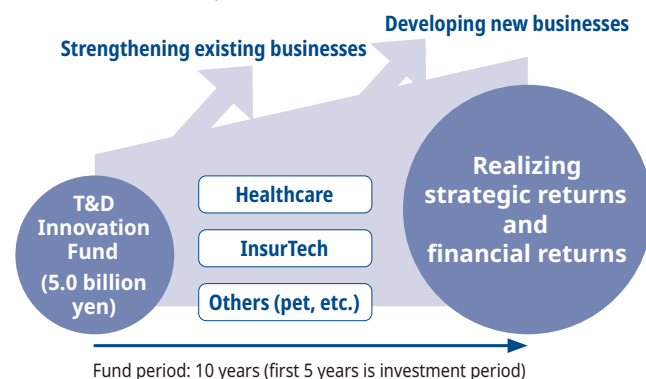
T&D Financial Life carries out elaborate support activities for its sales

agents, such as financial institutions and insurance shops, through its sales staff assigned to assist sales agents (wholesalers) in order to enable them to make the best proposals to customers. In addition, to win the trust of customers and sales agents, T&D Financial Life works to strengthen support activities by providing practical training to wholesalers. This includes sales skills enhancement training to deepen knowledge about insurance and other financial products and overall asset management, related laws and regulations and systems, and presentation skills training to enable them to accurately explain features of our products to customers and sales agents.

### ■ Corporate Venture Capital

In 2022, we established the T&D Innovation Fund, for the purpose of forming partnerships with startups that have innovative technologies and business models. Focusing on the healthcare, insurance tech and pet domains, the fund has so far made 14 investments totaling approximately 1.8 billion yen. (Examples: company that will be instrumental to the digital transformation of nursing care and company that provides health management devices for pets)

Through open innovation and other initiatives with investees, we will strengthen the Group's existing businesses and develop new business domains.



## Social and Relationship Capital

### Invest to Help Build a Sustainable Society

#### 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.

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

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

1. Conducting investments and financing with consideration to ESG issues

2. Implementing constructive dialogue on ESG issues with investees

3. Collaboration on ESG investment and financing and support for sound market development

4. Enriching information disclosure related to ESG investment and financing initiatives

#### 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 specific weapons (companies that manufacture inhumane weapons such as cluster bombs, biological and chemical weapons, antipersonnel mines and nuclear weapons) and to palm oil companies, as well as new investments and financing to coal-fired power generation projects, coal mining projects, oil sand projects and other projects that impact climate change.

#### ESG-themed investment and financing

Carry out investment and financing activities that contribute to the creation of a sustainable society in consideration of ESG issues. Steadily build up thematic investments and financing based on an assessment of the profitability and risks of individual investment projects.

#### Examples of main initiatives



**Investments in “green bonds,” which help resolve environmental issues**  
We provide funds for renewable energy generation projects and energy efficiency projects undertaken by local governments and operating companies.

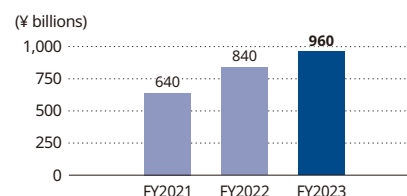


**Investments in “sustainability bonds” issued by university corporations**  
We provide funds for infrastructure and campus development projects for realization of the visions of national university corporations.



**Investments in “social bonds,” which provide support to developing countries, etc.**  
We provide funds to support the education and employment in developing countries and solve global social issues such as gender equality.

#### ESG-themed investment and financing



#### Dialogue (engagement) with investees and borrowers

We engage in dialogue with investees and borrowers about ESG issues such as decarbonization, diversity and biodiversity to help them improve their corporate value and achieve sustainable growth.

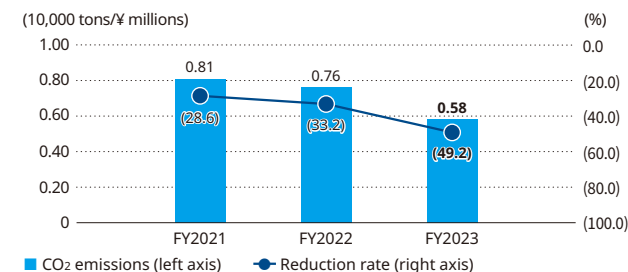
#### Initiatives to Reduce the CO<sub>2</sub> Emissions of Investees and Borrowers to Net Zero

With the aim of helping reduce the CO<sub>2</sub> emissions of society as a whole, we have set targets of reducing the CO<sub>2</sub> emissions of investees and borrowers by 50% (from FY2020 levels) by FY2030 and to net zero by FY2050.

At the end of March 2024, CO<sub>2</sub> emissions based on our investee and borrower portfolio (covering stocks, bonds, and loans held by Taiyo Life and Daido Life that were issued by listed companies in Japan) amounted to 1,587,000 tons. On a per-unit basis, which is how our interim targets toward net zero are defined, emissions were 5,800 tons per million yen, a 49.2% reduction from FY2020.

