



Value Creation Story

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Top Message



Believing in Human Potential, Determined to Forge the Future

Masahiko Moriyama

Representative Director and President

Looking Back on My First Year in Office

A Year Spent Pondering the Future of the T&D Insurance Group

One year has passed since I became President in April 2024. I feel that this past year has been the most intense and varied period of my entire life.

My new standpoint as President has dramatically changed my view of the business landscape. I guess I would not be fulfilling my responsibilities as president if I assumed a never-changing landscape. Accordingly, I have made a conscious effort this past year to understand issues from multiple perspectives.

Above all, I have pondered the T&D Insurance Group's future growth and maximization of the Group's corporate value.

The T&D Insurance Group's greatest strength is its life insurance business in specialty markets. I now recognize that the core of this strength is people driving growth by overcoming a myriad of challenges through repeated implementation of the Try & Discover cycle. I came to the conclusion that, to build this strength further, we needed to break from the past, including the systems and practices that prevent officers and employees from making rational decisions and the conventional wisdom and culture that has become entrenched within the Group through these systems and customs. This conclusion was reached in light of the T&D Insurance Group's purpose and corporate value.

Over the past year, I have sensed through ongoing dialogue with the Group's officers and employees that their way of thinking is gradually changing and the Try & Discover spirit, which is our Group's DNA, is coming back to life.

However, vestiges of the past in some areas risk inducing homogeneous groupthink and dampening the Try & Discover spirit. In a discontinuously changing environment, an inward mindset means failing to notice changes, noticing changes but being incapable of responding to them, potentially stopping thinking about issues altogether, and being unable to adapt to the changing times. The T&D Insurance Group will not be able to achieve sustainable growth unless the Group itself changes through the acceptance of heterogeneity and diversity.

To shake things up and put us on track for sustainable growth, I once again sought to grasp the Group's current status, including our capabilities, the value we provide, and the management resources we lack to adapt to our changing environment. This endeavor reminded me of the importance of using objective outside opinions and analysis, including feedback from shareholders and other stakeholders, as a basis for making management decisions, and holding discussions.

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Fulfilling my Responsibilities as President

I have often been asked whether I feel lonely since becoming President. It may be that I have yet to experience the loneliness of being president partly because I have just passed the one year mark.

That said, the president carries a wide range of heavy responsibilities, including being responsible for steering the Company, being entrusted by all stakeholders and playing an important role in supporting the livelihoods of employees. The president is required to make decisions and take action in a calm and collected manner. Meanwhile, these challenging circumstances are expected to persist. All this involves responsibilities that I must face up to personally. I feel the pressure that comes from this sense of responsibility is enormous.

There are times during ongoing dialogue with officers and employees when I experience something akin to distress at not being able to get them to understand the Group's vision and policies. I know that not everyone is going to completely understand and share the vision. However, our vision shows the Group we aim to be and the direction we aim to move in and, to increase our corporate value, it is more important than anything that everyone has an in-depth understanding of the vision and reflects this in their own behavior. As president, I must keep trying to explain the importance of our vision and getting everyone onboard.

I am acutely aware of and resolved to the fact that I must inescapably make decisions that will affect the future of the Company in high pressure situations and that despite the hardship of not being able to get my thoughts and ideas across, I have to just keep on trying like “Tansetsumaisei”^{*} and face up to the loneliness that comes with this.

Back when I was an elementary school student, some 50 years ago, I heard someone say “We are kept alive by others.” At the time, I failed to understand the true meaning of the words; however, they left a strong impression on me and I

came to understand the meaning with each passing year of my working life. Though obvious to me, the meaning is in fact not obvious. We are not living by ourselves—we are kept alive by others. In the year since becoming president, I have come to feel the loneliness of the job, but at the same time it has been a strong reminder of the significance of these words.

Looking back over the past year, I feel I have been supported by many people. These include not only shareholders but also customers, business partners, financial institutions, family, friends, acquaintances, and local communities. Above all, I have been supported by employees who believe in the future of the Group and I believe this is why we can undertake sweeping initiatives that would be impossible alone and create value that exceeds the sum of our individual capabilities.

I intend to fulfil my responsibilities as president out of determination and also a sense of gratitude to those around me.

Tansetsumaisei: Literally meaning “carrying snow to fill a well,” signifying the importance of making continuous efforts without neglect, even in acts that seem useless.

Achievements in My First Year

The Group's current long-term vision Try & Discover 2025 was formulated in 2021. Our business environment has changed dramatically, partly due to the COVID-19 pandemic; however, in their respective specialist markets, each domestic life insurance company has maintained a solid performance by demonstrating their uniqueness. As a result, policy in force has also increased, and this is a major strength of the T&D Insurance Group.

Through the steady profit growth of the Group's core domestic life insurance business, we achieved the initial target under the Group's long-term vision of 130 billion yen in Group adjusted profit by FY2025 one year ahead of schedule.

Furthermore, the efforts we have made since the days of



former President Uehara to improve capital efficiency by reducing risk and strengthening shareholder returns resulted in an increase in adjusted ROE to 10.4% in FY2024, compared with 5.9% in FY2020 before the start of the Group's current long-term vision.

Since becoming president last year, I have made it my most important duty to maximize the Group's corporate value and have implemented initiatives accordingly. Through steady profit growth as well as the realization of growth investments and the enhancement of shareholder returns, I have notched up some major achievements over the past year in terms of diversifying sources of revenue and improving capital efficiency.

Looking first at growth investments, I decided to invest 116 billion yen in the German life insurance holding company Viridium. With the closed book business positioned as a growth business, this investment will be our next strategic pillar in this area after our investment in the US-based reinsurance company Fortitude.

Fortitude acquires closed books (portfolios of existing policies for insurance products where new underwriting has ceased) from insurance companies, and then optimizes the asset management portfolio by replacing these with illiquid credit assets and other investments expected to generate excess returns, thereby increasing value.

Meanwhile, Germany, where Viridium is based, is home to

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approximately 80 life insurance companies, most of which are small-to-medium-sized life insurance companies with a market share less than 1%. Regardless of company size, systems and management structures of a certain level are required to operate in the life insurance industry, and inherited legacy policy administration systems have become a management issue among German life insurance companies, especially small-to-medium-sized insurers. Viridium has established an efficient and low cost operation platform to solve this problem, with a particular strength in improving efficiency by integrating the IT and operational infrastructure of acquired run-off life insurance companies (which have stopped underwriting new policies).

Though the companies are in the same closed-book business domain, investment in both Fortitude and Viridium, two with different operating regions and business models, has huge significance for us as a company. I believe this is a very important step for further diversification and optimization of our business portfolio.

These investments are underpinned by the stable and steady growth of our domestic life insurance business, which accounts for the majority of the Group's earnings. This business is supported by a large number of policyholders. Accordingly, we need to make cautious and accurate investment judgments and decisions, and it is important to consider multifaceted perspectives, including shareholder

capital costs, and to exercise discipline in investment decisions.

The investment in Viridium, for example, was discussed at more than 10 Board meetings over a period of more than one year. For overseas investments in particular, we set a hurdle rate that took into consideration shareholder capital costs and other factors such as the interest rate differential between Japan and other countries, and we considered potential risks and held in-depth discussions to determine whether the expected return outweighed the risk. In a large overseas investment, the presence of a trustworthy partner is also an important factor. In our latest investment, we had been holding discussions with Allianz from the initial stages of consideration, and we have built up a good partnership with Allianz.

Moving on to my achievements in terms of capital policy.

I recently decided to implement our largest ever share buyback of 100 billion yen. Since last fiscal year, dialogue with stock markets as a president has reminded me of the importance of disciplined capital policy. Taking into consideration my decision to invest in Viridium and the results of initiatives under the Group's long-term vision, I made the share buyback decision on the basis that it was necessary to clearly signal management's intention to keep the economic value-based solvency ratio (ESR) at around 225%. Additionally, this share buyback is expected to reduce the number of shares to the level prior to the capital increase implemented during the global financial crisis, thereby eliminating the dilution caused by that capital increase.

I also changed our shareholder returns policy to clarify our commitment to strengthening cash dividends from our periodic profits. The life insurance companies under T&D Holdings' umbrella will demonstrate their strengths in their respective specialist markets and as a result the value of the Group's in-force policies is expected to continue increasing

in the future. Since this value of in-force policies will lead to the stable generation of profit in the future, the stable return of profit through cash dividends is in line with our business model. Last fiscal year, we achieved the Group's long-term vision target of 130 billion yen in Group adjusted profit one year ahead of schedule. With solid insurance performance together with rising domestic interest rates and improvement in the asset management portfolio further increasing confidence in profit growth, I decided that now was the time to strengthen cash dividends and to ensure we can return profit growth directly to shareholders.

More specifically, we have set a payout ratio of 60% based on the 5-year average of Group adjusted profit, clearly committing to the stable return of more than half our profit and demonstrating the value we place on shareholder returns.

Under our previous shareholder return policy, we had increased the total payout ratio, while aiming for a dividend on equity ratio (DOE) of approximately 4%; however, we had also received feedback to the effect that the timing and amount of returns was difficult to understand. I think that these latest changes have increased the stability and predictability of shareholder returns.

⇒P.23 Shareholder Returns Policy

⇒P.48 Trend in Group Adjusted Profit and Adjusted ROE

⇒P.61 Investment in Viridium (Closed Book Business)

Policies Going Forward Further Improvement of Profitability

Our stock price at the end of March 2025 was more than double the level at the end of March 2021 before the launch of Try & Discover 2025, and our PBR also rose from 0.54x to 1.25x.

I recognize that these results reflect a certain appreciation of the Group's initiatives among shareholders and investors.



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I have just explained about the increased value of in-force policies as a result of our solid performance on the policies front and the diversification of sources of revenue resulting from our investments in Fortitude and Viridium. We have also accelerated the reduction of asset management risk, especially in relation to domestic and foreign equity, and improved our asset management portfolio, creating a structure that allows the stable expansion of positive spread.

Through these achievements, the Group's profitability has definitely increased, and in March 2025, ahead of the next long-term vision, we announced that we would aim for Group adjusted profit of more than 200 billion yen by FY2030. To achieve further sustainable improvement in the Group's corporate value in the future, improving EPS (earnings per share) despite the discontinuously changing environment is an important mission for the T&D Insurance Group as a listed corporate entity.

As return on embedded value (EV) expands, our stock price valuation on an economic value basis (P/EV ratio) will exceed our current target of 0.5x, and continue to improve.

⇒P.50 Group-Adjusted Profit in FY2030

Three Themes for Achieving Sustainable Management

FY2025 is the final fiscal year of Try & Discover 2025; however, given that we have already achieved the main KPIs of adjusted profit and ROE, it will be a year of steady preparation

for the next long-term vision, which will start from FY2026.

We are currently in the middle of formulating strategies in each business area for the next long-term vision, but are thinking of three overarching themes for maximization of corporate value and the realization of sustainable management. These are (i) building Group resilience, (ii) strengthening the existing business model, and (iii) investing for growth.

Starting with the first theme, one issue that has become apparent over my first year in office is that there is insufficient synergy across the Group as a whole. The domestic life insurance companies under our umbrella specialize in different markets, and synergies on the sales front, especially in terms of top line sales, are limited; however, even though the products they sell are different, the basic mechanism of life insurance is the same. We can, therefore, create further synergy by fully utilizing the Group's management resources and realizing efficient corporate functions through reforms such as the standardization of administrative processes. Going forward, the extent to which we can demonstrate synergy in indirect operations will be key.

Especially with Japan's population clearly shrinking and its workforce in decline, it will undoubtedly become even more difficult to secure human resources. To ensure our corporate survival in a challenging environment, we need not only to increase our top line but also to improve productivity and be a resilient group that can efficiently create added value. We must, therefore, transform ourselves into a group capable of adapting to a discontinuously changing society through the promotion of integrated group management and the creation of group synergy.

The second theme is to strengthen the existing business model. Over the five-year period of the next long-term vision, the domestic life insurance business will still be a pillar of earnings. There is scope to increase performance from policies in the insurance business by focusing on helping customers solve the social issues they face, and we expect to

achieve further expansion in specialist markets. The return to a world where interest rates exist will also work in our favor. The T&D Insurance Group's policy in force consists mainly of protection products, which are characteristically long term and stable. In addition to the sustainable buildup of such in-force business, underpinned by solid earnings from policies, continuous improvement in the asset management portfolio through the implementation of ALM (Asset Liability Management) is expected to result in further widening of the positive spread. Under the next long-term vision, top-line growth and securing a positive spread will remain the main drivers of earnings and continue to be a pillar.

The third theme is to invest for growth. Looking at Japan first, we will consider insurance-related businesses where we can solve societal issues and non-insurance businesses such as nursing care and health-related businesses where we can offer high added value. The Group has a holding company structure and can incorporate even an operating company whose ownership by an insurance company alone would be difficult for regulatory reasons. By fully using this mechanism and incorporating heterogeneity and diversity, we will encourage further change as a group and aim to create new value.

For example, All Right, established in 2022, is a subsidiary with a venture-type role engaged in new business and experimental innovation. All Right uses digital tools to create new customer contact points. In Japan, there is potential for the rollout of services that create added value with free thinking and we will spread our wings from this perspective and think up new growth strategies.

Meanwhile, overseas, we will continue leveraging our knowledge of the insurance business in M&A and investment activities. With our investments in Fortitude and Viridium, our foray into the closed book business is finished for now. Going forward, we will also consider expanding our insurance business globally.

Looking beyond the next long-term vision, we assume that

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the business risks surrounding the Group may materialize. For example, there is potentially a risk of decline in the profitability of the life insurance business, given market contraction as a result of a shrinking population and declining workforce, reduction of the risk margin due to revision of the standard life table, and narrowing of the positive spread due to an increase in the assumed investment yield (as a result of a rising standard yield rate). We think we can continue to grow sustainably in Japan even beyond the next long-term vision; however, we will pursue management that also envisages such a decline in profitability. The foundations for such management will be the three overarching themes I have just explained. We will build a solid management base by increasing group resilience; we will stabilize management by continuing to further strengthen the existing business model; and we will create new value through discontinuous growth investment following the closed book business. Through these initiatives, we aim to maximize corporate value.

Responsibilities of the Insurance Business that Are Directly Linked to the Resolution of Societal Issues

I see the insurance business as a business of a highly public nature that is directly linked to the resolution of societal issues. We will use the strength and knowledge we have built up in the life insurance industry as a basis for implementing initiatives aimed at resolving societal issues.

We have realized improvement in customer satisfaction and steady expansion of in-force policies through products and services that meet customer needs, and we will continue to contribute in businesses that have a high level of affinity with insurance. From the perspective of the SME market, which is Daido Life's main focus, the workforce of SMEs accounts for around 70% of Japan's total workforce and SMEs support the Japanese economy and employment; however, the executives who control the fate of these

enterprises are also aging. These executives are facing a range of issues such as the issue of business succession and the risk of health problems while in office, and we will expand our provision of products and services to help solve the issues faced by SMEs, including offering a wide range of solutions through FPs and inheritance consultants.

Also in the household market, which is Taiyo Life's main focus, we will work to address the societal issue of extension of healthy life expectancy through the provision of new protection products such as dementia prevention insurance for elderly customers and cancer/critical illness prevention insurance, as well as the provision of services for the prevention, early detection and care of dementia and the promotion of good health.

Moving forward, we will continue being there for customers, helping them address the issues they cannot solve alone.

In addition, the Group believes it has a significant role to play as a responsible institutional investor toward achieving economic development while shaping a sustainable society. For example, support for addressing social issues such as Japan's aging infrastructure is also crucial. In this way, we intend to concentrate on investments that will help solve societal issues arising from megatrends.

Meanwhile, on the asset management front, we have been consolidating our life insurance assets using T&D Asset Management as a platform, and we expect development of the structure to be mostly complete before the end of 2025. By fully using the Group's asset management resources, we will increase our expertise in areas such as equity and alternative investment, and also seek to improve efficiency and further strengthen asset management capabilities across the Group as a whole.

⇒P.16 Sustainability Management

⇒P.51 Group's Collaborative Asset Management
(Roundtable Discussion Between Group Employees)

Development of the T&D Insurance Group's Brand

Brand power is an important factor that impacts many aspects of corporate activities including finance, market competitiveness, relationships with customers, and the inner workings of a company. Businesses that keep increasing their corporate value in the long term regardless of changes in the environment almost invariably have strong brand power.

Within the Group, Taiyo Life and Daido Life each have considerable brand power in their respective core markets as life insurance companies engaged in specialized business; however, it is fair to say that the T&D Insurance Group's brand power is wanting.

To further expand each company's specialist business and to create new shared value and sustainably improve corporate value altogether, it will be important to build a solid brand as a group.

So far, the officers of the holding company, with myself at the center, have actively conducted townhall meetings to exchange opinions with the officers and employees of each company about Group management (internal IR). I feel that officers and employees now have a greater, more in-depth understanding of belonging to a group, partly due to the various events held to commemorate the Group's 20th anniversary last fiscal year and introduction of the stock compensation system.

Under the next long-term vision, we will organically link the corporate philosophy: "With our "Try & Discover" motto for creating value, we aim to be a group that contributes to all people and societies" to the concrete strategies of each company and each division, and all officers and employees will fully understand and practice this philosophy in their day-to-day duties and convey to society the Group's initiatives and provided value based on its corporate philosophy and vision. Through this, we will further increase stakeholders' confidence in and expectations for the T&D Insurance Group.

Brand power cannot be built overnight; however, it is

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essential for sustainable improvement in corporate value, and we will systematically focus on building brand power from a medium- and long-term perspective.

“People” Centric Management with an Eye on the Use of AI

The T&D Insurance Group’s biggest driving force is the people who work for us. I have also made a point of valuing people in my management approach. Because we are an organization made up of people with different values, I want us to value communication. As a Group, we use the employee engagement score to deliver human resource strategies that reflect feedback from employees.

I believe that another important development for people-centric management in the future will be the use of AI. The T&D Insurance Group is also increasing its use of AI in sales activities, policy procedures and suchlike; however, AI will evolve further in the future and the time will no doubt come when AI agents that learn and act autonomously are much more widespread and AI becomes an important partner as a digital workforce.

This will bring about a massive change in the skills people are required to have, with AI completing work for us even in areas that previously required specialist knowledge. I think people will need not only AI literacy but also training in the knowledge and skills required to use AI effectively in business, including the skill to properly make decisions based on an understanding of data.

As the T&D Insurance Group, we will further strengthen the human capital foundations underpinning sustainable growth through the development of an environment where diverse human resources can thrive and through continuous investment in skills development with an eye to the future.

⇒P.31 Human Capital

Further Strengthening of Governance

We will also further strengthen governance to increase the resilience of the Group. The current composition of the Board of Directors is extremely well balanced, taking into consideration past experience and expected skills based on the skills matrix. Also from the viewpoint of diversity, lively discussions are held at board meetings. However, we are not complacent and, to continue practicing sustainable management while also responding to the discontinuously changing environment, we will ensure diversity, including the gender balance, review the composition each year from the viewpoint of the ratio of outside directors, and develop a more effective governance structure.

As part of these efforts, we have also begun to review our compensation structure and plan to make changes to the compensation system that will lead to improvement in corporate value in the medium and long term.

Through such initiatives, we will develop a stronger governance structure that will help improve our corporate value.

⇒P.70 Corporate Governance

⇒P.80 Status of Consideration of Changes to Officers’
Compensation System

To Meet the Expectations of Our Stakeholders

The T&D Insurance Group’s corporate philosophy is “With our “Try & Discover” motto for creating value, we aim to be a group that contributes to all people and societies.” The Try & Discover DNA lies at the core of the Group.

In a discontinuously changing society and environment, the T&D Insurance Group must also implement further reforms in preparation for the new era. Given this situation, we need to go back to the Group’s corporate philosophy again and make unremitting efforts based on the Try & Discover cycle.

The T&D Insurance Group has different forms of capital



which it has built up over many years of implementing the Try & Discover cycle and which serve as the source of the Group’s value. Under our never-changing philosophy, we will make full use of these forms of capital as a unified Group while at the same time accepting diversity and heterogeneity. Through this, we will break from the past and realize reforms for sustainable growth.

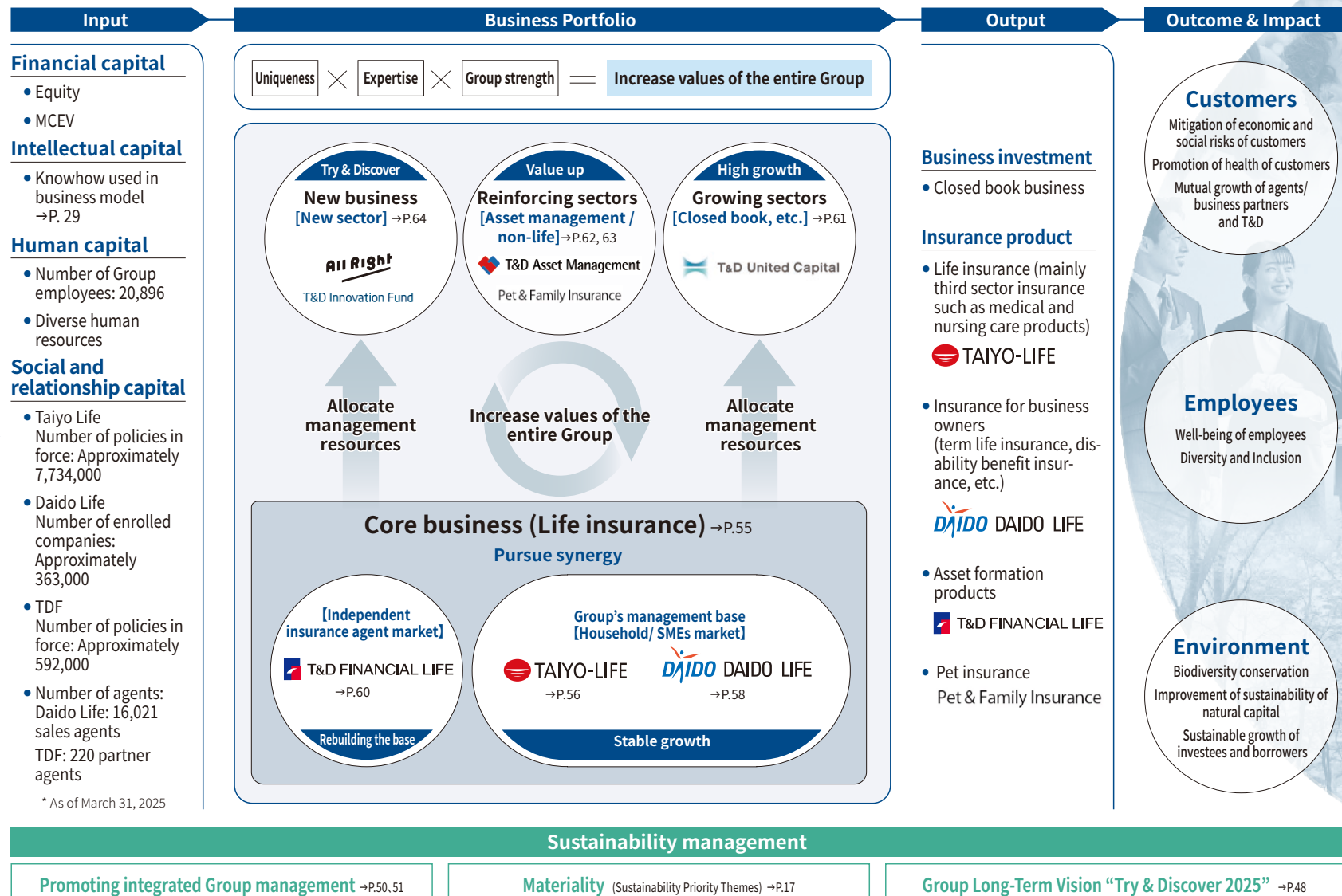
The future of the T&D Insurance Group and the concrete plan for achieving this, which I have been constantly pondering since I became President, and the various strategies I am currently considering will be organically linked to and reflected in the next long-term vision, which will start from FY2026.

We will develop a next long-term vision that will inspire people, who drive growth and are the Group’s greatest strength, to think “Ok, let’s give it a try” or “Maybe if I give it a try, I will discover something new.” As President, I am determined to take the lead in rallying the Group together to maximize corporate value. By contributing to society through our growth as the Group, we will meet the expectations of our stakeholders.

Finally, I would like to express my heartfelt appreciation to all our stakeholders for their unwavering support of the T&D Insurance Group. Your understanding and support give us the strength to “Try & Discover.” We kindly ask for your continued support and guidance.