While encouraging investees and borrowers to decarbonize through dialogue, we will also continue to invest in green bonds and provide financial support through transition finance initiatives.

#### CO<sub>2</sub> emissions and reduction rate of investees and borrowers (Compared to FY2020)





# Natural Capital

Priority Theme (3)

Contribute to Global Environment Conservation and Climate Change Mitigation and Adaptation →P.43

The T&D Insurance Group formulated the T&D Insurance Group Environmental Policy to clarify the Group's stance on the environment and will achieve sustainable growth along with society while fulfilling the public mission of life insurance and other businesses, and undertaking its corporate social responsibilities.

## Response to the TCFD Recommendations

### Outcomes of Natural Capital

- CO<sub>2</sub> emissions (Scope 1 + 2)  
Reduction rate  
(Compared to FY2013)  
(FY2023)

41.2%

- CO<sub>2</sub> emissions of investees\*  
Reduction rate  
(Compared to FY2020)  
(FY2023)

49.2%

- Introduction rate of renewable energy  
(FY2023)

21.3%

\* This covers stocks, bonds, and loans issued by domestic listed companies held by Taiyo Life and Daido Life.

## Our approach

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.

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 understand 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. 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 on the T&D Insurance Group Environmental Policy, please see our website.  
<https://www.td-holdings.co.jp/en/csr/csr-policy/environment.php>

## Governance

The Board of Directors has established the Group Sustainability Promotion Committee as its subsidiary body, with the task of reviewing and deliberating its policies related to sustainability and CSR, along with measures concerning the global environment and social issues. Chaired by the President and Representative Director who chairs the Board of Directors and made up of officers and general managers responsible for each Group company's departments in charge of sustainability and CSR, the committee sets out basic policies on the environment and social issues, including the SDGs, targets for action on climate change, and measures for achieving them. Under the supervision of the Board of Directors, the committee monitors the status of initiatives and reports to the Board of Directors every half year.

Furthermore, the Sustainability Promotion Subcommittee is established as a subordinate body of this committee, to drive initiatives.

\* For more information, please see our website.  
<https://www.td-holdings.co.jp/en/csr/csr-policy/tcfd.php>

## 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>).

\*<sup>1</sup> 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

\*<sup>2</sup> 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)

## Natural Capital

### Scenario analysis: Impact on the Group and the Response Measures

	Impact	Response
<b>Physical risks</b>	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
<b>Transition risks</b>	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.

### ■ Risk management

#### Process for identifying and assessing risks

The T&D Insurance Group uses a risk profile to comprehensively categorize risks surrounding the Group, in order to respond to increasingly diverse and complex risks. We comprehensively identify risks by category, ascertain and assess them, and use them to prioritize initiatives in light of comprehensive factors including severity, impact, and the degree to which they are under control. The risks are reflected in management planning as necessary. The Group registers climate change-related risks on the risk profile as critical risks to be managed, and scrutinizes, identifies, and assesses these risks. Climate change-related risks are identified and assessed as insurance underwriting risk, asset management risk, operational risk, reputational risk, and risks that may have broad-based impacts on overall management.

#### Risk management process

In order to identify and grasp newly emerging risks, as well as changes in risks that have already been identified, a review of the risk profile is carried out twice per year, and reported to the Group Risk Management Committee and the Board of Directors. In the process of identifying and assessing risks on a company-wide basis through a risk profile, the climate change-related risks are managed using the perspectives shown below.

### Management of climate change-related risks

#### (i) Physical risks

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

#### (ii) Transition risks

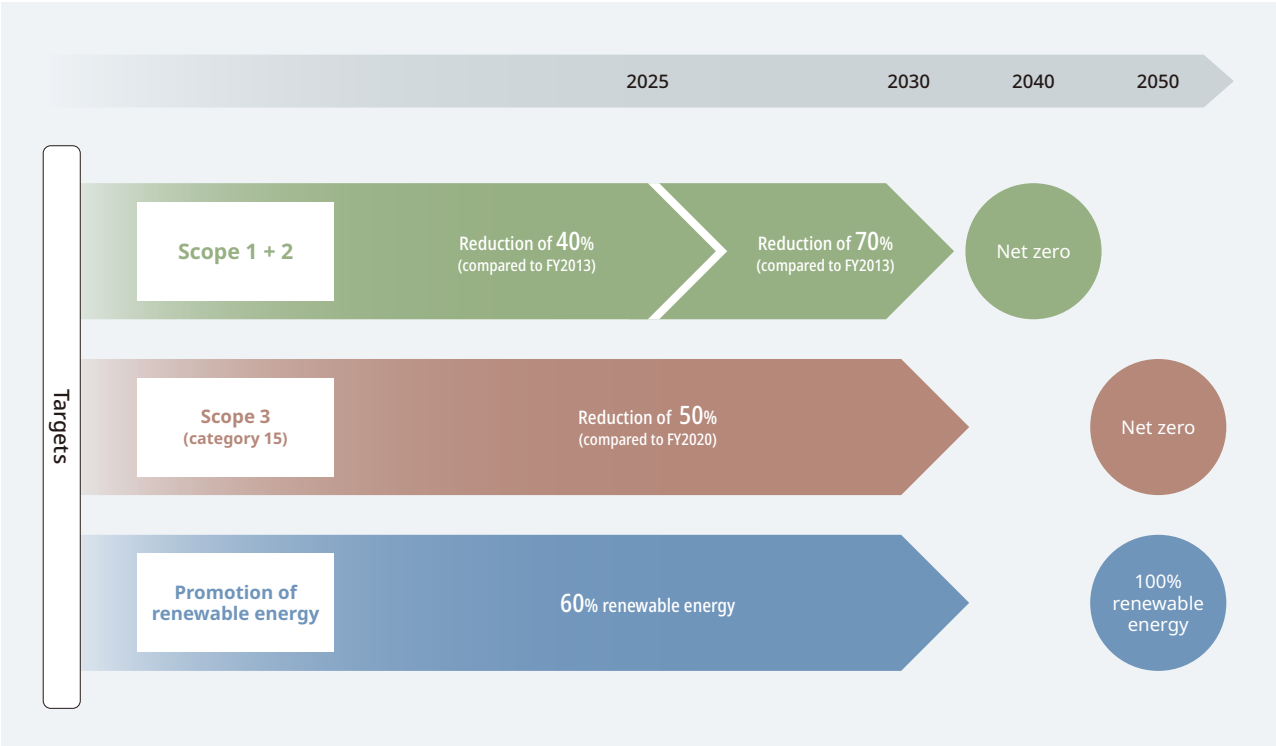
- The Group engages in investments and borrowings, taking into account climate change-related risks based on the Principles for Responsible Investment (PRI).
- Through engagement, the Group encourages investees and borrowers to take action for decarbonization.
- The Group monitors trends in economic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

### ■ 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.

Natural Capital

Roadmap to achieving net zero



CO2 emissions reduction target

Subject	Targets
Own emissions (Scope1 and 2)	FY2025: 40% reduction (compared to FY2013) FY2030: 70% reduction (compared to FY2013) FY2040: Net zero
Investees and borrowers (Scope 3: category 15)	FY2030: 50% 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.



## Natural Capital

### T O P I C

#### ■ Nature-related risk analysis

The T&D Insurance Group formulated the T&D Insurance Group Environmental Policy and has been working to protect the environment in areas such as forest conservation activities. The Taskforce on Nature-related Financial Disclosures (TNFD) published its final recommendations in September 2023 and, the importance of natural capital disclosure is increasing. In this regard, we are also promoting compliance with TNFD framework and registered as a TNFD Adopter in September 2024.

Our system of governance for natural capital-related organizations is the same as that shown on page 35. The Group recently also conducted an analysis of the nature-related risks of investees according to the LEAP approach\*.

\* The LEAP approach is an integrated approach to assessing nature-related issues, including interactions with nature, dependencies on nature, the impact of each issue, risks and opportunities. It is a process for preparing for TNFD disclosure that involves scoping and then going through the phases of Locate, Evaluate, Assess, and Prepare.

#### Analysis methods

In the analysis, we quantified the extent of dependencies and impacts of each type of industry in accordance with the dependencies and impacts models of the ENCORE\*, a tool for assessing natural capital-related risks.

\* ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is an analysis tool for assessing the dependence and impact of investees on natural capital that was jointly developed by international organizations such as the Natural Capital Finance Alliance and United Nations Environment Programme.

#### Analysis results

**Dependencies** Analysis results showed that the most dependent natural capital was “habitat” and “water.”

**Impacts** Analysis results showed that “GHG emissions,” “soil pollution,” “solid waste,” and “water pollution” had the greatest impact.

Dependencies heat map

	Atmosphere	Habitats	Land geomorphology	Minerals	Ocean geomorphology	Soils and sediments	Species	Water
Energy								
Materials								
Capital goods and services								
Industrials								
Consumer Staples								
Health Care								
Financials								
Information Technology								
Telecommunication Services								
Utilities								
Real estate								

Impacts heat map

	Disturbances	Freshwater ecosystem use	GHG emissions	Marine ecosystem use	Non-GHG air pollutants	Other resource use	Soil pollutants	Solid waste	Terrestrial ecosystem use	Water pollutants	Water use
Energy											
Materials											
Capital goods and services											
Industrials											
Consumer Staples											
Health Care											
Financials											
Information Technology											
Telecommunication Services											
Utilities											
Real estate											

\* Analysis based on file downloaded from the ENCORE website updated November 18, 2023.

\* Dependencies and impacts are classified into five levels, and the darker the color the greater the dependency and impact. (Areas with zero dependency or influence are without color)