Value Creation Process

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



Business Portfolio

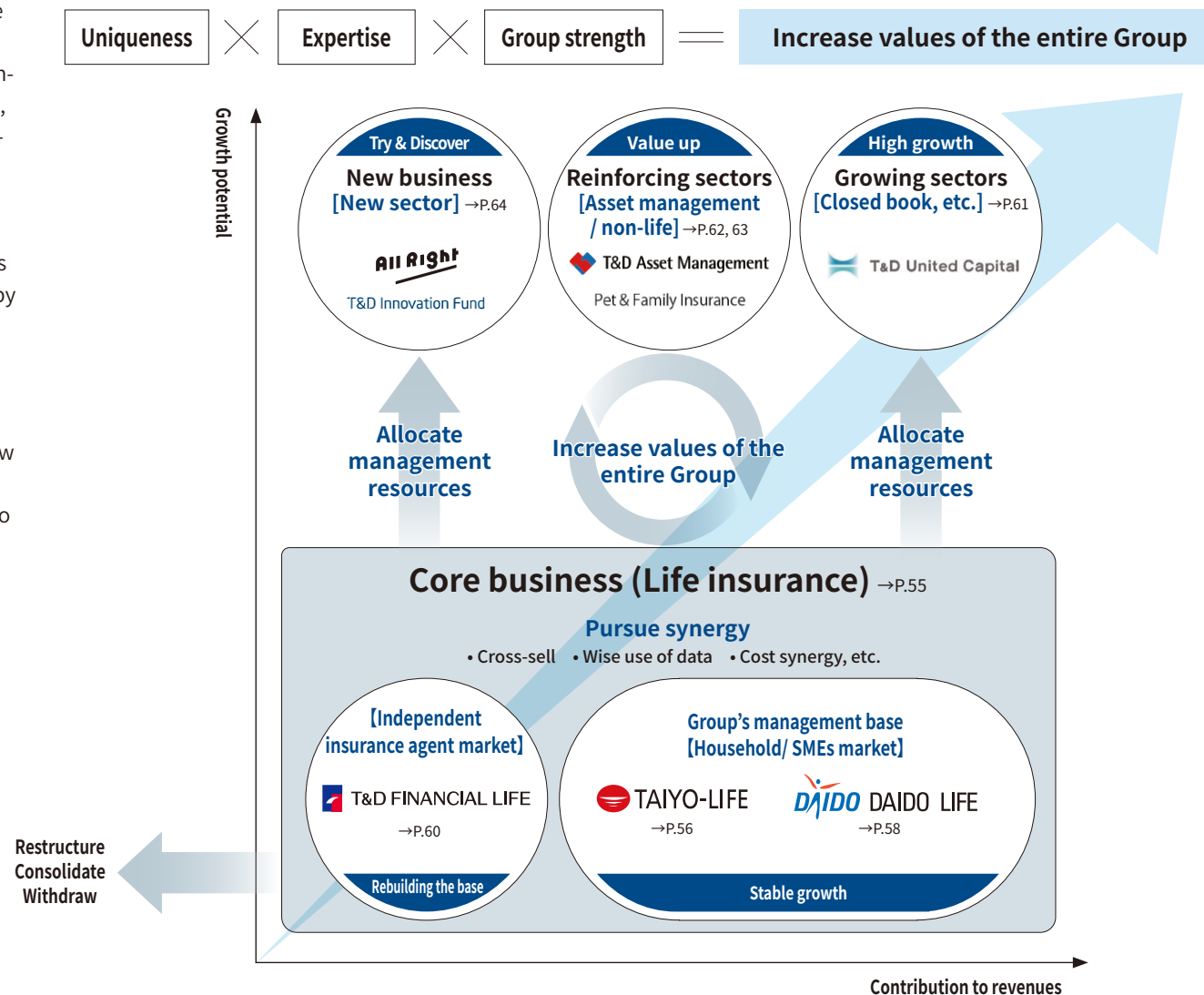
While each operating company performs to its full potential as a unique and specialized business unit, T&D Holdings pursues overall optimization and conducts Group management to demonstrate Group strength that is more than the sum of its individual parts.

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. Each operating company is displaying its uniqueness and expertise to the fullest extent, working as one unified group to maximize corporate value.



Sustainability Management

Contributing to a sustainable society by creating both economic and social value through the creation of shared value





With life insurance as its core business, T&D Insurance Group puts sustainability at the heart of its business, providing products and services that deliver safety and security to customers. In addition, as an institutional investor, the Group is engaged in asset management, which is highly public in nature and closely linked to economic development and sustainable society building. The Group believes that it has a responsibility to contribute to society through these businesses.

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

The Group believes that its efforts to promote SDGs management and solve social issues will lead the Group to achieve its goals of creation of shared value and sowing happiness in the world. We, the T&D Insurance Group, will take steady steps to become a sustainable insurance group that grows along with society.



Materiality (Sustainability Priority Themes)

	Related capital and stakeholders to be considered	Social issues	Risks and opportunities	Initiatives	KPI	FY2024 results
Priority theme 1 Promote Healthy and Abundant Lives for People	 Social and relationship capital Companies in Japan and individual customers	<ul style="list-style-type: none"> • Reduce economic and social risks in an aging society • Help people maintain good health • Encourage the use of insurance and financial services • Support the resolution of SME management issues • Support the spread of SME health and productivity management 	<div> <div>Risks</div> <ul style="list-style-type: none"> • Risk of a weakening customer base due to the aging of the population and the declining birthrate • Decrease in the number of SMEs due to closure and other reasons • Risk of lagging behind the competition in development of new insurance products and services • Risk of financial results and other aspects of business being impacted by future changes in regulations </div> <div> <div>Opportunities</div> <ul style="list-style-type: none"> • Increase in the need for insurance coverage and for asset building with an eye toward post-retirement life • Emergence of new methods of offering products and services reflecting digitalization • Use of insurance policies at business succession of SMEs • Provision of health-promoting insurance and services to solve social issues and earn profits </div>	<ul style="list-style-type: none"> • Offer insurance that supports dementia prevention and insurance that widely covers conditions that require nursing care • Help SMEs adopt and implement Kenkokei® and enrich their welfare programs • Invest in funds that support businesses that aid people's improvement of their health • Integrate online applications for insurance and services provided by human staff • Deliver asset building products providing senior customers with a comfortable post-retirement life 	<ul style="list-style-type: none"> • Customer satisfaction: Above or equal to the FY2020 level (by FY2025) 	⇒P.38
Priority theme 2 Provide Workplace Environments that Enable Diverse Human Resources to Participate Actively	 Human capital Employees	<ul style="list-style-type: none"> • Support personnel training and capability development • Respect the personalities and diversity of workers • Promote the active participation of women • Create an environment where workers can work in good health and safely 	<div> <div>Risks</div> <ul style="list-style-type: none"> • Risk of personnel outflow or difficulty in securing workers due to the workplace environment failing to adapt to the diversification of values or to changes in the social structure • Business stagnation or slowdown resulting from a lack of necessary specialists </div> <div> <div>Opportunities</div> <ul style="list-style-type: none"> • Creation of new value after supporting the active participation of diverse personnel • Effective deployment of personnel and improvement of productivity by allowing flexible work styles • Improvement of management capabilities and the business foundation by cultivating diverse human resources </div>	<ul style="list-style-type: none"> • Provide education and training centered on on-the-job training (OJT), group training, self-development support, reskilling and re-learning • Promote employment for persons with disabilities, provide training on LGBTQ+ (sexual minority) issues, and set up helplines for different kinds of harassment and abuse to respect and foster diversity • Formulate an action plan for promoting the advancement of women and set targets regarding the promotion of women to management positions and carry out the actions • Develop a system for returning from childcare to workplace, such as when employees return after childcare leave 	<ul style="list-style-type: none"> • Employee engagement score: Above or equal to the FY2020 level (by FY2025) • Ratio of female managers: 25% or more (by 2027), 30% or more (by 2030) • Percentage of male employees taking childcare leave: 100% 	⇒P.31
Priority theme 3 Contribute to Global Environment Conservation and Climate Change Mitigation and Adaptation	 Natural capital Global environment and biodiversity	<ul style="list-style-type: none"> • Expand the use of renewable energy • Increase resilience to climate change • Improve efficiency of energy use • Conserve marine resources and prevent marine pollution • Conserve biodiversity on land • Forest conservation 	<div> <div>Risks</div> <ul style="list-style-type: none"> • Impact of the increase of deaths and injuries due to the increase in the average temperature and the increase in extreme weather on the insurance balance • Increase in risk of infectious diseases due to the expansion of the habitats of disease vectors • Reputational damage due to delays in compliance with regulations and insufficient information disclosure </div> <div> <div>Opportunities</div> <ul style="list-style-type: none"> • Provision of products and services that meet the needs for coverage against new risks arising from climate change, etc. • Cultivation of and entry into new business domains related to the mitigation of and adaptation to climate change </div>	<ul style="list-style-type: none"> • Set Group-wide targets for reducing CO₂ emissions, electricity consumption and office paper consumption • Conserve energy through different initiatives for reducing electricity consumption, the use of a demand monitoring system and the introduction of no-overtime days • Expand green procurement for environmental protection, waste reduction and recycling • Accelerate the shift to electricity generated from renewable sources of energy 	<ul style="list-style-type: none"> • Our GHG emissions (CO₂ emissions) (Compared to the FY2013 level): 40% reduction (by FY2025), 70% reduction (by FY2030) • Achievement of our net zero emissions: by FY2040 • Introduction rate of renewable energy: 60% (by FY2030) 	⇒P.43
Priority theme 4 Invest to help build a sustainable society	 Natural capital and social and relationship capital Global environment, investees and borrowers, and related projects	<ul style="list-style-type: none"> • Accelerate investments in sustainable development • Accelerate investments in clean energy • Step up actions to address sustainability issues faced by investees and borrowers 	<div> <div>Risks</div> <ul style="list-style-type: none"> • Decrease in the value of the assets of the Group after the deterioration of the financial results of investees failing to address sustainability issues • Contraction of opportunities to invest in and finance companies failing to address sustainability issues </div> <div> <div>Opportunities</div> <ul style="list-style-type: none"> • Increase in investment and financing to accelerate efforts to address sustainability issues and long-term and stable growth in gains on investments • Growth of investees and borrowers through engagement in them • Long-term and stable growth of gains on investments in and the financing of clean energy businesses and the like that aid the establishment of a decarbonized society </div>	<ul style="list-style-type: none"> • Make various ESG investments in accordance with the Principles for Responsible Investment (PRI) and engage in dialogue with investees and borrowers and exercise voting rights properly in line with the Principles for Responsible Institutional Investors • Carry out investment and financing activities that contribute to the creation of a sustainable society in consideration of ESG issues • Implement initiatives to reduce the CO₂ emissions of investment and financing recipients and enable them to achieve net zero emissions • Conducted portfolio analysis of the nature-related risks in accordance with TNFD framework 	<ul style="list-style-type: none"> • Financed emissions (CO₂ emissions of investees and borrowers) (Compared to the FY2020 level): 50% reduction (by FY2030) • Achievement of net zero emissions for investees and borrowers: by FY2050 	⇒P.42, 43

For the process for selecting the priority themes, see the following webpage:
<https://www.td-holdings.co.jp/en/csr/effort/casestudy.php>

Sustainability Advisory Committee

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

Sustainability Advisory Committee members



Takejiro Sueyoshi

Special Advisor
UNEP Finance Initiative



Mari Yoshitaka

Representative Director of Virtue Design
Visiting Professor at the College of Arts
and Sciences, University of Tokyo



Ai Aonuma

Representative Director of the Kamakura
Sustainability Institute (KSI)
* A member of the committee since April 2025

Climate change

Recommendations from committee members

Research institutions have released climate change data that suggests the situation is dire and cannot be reversed, and responses over the next five to ten years by the government and companies are being prioritized. While renewable energy is recognized as a measure for combatting climate change, it is expected that using renewable energy will play a role as a condition for business transactions because some suppliers have been asked to begin doing so.

Response

In May 2024, the Group reviewed its own CO₂ emissions reduction targets and those of the entities it invests in and lends to (elevating the targets and accelerating the timelines for achieving them) to contribute to the realization of a society with net-zero carbon emissions. We are actively promoting a shift to electricity derived from renewable energy sources and are making investments and financing that contribute to the achievement of a decarbonized society, including the issuance of transition bonds.

Regional revitalization

Recommendations from committee members

Local financial institutions are starting to support initiatives such as the creation of new businesses focused on sustainability in local communities. The T&D Insurance Group views its nationwide bases as a strength and believes that it can help address local issues by collaborating with local governments.

Response

In FY2024, the Group made the corporate hometown tax donations to local governments that have a strong affinity with its sustainability priority themes. Additionally, the Group dispatched employees to assist with regional revitalization activities through the

Sustainability Advisory Committee meetings held in FY2024: 5 times

Major Themes

- Trends regarding the climate crisis and COP29
- Sustainability trends in regional revitalization activities
- Human capital management trends and current status
- Trends in impact investing

corporate hometown tax donation payment program (personal dispatch type). The Group discusses issues with local governments to help address the social issues they are facing.

Human capital management

Recommendations from committee members

In human capital management, the challenge is implementing human resources strategies that are aligned with management strategies. It is important to consider how to recruit and develop employees while keeping the future in mind. It is also important to visualize and present human resource investment information. There are numerous challenges related to the disclosure of information about human capital. When managing a corporation, it is important to discuss and disclose the methods for measuring new human resource development.

Response

We analyzed employee engagement scores together with Professor Nobuyuki Isagawa and Associate Professor Kazuo Yamada from Kyoto University's Graduate School of Management. We analyzed the correlation between financial data and engagement scores and disclosed our findings. We will continue to analyze and utilize our findings to develop human capital strategies that enhance our corporate value.

⇒ P. 34 Results of employee engagement surveys

ESG investment

Recommendations from committee members

A variety of initiatives can be seen that aim to grow the businesses of investee organizations while addressing sustainability issues. One of these initiatives is "impact investing." The goal of impact investing is to achieve social and environmental benefits while securing a certain return on the investment. T&D Insurance Group should clearly define its investment policies as an investor and specify the areas where it aims to have an impact.

Response

The T&D Insurance Group considered the impact its past investment activities as an institutional investor have had on the realization of a sustainable society, and engaged in investments that take the environment, society and governance into account. While assessing the profitability and risks of each individual investment project, we steadily increased our investments and financing. By the end of FY2024, our cumulative total investment in ESG-themed investments and financing reached 1,100 billion yen.

Financial Capital

Message from the Head of Finance

Improving corporate value through the promotion of Group capital management

We will aim for further improvement in corporate value by improving capital efficiency and reducing the cost of shareholder's capital.

Director and Senior
Managing Executive Officer

Hotaka Nagai



Outcomes of Financial Capital

• TSR

Upgrading Group Capital Management

The T&D Insurance Group has been working to improve capital efficiency, which was identified as our biggest challenge in the Group Long-Term Vision, by allocating capital generated through our core life insurance business and capital generated through the reduction of asset management risk to the closed book business and other growing and new sectors and making a concerted effort to increase the value of the invested capital, and by enhancing shareholder returns.

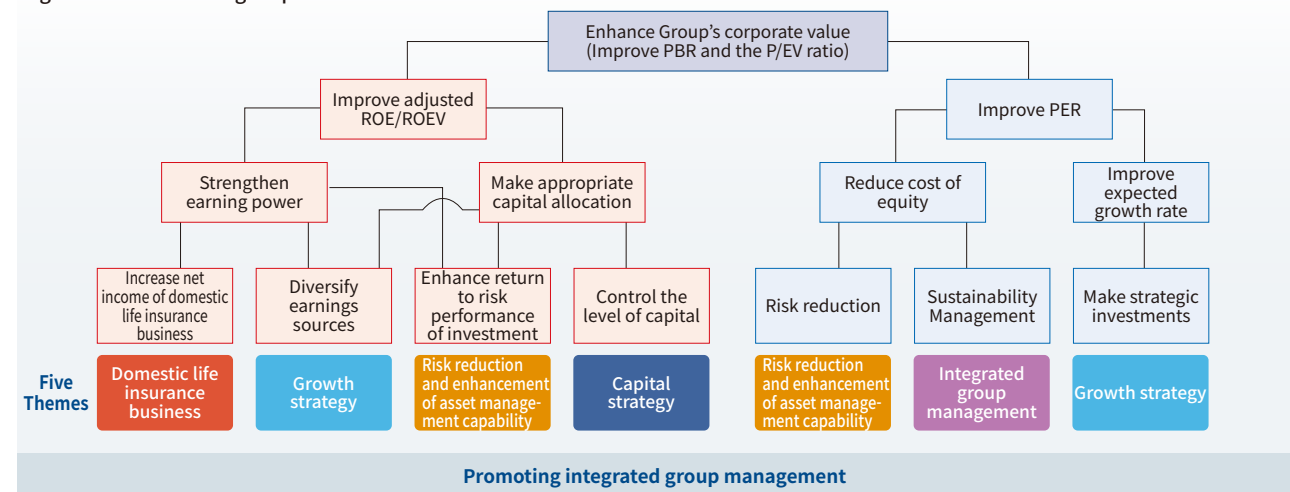
More specifically, we have allocated 188 billion yen to growth investments over the past four years. We have also significantly increased shareholder returns. Our total shareholder returns

over the same period amounted to 395.5 billion yen and our total payout ratio was over 100%.

As a result of various measures including the promotion of Group capital management, adjusted ROE was 10.4% (compared with 5.9% in fiscal 2020), and Group adjusted profit was also 141.5 billion yen in fiscal 2024 (compared with 77.9 billion yen in fiscal 2020), and we achieved our targets for the final fiscal year of the Group Long-Term Vision (fiscal 2025), which were adjusted ROE of 8% and adjusted profit of 130 billion yen, one year ahead of schedule.

⇒ P.48 Trend in Group Adjusted Profit and Adjusted ROE
⇒ P.87 Shareholder Returns Data

Logic tree for enhancing corporate value



Financial Capital

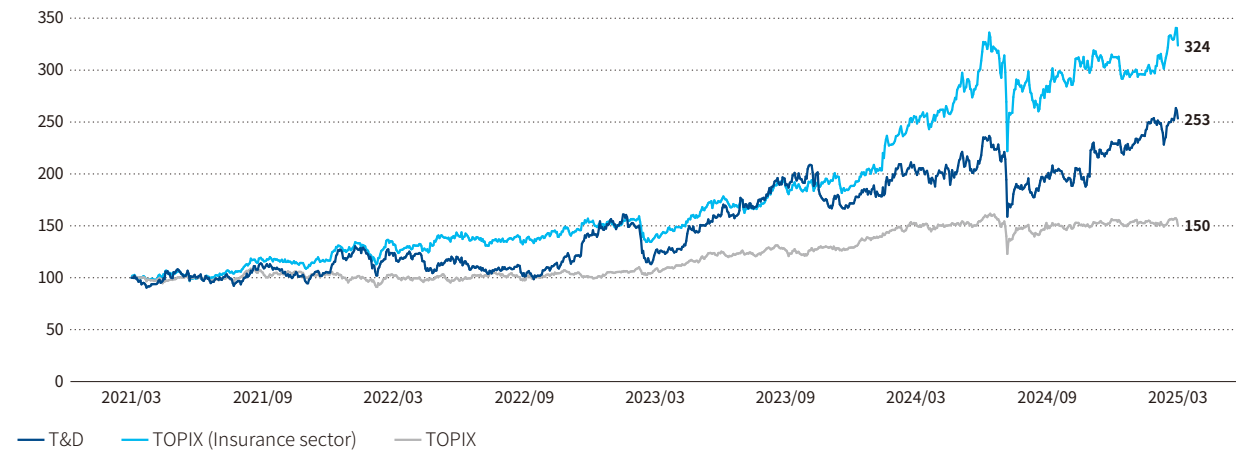
Message from the Head of Finance

Stock Price Performance (TSR)

We believe we have also gone up in the estimation of shareholders as a result of our steady initiatives and achievements in terms of enhancing corporate value. Over the period of the Group Long-Term Vision, our TSR (Total Shareholder Return) has been strong, and our PBR (Price-to-Book Ratio) also reached 1.25x at the end of March 2025 (compared with 0.54x at the end of March 2021).

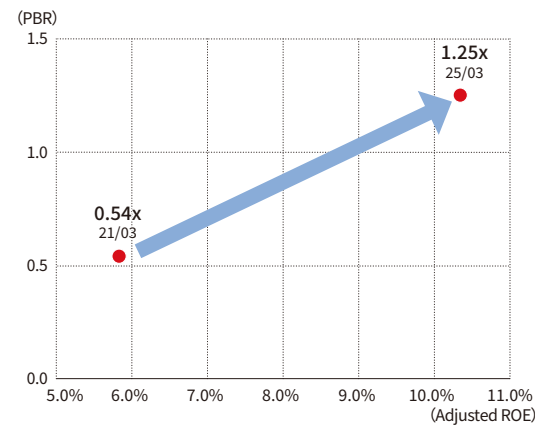
Our P/EV (Price-to-Embedded Value) ratio has also improved from 0.26x to 0.39x; however, without being satisfied with the current levels, we will continue working to enhance corporate value and improve our stock price performance and P/EV ratio through steady implementation of the measures in the logic tree for enhancing corporate value.

Trend in TSR

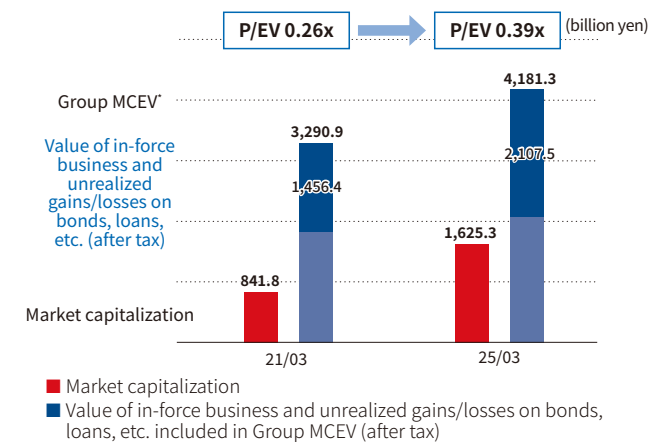


* Total Shareholder Return (TSR): (Profitability calculated pre-tax and assumes that all dividends are reinvested.) End of March 2021 set as 100.
(Source) Bloomberg

Adjusted ROE/PBR



Trend in P/EV ratio



■ Market capitalization
■ Value of in-force business and unrealized gains/losses on bonds, loans, etc. included in Group MCEV (after tax)
* Excluding valuation gains/losses, etc. related to Fortitude

Financial Capital

Message from the Head of Finance

Group Capital Management Initiatives

This section outlines our Group capital management initiatives.

Risk reduction initiatives

Over the past four years, we have reduced risk by around 130 billion yen through risk reduction initiatives such as promoting the use of reinsurance, reducing interest rate risk through the purchase of super long-term bonds, reducing foreign currency denominated bonds, and reducing strategic shareholdings.

To increase the P/EV ratio, we need to implement initiatives

Reduction risk / improving capital efficiency

Reduction in risk amount: Approx. 130 billion yen
(April 2021 to March 2025)

Main initiatives	
(1) Ceding of in-force blocks of business (three companies)	Policy reserve: Approx. 1.7 trillion yen (Expansion in surplus: Approx. 47 billion yen)
(2) Purchase of super long-term bonds (Daido)	Approx. 1.2 trillion yen (Interest rate matching ratio: 79.8% (+20.5pt*)) * Increase due to purchase of super long-term bonds
(3) Reduction of foreign currency denominated bonds (Taiyo and Daido):	Approx. 2.4 trillion yen
(4) Reduction of strategic shareholdings (Taiyo and Daido):	Approx. 360 billion yen

steadily to reduce the cost of shareholder's capital, in addition to improving adjusted ROE, which are indicators of capital efficiency. We recognize that our cost of shareholder's capital has steadily decreased from around 8%; however, to widen the equity spread (the difference between adjusted ROE and the cost of shareholder's capital), reduction of the volatility of financial accounting profit is essential. To do this, it is important to reduce asset management risk, which is greatly impacted by market factors.

By the end of March 2026, we aim to reduce domestic and foreign stock risk by around 20% and domestic interest rate risk

Cost of shareholder's capital

We recognize that our cost of shareholder's capital has steadily decreased from around 8%.

(Our stock price β and earnings yield (inverse of the P/E ratio) are in a downward trend.)

Trend in beta		
Our stock price β^*	21/03	25/03
1 year	1.63	1.17
3 years	1.51	1.01
5 years	1.50	1.17

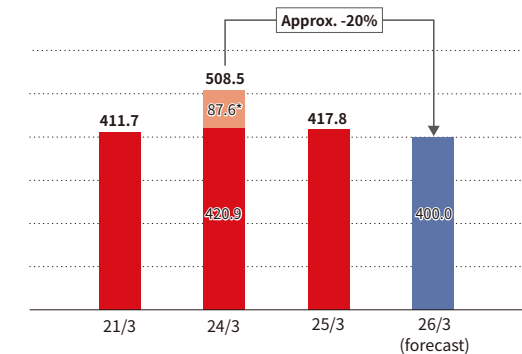
*Our stock price β is weekly, vs TOPIX.

Status of earnings yield		
	21/03	25/03
Group adjusted profit	77.9 billion yen	141.5 billion yen
Earnings yield	9.10%	8.70%

by around 27% compared with risk amounts at the end of March 2024, and the pace of reduction is currently outperforming the plan (as of the end of March 2025).

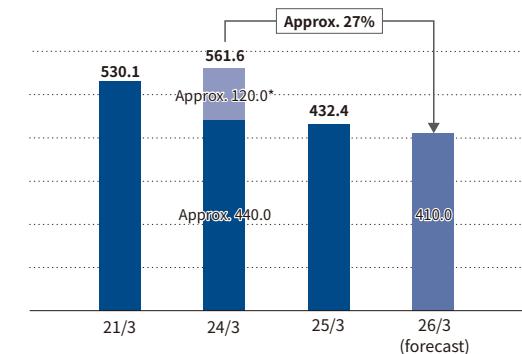
Stock risk (domestic and foreign stocks)

(Risk amount/Billion yen)



Domestic interest rate risk

(Risk amount/Billion yen)



Financial Capital

Message from the Head of Finance

Equity risk

Domestic and foreign stocks will still be included in our asset management portfolio mainly for the purpose of improving asset management efficiency (return on risk) through diversified investment and hedging against inflation risk; however, by shifting away from domestic stocks towards yen interest rate assets in view of rising domestic interest rates and replacing stocks with alternative assets that promise greater improvement in asset management efficiency, we are looking to reduce the ratio of domestic and foreign stocks in the asset management portfolio from around 9% (at the end of March 2025) to around 5% by the final fiscal year of the next Group Long-Term Vision (end of March 2031). In fiscal 2025, we plan a combined total reduction in domestic and foreign stocks for Taiyo Life and Daido Life of around 180 billion yen.

Among stocks, we are focusing particularly on strategic shareholdings. Under the Group Long-Term Vision, we set a target of reducing strategic shareholdings to 20% of consolidated net assets, and we achieved this target in March 2024. In May 2024, we set a new target of reducing strategic shareholdings, excluding those of business partners and collaboration partners, aiming for a balance of zero by the end of fiscal 2030, and we are continuing to reduce the balance of strategic shareholdings further.

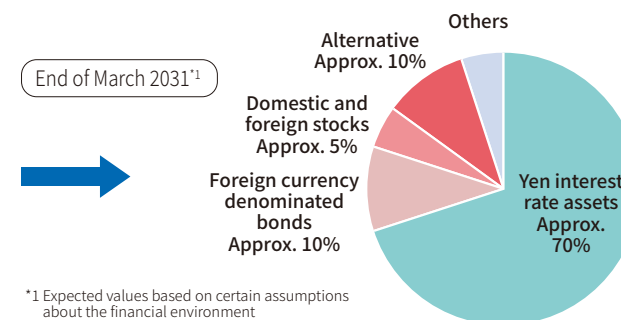
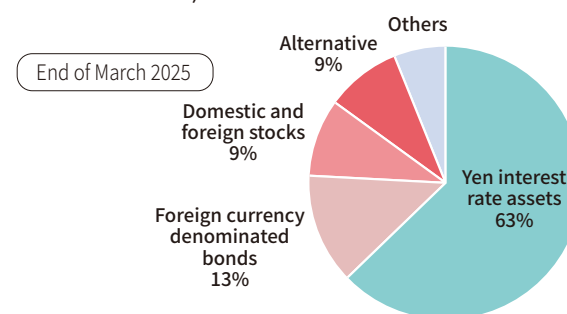
Domestic interest rate risk

We are making steady progress with the reduction of domestic interest rate risk mainly through the purchase of super long-term bonds. To reduce yield curve risk, we are promoting cash flow matching for assets and liabilities, while also taking into consideration the impact of increased policy cancellations in a higher interest rate environment. Through continued promotion of ALM, we will reduce interest rate risk and strive to reduce the cost of shareholder's capital by ensuring stable returns.

Capital allocation (growth investment and shareholder returns)

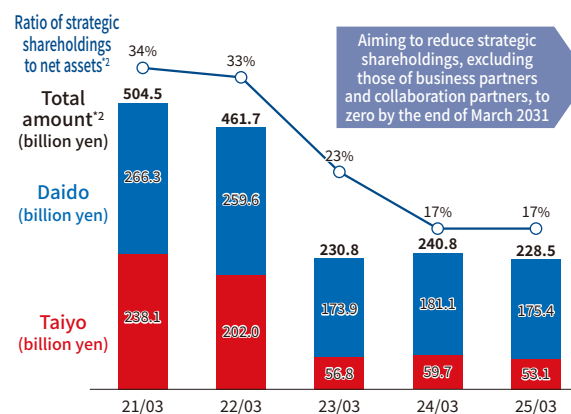
Over the four-year period of this long-term vision, we have strengthened growth investment and shareholder returns with a view to improving capital efficiency. During this period, total dividends from subsidiaries reached 466.4 billion yen, and we

Asset management portfolio (The figures are total of Taiyo Life and Daido Life.)



^{*1} Expected values based on certain assumptions about the financial environment

Trend in strategic shareholdings (on a market value basis)



^{*2} Without deemed strategic shareholdings³

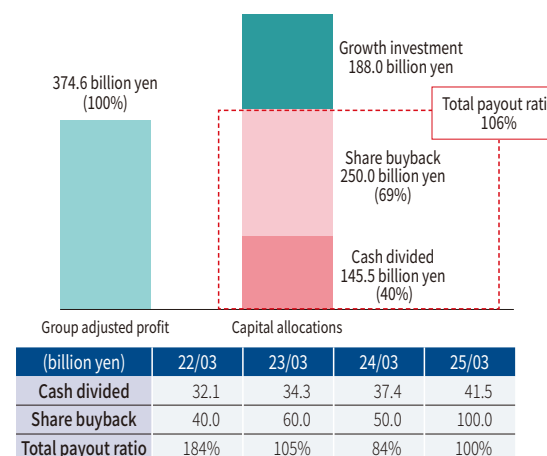
^{*2} On a market value basis including unlisted stocks

^{*3} In deemed strategic shareholdings, a company does not typically hold actual ownership rights but instead has the authority to exercise or direct the exercise of voting rights.

allocated 188 billion yen of this to growth investment. We have also significantly strengthened shareholder returns, with share repurchases of 250 billion yen and cash dividends of 145.5 billion yen making total shareholder returns of 395.5 billion yen and resulting in a total payout ratio of 106% against Group adjusted profit.

Capital allocations from April 2021 to March 2025

^{*} Percentages are against Group adjusted profit.



	Capital allocations			
(billion yen)	22/03	23/03	24/03	25/03
Cash dividend	32.1	34.3	37.4	41.5
Share buyback	40.0	60.0	50.0	100.0
Total payout ratio	184%	105%	84%	100%

Financial Capital

Message from the Head of Finance

Stabilization of profit through the promotion of ALM and formulation of a new shareholder returns policy with a dividend payout ratio of 60%

In Notice of Earnings Forecast and Shareholder Returns released on March 31, 2025, we announced our policy of aiming to achieve Group adjusted profit of 200 billion yen or more by fiscal 2030. The profit growth will be largely attributable to expansion of the positive spread and increased profit in the closed book business.

In an environment of persistently low interest rates, we generated the assumed investment yield through a portfolio of assets other than yen interest rate assets such as foreign currency denominated assets; however, with domestic interest rates now rising, our policy going forward will be to expand the positive spread by stabilizing asset management yields through a continuous shift towards yen interest assets and by reducing the cost of liabilities, including using reinsurance. By fiscal 2030, we will

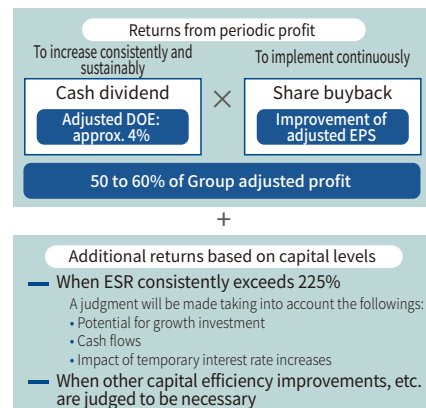
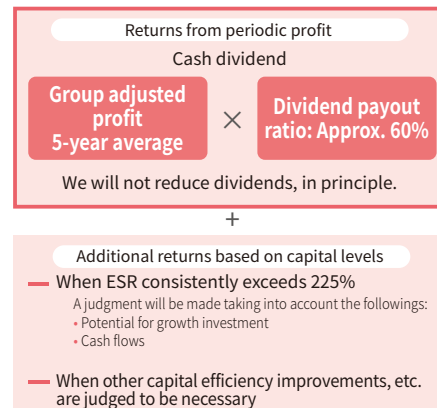
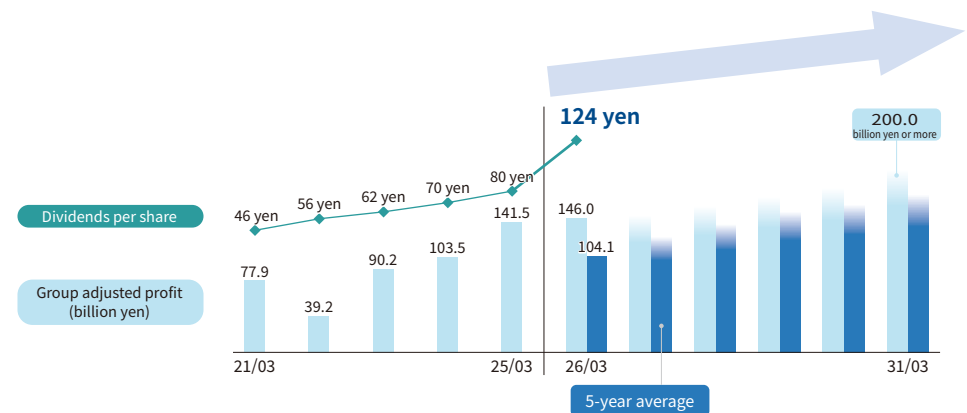
cover the assumed investment yield through yen interest assets alone and build a stable and reliable profit structure underpinned by the domestic life insurance business, without relying on uncertain capital gains such as gains on the sale of stocks. Moving forward, we will also continue seeking further profit growth driven by the increased profit generated by Fortitude and Viridium in the closed book business, in addition to steady profit growth in our core domestic life insurance business.

In terms of shareholder returns, we have switched to a dividend policy of setting the dividend payout ratio at 60% of the five-year average of Group adjusted profit. Under this new policy, profit growth will lead directly to an increase in cash dividends. With the dividend payout ratio set at 60%, our dividend forecast for fiscal 2025 of 124 yen per share is a big jump of 155% from the previous year. We also expect cash dividends to increase continuously in the future, alongside expansion in Group adjusted profit. With respect to the remaining 40% of

capital not returned in cash dividends, we will further increase capital efficiency by implementing disciplined growth investments and share repurchases.

In Closing

We recognize that the steady progress we have made with Group capital management under the current long-term vision has also led to improvement in our stock price performance and helped us go up in the market's estimation to some extent. We are currently in the process of formulating our next long-term vision, which will start from fiscal 2026, and as the Head of Finance, I will help further enhance corporate value by continuing to improve capital efficiency, reduce the cost of shareholder's capital, and realize sustainable shareholder returns.

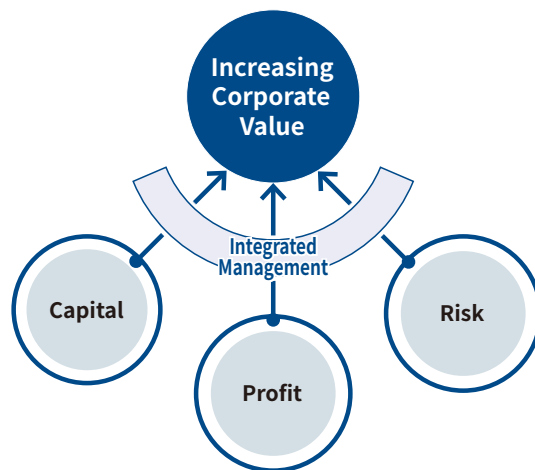
Former shareholder returns policy (until fiscal 2024)**New shareholder returns policy (from fiscal 2025)****Growth of cash dividends (projection)**

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.

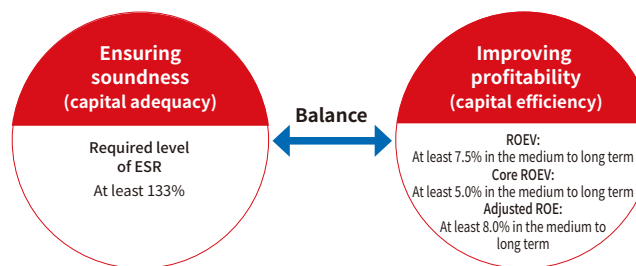


Promotion of ERM

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.

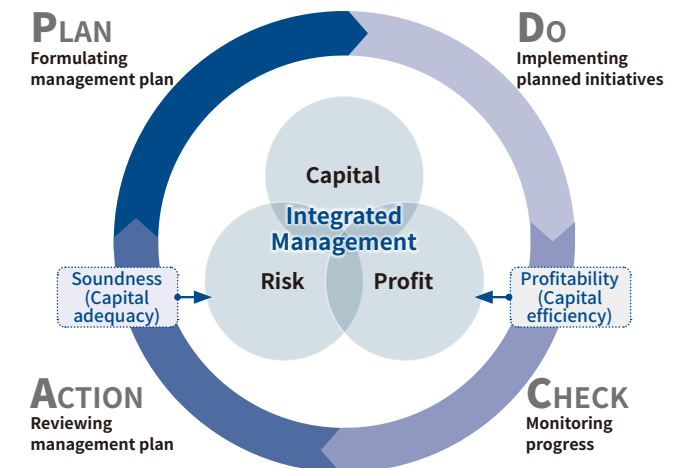
Group risk appetite



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

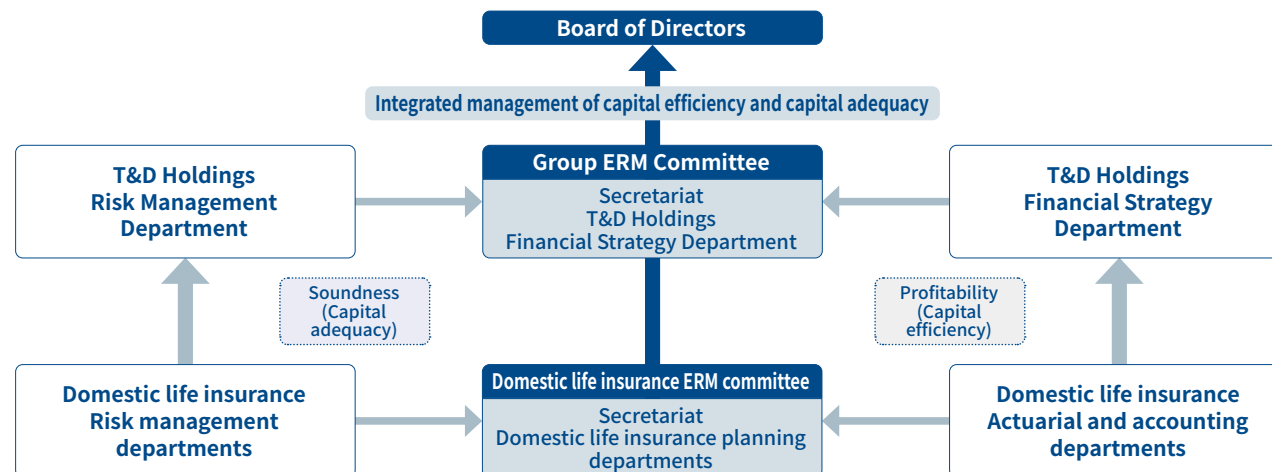
strengthening the risk management system for the entire Group.

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, human rights issues, cyberattacks, corruption, and money laundering and terrorist financing. 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.	Risks are properly controlled by categorizing the status of financing depending on its severity level, determining a controlling method according to each category and securing a certain level of liquidity and by establishing a structure that enables the smooth securitization of assets for fund procurement.
(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 88.

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.

(billion yen)	As of March 31, 2024 (1)	As of March 31, 2025 (2)	Change (2) - (1)
Insurance risk (domestic)	1,102.7	1,375.3	+272.6
Counterparty risk	5.2	4.3	(0.9)
Investment risk	1,628.5	1,448.8	(179.7)
Operational risk	98.0	97.5	(0.4)
Insurance risk (overseas) ^{*1}	11.3	7.6	(3.7)
Subsidiaries and affiliates risk	29.3	24.1	(5.2)
Investment/insurance diversification effect, etc.	(551.7)	(593.9)	(42.2)
Tax effect, etc.	(662.7)	(694.0)	(31.3)
Total risk amount ^{*2}	1,660.9	1,669.8	+8.9
Surplus	3,971.6	4,051.1	+79.4

*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).

Initiatives to protect personal information

T&D Holdings, the three insurance companies in Japan and other Group companies have each established and published a privacy policy, clearly setting out matters such as the purpose of use, policy on provision to a third party, and safety management measures, and we strictly protect personal information. We also implement appropriate information management in accordance with our Compliance Code of Conduct, Information Security Policy and regulations on handling personal information.

As the company responsible for the Group's information systems, T&D Information Systems utilizes data including personal information in an appropriate manner, and carries out strict data protection and management. In May 2005, we received Privacy Mark certification, which is awarded to enterprises that take appropriate measures to protect personal information.

Our privacy policy can be viewed on our website.

<https://www.td-holdings.co.jp/en/information/privacy.php>

Financial Capital

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 and protecting information assets from increasingly sophisticated cyberattacks. To fulfill our social responsibilities as a company engaged in the life insurance business, we have formulated our Group Information Security Policy and Rules on the Group's Cyber Security Management and made engagement in cyber security mandatory for all executives and employees. The purpose of the Group Information Security Policy is to clarify the T&D Insurance Group's policy for properly managing information assets and to protect information assets from being leaked, falsified or damaged in an accident, system failure, natural disaster or fire. In terms of the information security management structure, we have established the position of Chief Information Security Officer to oversee information security across the Group, and the executive officer in charge of the Risk Management Department assumes this role.

Each Group company has clearly established information security management systems. We implement appropriate management measures based on the information asset categories and risk assessments, and we also make continuous improvements based on the PDCA cycle. The status of information security management is reported to the Group Risk Management Committee and the Board of Directors on a monthly basis, in principle.

The Group positions cyber security as an important issue for risk management and is developing and strengthening cyber security systems.

A cyber security attack or other incident could shut down systems and prevent the execution of business, or could lead to a serious information leak.

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 cyberattacks. This allows us to speed up our response in the event of a cyber incident, assess the impact and develop recurrence prevention measures, helping us to minimize damage across the Group as a whole and to continue operating. In addition, we conduct Group company-level drills and participate regularly 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. Any information leak or other incident (including cyber security incident) that occurs is dealt with quickly in accordance with our response procedures and manuals (Information Security Management

Regulations and Information Security Handbook).

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.

The cyber security management status is reported to the Group Systems and DX Promotion Committee and the Board of Directors on a regular basis.

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.

We consider security throughout the entire supply chain, including outsourcing partners and outside vendors, as extremely important from the viewpoint of protecting information assets. When selecting new business partners, we check whether they meet our information security requirements. We regularly conduct security evaluations and audits of key outside contractors and give them guidance on how to improve where necessary.

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

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.

Outcomes of Intellectual Capital

• Innovative products

Taiyo Life

—Hoken Kumikyoku BestMYWAY series

Daido Life

—Advanced Cancer Coverage J-type
—J-Wide Rider Plus

T&D Financial Life

—Cumulative savings insurance *Tsumiyell*
(products launched from 2024)

• Business investment track record

• Asset management knowhow and track record



Aiming to Enhance Intellectual Capital

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

Daido Life, Taiyo 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 pro-

posal and provision of the coverage that each household needs. **Innovative products**► *Hoken Kumikyoku BestMYWAY* is a pioneering insurance product that can be freely customized by customers so they get the coverage they need, and *Hoken Kumikyoku BestMYWAY Kisei Kanwa* provides wide-ranging coverage, primarily for dementia, cancer, medical care, and death, to people with health concerns.



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.

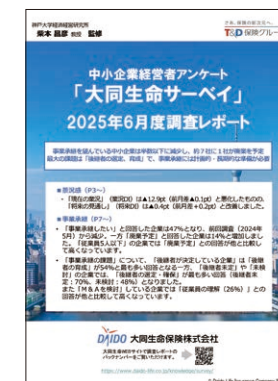
Innovative products► The industry's first made-to-order products for the diverse protection needs of SME owners: *L-type α*, *J-type α*, *T-type α*, *Advanced Cancer Coverage J-type*, for rational coverage of high-severity cancers.



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**► *Tsumiyell* is a financial service product that combines installment investing and insurance coverage.

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. In the survey, sales representatives interview SME managers, either in person or via Zoom. We compile reports based on the real voices of business managers from approximately 8,000 SMEs. These reports are then sent to SME managers nationwide to provide them with management tips. We also make the reports available to the general public. The data accumulated in the survey is also used in the development of new products and services.



Intellectual Capital

Activities of Taiyo Life Aging Society Institute

The Taiyo Life Aging Society Institute was established in April 2020 to help address Japan's declining birthrate and aging population issues. The institute conducts surveys and research on the declining birthrate and the extension of healthy life expectancy from a medium- to long-term perspective. It aims to broadly publish its findings to contribute to society.

The institute has been conducting a survey on dementia. Additionally, they have conducted surveys on the impact of a child's hospitalization on parents and on elderly individuals living alone. The institute is involved in various activities, including its participation in the Ministry of Economy, Trade and Industry's Orange Innovation Project and joint research on bone health. The research findings as well as newly identified technologies and services are 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.

Taiyo Life promotes hybrid sales activities. It has enhanced non-face-to-face solicitations using the new *T-AI-Face* sales terminal which was introduced in August 2024. It has also improved sales support activities using AI. Daido Life's online service for business managers, *Dodai?*, launched in March 2022 and has since grown into a community of over 90,000



Images of T-AI-Face, which is used in non-face-to-face sales

members, helping SMEs solve their business challenges. All Right Co., Ltd. is working to expand customer contact points by utilizing *Peer-Conne*, a digital tool designed for building a digital customer base.

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 2025, 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 into the market, together with its accumulation of know-how over more than 20 years and its development of human resources, private equity is now one of the types of investment assets underpinning Daido Life's asset management earnings.

In 2002, Mitsubishi Corporation and Daido Life established Alternative Investment Capital Limited ("AIC"), an equity-method affiliate of the Company that focuses on private equity investments. We send personnel to AIC to gain expertise in this area.

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

In July 2019, the Group established T&D United Capital Co., Ltd., which focuses on investment activities. The company invests in growth areas that are compatible with the life insurance business. In June 2020, the Group began investing in Fortitude, a US-based insurance company that specializes in the closed book business. Since then, the Group has been collaborating with Fortitude, sending personnel to the company to accumulate expertise, knowledge and a track record in this area.

In August 2025, the Group acquired a stake in Viridium and made the specialized insurance holding company for two closed book businesses an equity-method affiliate. By collaborating with international companies, the Group aims to enhance its expertise and establish a new significant revenue stream following the domestic life insurance business.

Human Capital

Message from executive officer in charge of human resources

Human Capital for Sustainable Growth

Promoting the Group Long-Term Vision 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 (FY2024)
*5-point evaluation **3.90**
- Total human resource development and training costs (FY2024)
665 million yen
- Training hours per person (FY2024)
126.4 hours
- Ratio of female managers (as of April 1, 2024)
24.6%

* 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

24.6%



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.

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

Strengthening our core businesses within the Group growth strategy requires the strengths of each company with its own business model to be maintained and enhanced, and it is essential that each company continues its initiatives to develop human resources. Additionally, securing and developing highly specialized human resources is required to diversify and optimize our business portfolio outside of the life insurance business sector. In FY2025, we introduced the T&D Holdings Human Resource System with the goal of enhancing our ability to attract talent from the outside labor market and clarify career paths.

While society as a whole becomes more complex and the issues our Group must address become more difficult, it is important for the Group to expand its pool of human resources responsible for Group management from a mid- to long-term perspective to advance Group-wide integrated management. This is why we are pursuing the mobilization and collaboration of human resources across the Group.

Furthermore, it is essential that we establish an environment where all Group employees can thrive, going beyond human resources strategies aimed only at realizing the Group's growth strategy, in order to achieve sustainable Group growth. The diverse human resources of each company should not be confined to their own business sectors. By working across the Group's wide range of sectors and creating new value that cannot be achieved by a single company alone, we will lay the foundation for the Group's sustainable growth.

To this end, the duty of the HR department is to maximize each employee's potential, provide opportunities to proactively take on challenges, discover new things, and grow, and to support employees with a strong willingness to take on challenges so that they can do so with confidence.

We aim to be a Group where all employees can experience personal growth through their work, fully demonstrate their abilities, challenge their own potential, and gain a sense of pride and responsibility as members of the Group.

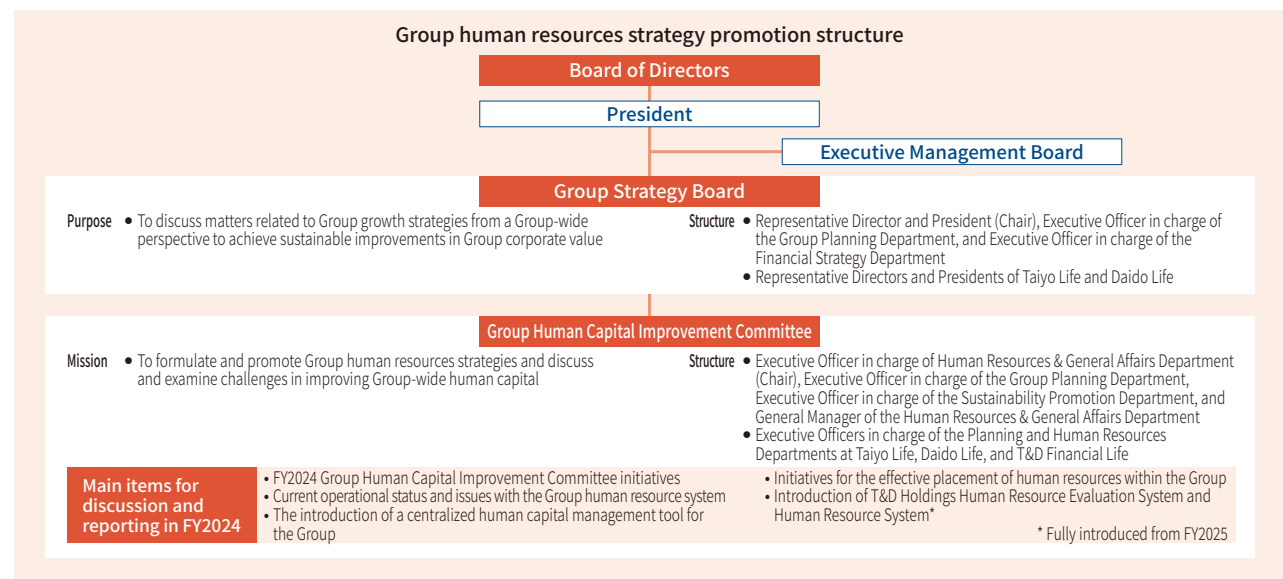
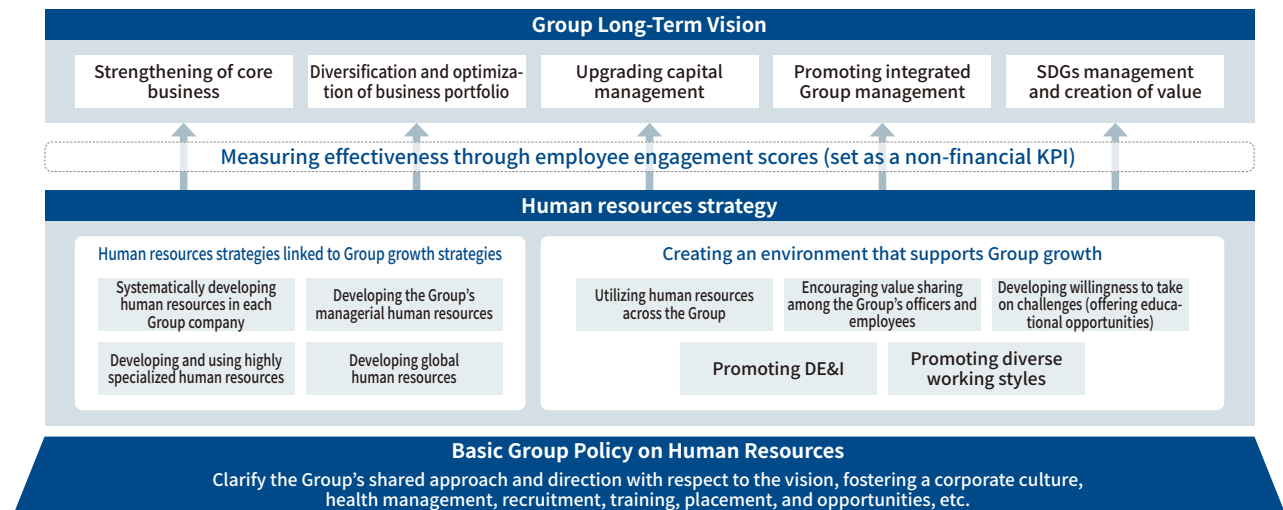
Human Capital

Message from executive officer in charge of human resources

Group Human Resources Strategies Connected to Group Long-Term Vision

We believe that linking with our human resources strategies is an essential element and driving force in achieving our Group Long-Term Vision. Aiming to strengthen implementation of human resources strategy that is unified with 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, and aim to accelerate Group management from a human capital perspective.

We also established the Basic Group Policy on Human Resources as the basic policy for human resources management in the Group, and are developing a variety of measures based on this policy. As we work towards achieving our human resources strategies that reflect employee feedback, we implement an Employee Engagement Score survey each year and disclose the results as non-financial KPIs.



Human Capital

Developing Employee Awareness of Being Shareholders and Group Members Using Company Shares

We introduced a stock-granting ESOP trust scheme in FY2024. With this ESOP trust scheme, points are awarded to employees each year, and at the end of the trust period, company shares are issued based on the number of points they hold. Furthermore, the special incentive payment rate for the employee stock ownership plan was doubled to 10% from FY2025. Through these initiatives, we will instill an awareness among each employee of their role as a shareholder and Group member, leading to increased Group corporate value.

Promotion of Women's Activities

Today, where value is increasingly being placed on social changes and diverse values, we believe that promoting diversity, equity, and inclusion is essential for sustainable corporate growth. Within our Group in particular, where women represent a majority of employees, we recognize that the active participation of women is a key management issue for the Group, as the further utilization of women's abilities is a source of sustainable enhancement of corporate value. The pay gap between male and female employees mainly results from the differing proportions of men and women in managerial positions. We have established Group-wide targets for the ratio of women in management (25% by 2027, 30% by 2030), including in junior management positions. Together, we are working to develop our human resources to

promote women to management positions in each Group company, while also implementing career design training for women, as well as training for newly appointed female managers through group collaboration.

Feedback to the Group's women's career design seminar

Seminar overview

A seminar designed for female employees of the Group prior to their managerial appointment, aimed at supporting the development of a positive career vision, building networks within the Group, and acquiring the skills necessary for managerial positions

Participant feedback

- I was able to hear about women in management and it made me really want to become a manager myself
- I gained a positive outlook on my own career prospects
- I gained useful information for my future career vision

Feedback from participants' supervisors

- She became able to think more deeply about her own career development
- I can see that she now tends to think and act proactively and independently



Group's career design seminar for women

Use of Employee Engagement Scores

We believe that employee engagement is crucial in achieving our Group Long-Term Vision, and we measure effectiveness each year with our Employee Engagement Score survey as we work to improve identified issues across the Group. In the results of our FY2023 survey, the engagement score for those in management positions trended higher than those in non-management positions. To minimize this gap, we promoted effective communication between managers and their subordinates through various training sessions, including one-on-one meetings for managers, and continued working to create a workplace environment where our diverse human resources can thrive, in addition to planned development of human resources at each company. Through these measures, the engagement score of those in non-management positions is steadily rising, and the gap between scores is being reduced.

Additionally, scores for “philosophy/vision” and “attachment/trust” related to the promotion of integrated Group management have risen over the previous fiscal year due to strengthened IR activities within the Group, initiatives aimed at improving the workplace environment, and the introduction of the ESOP trust scheme. As a result, the overall evaluation score has improved from 3.81 (FY2023) to 3.90 (FY2024).

*The results of joint research conducted together with the Graduate School of Management, Kyoto University, on the further utilization of employee engagement scores was published on page 34.

*Employee Engagement Score: A score of 3.5 or higher is defined as high, on a 5-point scale (5.0 to 1.0) and evaluated based on past results and general standards.

Human Capital

Joint employee engagement score survey research results with Professor Nobuyuki Isagawa and Associate Professor Kazuo Yamada from the Graduate School of Management, Kyoto University

(Research continues in collaboration with Kyoto University Original Co., Ltd., a wholly owned subsidiary of Kyoto University)

The Group is engaged in data-based analysis on the relationship between employee engagement and improvements in corporate value in collaboration with Professor Nobuyuki Isagawa and Associate Professor Kazuo Yamada from the Graduate School of Management, Kyoto University.

1. FY2023 survey results

- Results showed that the greater the understanding of corporate philosophy and purpose and the stronger corporate loyalty, the greater the employee's willingness to take on challenges.
- As a result of enhanced sharing of information through Group-wide IR activities and our internal intranet, as well as the introduction of a stock-granting ESOP trust scheme in FY2024, scores related to corporate philosophy and purpose rose alongside scores for corporate loyalty, resulting in favorable employee engagement scores.

2. FY2024 survey results

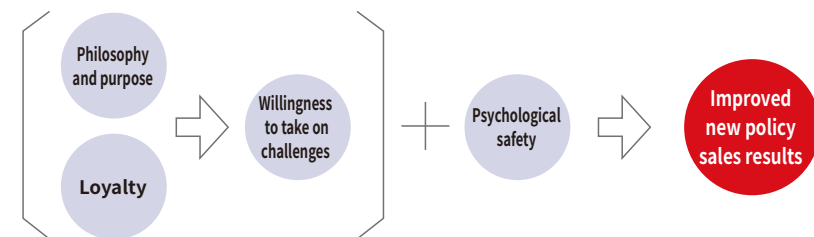
- In FY2024, we analyzed the relationship between new policy sales results and employee engagement scores at Taiyo Life and Daido Life, companies with large populations, to analyze the effects of corporate philosophy and purpose and corporate loyalty from a financial perspective.

Characteristics of branches demonstrating high performance

- (1) High empathy for corporate philosophy and purpose
(Example question: "I agree with the company's philosophy and vision and want to contribute to achieving it")
- (2) Strong corporate loyalty
(Example question: "I am proud to be a member of the company I work for")
- (3) High level of psychological safety
(Example question: "Employees in the workplace are constantly working to ensure all forms of harassment do not occur")

- The results showed that branch offices demonstrating high performance were characterized by employees with high empathy for corporate philosophy and purpose, strong corporate loyalty, and a high level of psychological safety. We will continue working to improve performance through improvements in the workplace environment and IR activities within the Group, thereby enhancing employee engagement scores.
- At the same time, looking at individual survey questions showed that even within the same categories (such as "corporate philosophy/purpose" and "corporate loyalty"), some items showed a positive relationship with new policy sales results while others showed a negative relationship. This demonstrates that there is room for further refinement and deeper analysis. For the next survey, we will conduct additional analysis to support the development of more effective human resources strategies, while also considering revisions to the survey questions.

Visual representation of performance improvements through both improved scores for corporate philosophy/purpose and corporate loyalty together with psychological safety




* Professor Amy Edmondson of Harvard Business School^{[1][2]} also proposes that achieving psychological safety and accountability leads to a state where excellent performance can be achieved.

1) Using a 2x2 matrix composed of different levels of psychological safety and accountability, Edmondson categorizes teams and organizations into four types, placing them in one of four zones: the "Learning Zone," the "Comfort Zone," the "Apathy Zone," or the "Anxiety Zone." She proposes that in an environment where individuals feel safe psychologically, those with high accountability can work together, learn from one another, and deliver excellent performance.



2) Edmondson, Amy C. *Teaming: How Organizations Learn, Innovate, and Compete in the Knowledge Economy*. Jossey-Bass, 2012.

Human Capital

Sectors	Themes	Outline	Results	
Human resources strategies linked to Group growth strategies	Systematically developing human resources in each Group company	<p>Systematic development of human resources at each company to strengthen the core business</p> <ul style="list-style-type: none">On-the-job training (OJT), group training (by level/theme), and support for self-development and qualification acquisitionOffering work experience through systematic human resource rotation	<ul style="list-style-type: none">Total amount spent on development and training of human resources<ul style="list-style-type: none">2023 601 million yen2024 665 million yenTraining hours per employee<ul style="list-style-type: none">2023 120.2 hours2024 126.4 hours	<ul style="list-style-type: none">Personnel costs<ul style="list-style-type: none">2023 118.3 billion yen2024 121.6 billion yenGroup adjusted profit to personnel costs*<ul style="list-style-type: none">2023 87.5%2024 116.3% <p>* Group adjusted profit / Personnel expenses</p>
	Developing the Group's managerial human resources	<p>Broad human resources that promote integrated Group management</p> <ul style="list-style-type: none">Promotion of expansion in managers at each company with experience working at T&D HoldingsGroup officer training, Group Executive Officer system, etc.	<ul style="list-style-type: none">Number of people experiencing work at T&D Holdings<ul style="list-style-type: none">2023 4622024 562	<ul style="list-style-type: none">Value of new business per employee*<ul style="list-style-type: none">2023 8.5 million yen2024 8.3 million yen <p>*Value of new business / Number of employees working at the three life insurance companies (administrative personnel as well as sales representatives, etc.)</p>
	Developing and using highly specialized human resources	<p>Securing skilled human resources to diversify and optimize the business portfolio</p> <ul style="list-style-type: none">Diversification of routes for securing highly specialized human resourcesIntroduction of T&D Holdings human resource systems (enhancing our ability to attract human resources and clarifying career paths)	<ul style="list-style-type: none">Direct hires by T&D Holdings<ul style="list-style-type: none">2023 62024 10	
	Developing global human resources	<p>Human resource pool to diversify and optimize the business portfolio</p> <ul style="list-style-type: none">Dispatch to and placement in overseas subsidiariesDispatch to overseas companies and language study abroad (open recruitment) <div><p>Assignment to Plug and Play Headquarters in Silicon Valley</p><p>Overseas experience in communicating effectively with people with different cultures and values has broadened my own perspective and provided a valuable opportunity to think about the company's business as a whole.</p><p>Yu Komamatsu (Taiyo Life)</p></div>	<ul style="list-style-type: none">Employees working overseas<ul style="list-style-type: none">2023 202024 26In the Asia-Pacific region<ul style="list-style-type: none">2023 72024 10In Europe or North America<ul style="list-style-type: none">2023 132024 16	

* Results are presented by fiscal year

Human Capital

Sectors	Themes	Outline		Results
Creating an environment that supports Group growth (where all employees can play an active role)	Fulfillment	Utilizing human resources across the Group	<div><div><p>Akiko Nakamura (T&D Holdings Public Relations Department)</p></div><div><p>Feedback from an employee who applied for T&D Holdings through Group internal recruitment</p><p>I was able to work with people both within and outside the company that I have never worked with before, and I spend each day inspired by others. I'm glad I applied, because it has shown me things I wouldn't have known about and people I wouldn't have connected with otherwise, and unique experiences I could only have gained through this work.</p></div></div>	<ul style="list-style-type: none">Number of Group personnel exchange<ul style="list-style-type: none">2023 922024 117Number of successful Group internal applicants/total applicants*<ul style="list-style-type: none">2023 6/122024 6/16 <p>* Number of Applicants to T&D Holdings</p>
		Encouraging value sharing among the Group's officers and employees	<p>Sharing value with employees to promote integrated Group management</p> <ul style="list-style-type: none">Introduction of stock ownership plan (stock-granting ESOP trust)Strengthening and promotion of IR activities within the Group	<ul style="list-style-type: none">Number of participants in "Group IR" initiative<ul style="list-style-type: none">2023 6702024 584Employee engagement score (philosophy/vision)<ul style="list-style-type: none">2023 4.002024 4.06
		Developing willingness to take on challenges (offering educational opportunities)	<p>Offering opportunities to employees for self-learning to develop self-directed human resources</p> <ul style="list-style-type: none">Reskilling support (offering online materials)Recruitment for MBA and business schools	<ul style="list-style-type: none">Employee engagement score (challenge)<ul style="list-style-type: none">2023 3.542024 3.65
	Ease of working	Promoting DE&I	<p>Creating a company culture where all employees can experience growth and play an active role</p> <ul style="list-style-type: none">Promotion of active participation of womenPromotion of active participation of elderly human resources and people with disabilities	<ul style="list-style-type: none">Ratio of female managers*<ul style="list-style-type: none">2023 23.1%2024 24.6% <p>* Includes junior managers. * Figures indicate the ratios as of April 2024 and April 2025.</p> <ul style="list-style-type: none">Gender pay gap<ul style="list-style-type: none">2023 42.0%2024 43.6%Ratio of employees with disabilities<ul style="list-style-type: none">2023 2.58%2024 2.56%
		Promoting diverse working styles	<p>Introduction of flexible work styles that take each employee's lifestyle into consideration</p> <ul style="list-style-type: none">Improving support measures to enable employees to work while also caring for their children, caregiving, or recovery from injury and illnessProviding flexible work locations that utilize remote working systems and satellite officesEncouragement of uptake of paid leavePromotion of health and productivity management <div><div><p>健康経営優良法人 2025 大株主還元部門 ホワイト500</p></div><div><p>Three Group life insurance companies were recognized as Certified Health and Productivity Management Organizations "White 500." (Taiyo Life and Daido Life were recognized for the ninth consecutive year.)</p></div></div>	<ul style="list-style-type: none">Percentage of male employees taking childcare leave<ul style="list-style-type: none">2023 100.0%2024 100.0%Average number of days of child care leave taken by male employees<ul style="list-style-type: none">2023 19.3 days2024 21.1 daysAverage number of days of paid leave taken<ul style="list-style-type: none">2023 18.4 days2024 18.1 days

* Companies covered in these results include T&D Holdings and direct subsidiaries (Taiyo Life, Daido Life, T&D Financial Life, TDAM, P&F, TDUC, and All Right)

* Results are presented by fiscal year (excluding the ratio of female managers).

Human Capital

■ Respect for human rights

T&D Insurance Group Human Rights Policy

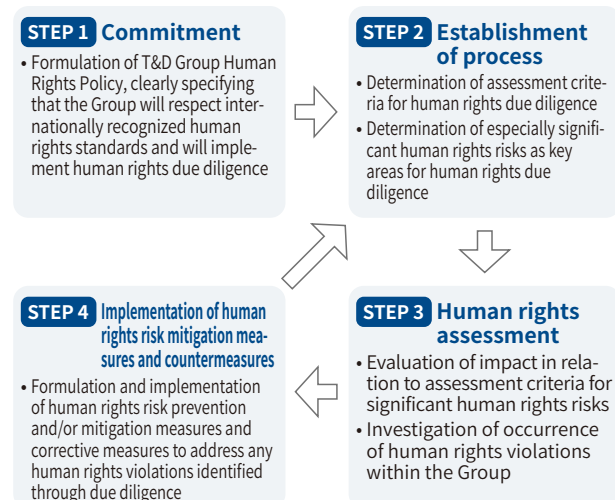
We mention “respect for human rights” in the T&D Insurance Group Sustainability Charter, and we promote business activities that respect the human rights of the Group’s officers and employees as well as all stakeholders.

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>

Initiatives for respecting human rights: overall process



* In the recent due diligence process, with March 31, 2025 as the data reference date, we implemented STEP 2 - Establishment of process and STEP 3 - Human rights assessment.

Human rights due diligence

In accordance with the T&D Insurance Group Human Rights Policy, we implement human rights due diligence by following the PDCA cycle shown in the diagram, in order to identify, prevent, and mitigate any negative impact on human rights that may arise from our business activities.

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, 2025 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 an annual “Human Rights Seminar for Group Managers” with external lecturers. In FY2024, the seminar focused on “Ensuring Psychological Safety and Preventing Harassment.” In addition, each Group company conducts human rights awareness training on various issues such as different types of harassment and diversity, 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.

Social and Relationship Capital

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

Outcomes of Social and Relationship Capital

- Customer satisfaction level
- Number of cases using *Kaketsuke-Tai Service* (FY 2024) **129,608**
- Number of *Dodai?* members:
Approximately **90,000**
- Amount of claims and benefits paid (FY 2024)
Approximately **822.8** billion yen
- Amount of CVC investment:
Approximately **2.3** billion yen
- Amount of ESG investment and financing:
Approximately **1.1** trillion yen



The Initiatives of Taiyo Life

Providing high-quality products and services

Taiyo Life's goal is to provide its customers with lifelong peace of mind by providing them with high-quality products and services.

In December 2024, Taiyo Life launched the new *Hoken Kumikyoku BestMYWAY* series of products to meet the needs of more customers. These products provide unlimited insurance benefits to policyholders if they are hospitalized due to one of the three major illnesses, easing their concerns about long-term hospitalization. In addition, for products with relaxed disclosure requirements, Taiyo Life has reduced the number of items to be disclosed and lowered the minimum age for enrollment according to the coverage options, enabling the company to offer high-quality products and services to a wider range of customers. Taiyo Life provides *Himawari Dementia Prevention Insurance* and *Cancer and Critical Illness Prevention Insurance* as products that support policyholders in their efforts to prevent diseases. These products have received positive feedback from a diverse range of age groups, including the elderly and people in their 40s and 50s.

On the service front, we offer services such as *Kaketsuke-Tai Service*, where in-house staff with expert knowledge help customers with benefit claim procedures directly, and dementia and disease prevention services such as *MCI Screening Plus* and *AminoIndex® Risk Screening*.

Taiyo Life provides customers with even greater peace of mind by proposing products and services that cater to their needs.

Efforts to enhance customer convenience

- *Taiyo Life My Page*, a dedicated web portal for customers, enables customers to perform various change procedures and check the status of their non-life insurance.
- Taiyo Life has implemented a new contract application procedure (via the Internet) using the My Number Card (a public personal authentication service).
- Policyholders may use cashless payment service PayPay for their initial insurance premium payment.
- Taiyo Life has started to accept benefits claims via the *T-AI-Face* terminal for sales staff.
- Policyholders can register with the LINE Official Account and conduct insurance procedures through the LINE app.
- Taiyo Life has introduced a function on its My Page screen to assist customers with the performing of procedures. This function enables even people who are unfamiliar with the Internet to use My Page effectively.

Best senior services

- When providing insurance to senior citizens, Taiyo Life requests that their family members be present.
- Taiyo Life has established the Senior Anshin (security) Support Desk system, where staff at the head office confirm senior citizens' intentions to contract and their applications for contracts using *T-AI-Face*'s video-phone function.
- Taiyo Life offers the *Senior Follow-up Service*, which checks for missing claims and confirms contracts at least once a year.

The Initiatives of Daido Life

Preparing for the risks that business owners face (total protection)

There are many cases in which SMEs rely on the reputation and technical capabilities of the business owners themselves for their viability. The business owner is responsible for both the corporation and the individuals (their family) as the head of the household. Daido Life offers comprehensive coverage for both corporations and families, ensuring they have the funds needed to protect themselves from financial losses in the event of an emergency that affects the business owners or a situation that prevents them from working. To achieve this, the company calculates standard coverage for corporations and daily life protection funds for individuals.

Social and Relationship Capital



Please refer to the Company's website for more details of T&D Insurance Group Basic Policy Related to Customer-oriented Business Operations https://www.td-holdings.co.jp/en/information/business_operations.php

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.

As part of its activities, Daido Life has established the DAIDO KENCO AWARD to recognize companies that actively engage in Kenkokeiei® (health and productivity management) in line with their own criteria. The company announced the 196 companies that received the award in FY2024 and published their practices.



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 2025, the service had more than 90,000 users. The website serves as a forum for business owners to share their opinions, and it offers management support services. Additionally, the community plays a role in the revitalization of industry and society, which is supported by SMEs, by hosting work experience events at SMEs for elementary school students. 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

Enhancement of the customer support system

Daido Life has adopted a customer-focused approach, and it is implementing various initiatives to enhance the quality of the customer experience at every stage, from enrollment to the receipt of benefits.

Introducing Tsunagaru Tetsuzuki	Customers can complete procedures online at any time and from any location.
Offering services utilizing the digital transformation of society	Daido Life will communicate the necessary procedures using the My Number system.
Payment without claim documents	Daido Life provides maturity benefits and personal annuities to the customer's account without requiring claim documents.

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 September 2024, T&D Financial Life launched *Shogai Premium World 6*, a whole life insurance product that combines the *Shogai Premium Japan* series of products, which offer a sense of security based on trust in the yen, and the *Shogai Premium World* series of products, which utilize overseas interest rates and exchange rates. In October, the company launched *Fivetenworld 4*, an individual annuity. This product features a new plan that emphasizes annuities. The plan allows customers to increase their annuity funds beyond what the existing plan allows.

Launching a smartphone claim service

In November 2024, T&D Financial Life launched a smartphone claim service, enabling customers to complete procedures by entering required information and uploading necessary documents using their smartphones. This new service makes it possible for policyholders to quickly and efficiently implement

procedures and complete tasks easily and promptly, potentially on the same day, in contrast to procedures by mail.

Providing an AI fund prediction service

Since February 2024, T&D Financial Life has been providing 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 on customer satisfaction

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

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

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

Evaluation of the three life insurance companies' customer-oriented business operations policy (FY2024)

Taiyo Life	Daido Life	T&D Financial Life
92.3%	87.0%	80.5%
(Overall satisfaction)	(Overall satisfaction)	(Overall satisfaction)

* Each company uses a different survey method.

Social and Relationship Capital

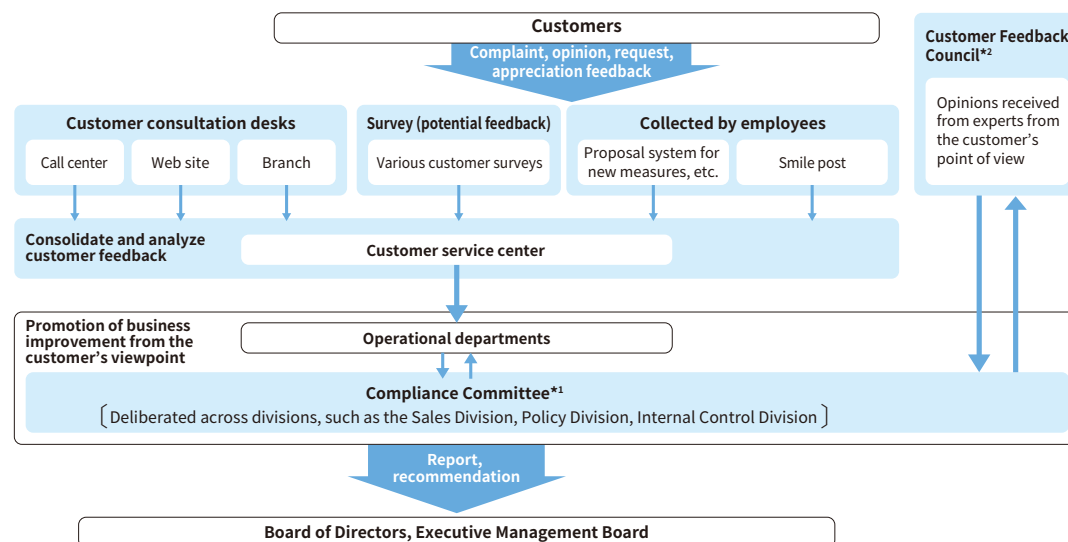
Customer feedback collected through daily sales activities

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.

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	FY2021		FY2022		FY2023		FY2024	
	No. received	%	No. received	%	No. received	%	No. received	%
New contracts	2,170	32.6	1,919	20.8	1,854	26.5	1,966	26.5
Payment of premiums	381	5.7	375	4.0	431	6.1	452	6.1
Conservation work	1,246	18.7	1,067	11.6	1,280	18.3	1,292	17.4
Insurance claims and benefits	1,508	22.6	3,947	42.8	1,646	23.5	1,756	23.6
Others	1,355	20.3	1,918	20.8	1,791	25.6	1,962	26.4
Total	6,660	100.0	9,226	100.0	7,002	100.0	7,428	100.0

* "Complaints" refers to expressions of dissatisfaction that customers communicate to the company. Reference: *Examples of improvements Taiyo Life has made by utilizing customer feedback on Taiyo Life's website (Japanese)*
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	FY2021		FY2022		FY2023		FY2024	
	No. received	%	No. received	%	No. received	%	No. received	%
Purchase of life insurance policy	802	13.4	774	12.3	638	12.9	578	12.7
Payment of premiums	454	7.6	355	5.6	315	6.4	241	5.3
Procedures after making a contract	2,015	33.8	1,815	28.9	1,550	31.3	1,228	27.1
Payment of insurance claims and benefits	1,087	18.2	1,556	24.8	936	18.9	782	17.3
Others	1,607	26.9	1,785	28.4	1,517	30.6	1,707	37.6
Total	5,965	100.0	6,285	100.0	4,956	100.0	4,536	100.0

* "Complaints" refers to expressions of dissatisfaction about the company's operations that customers communicate to the company.

* As percentages are rounded to the second decimal place, totals will not necessarily add to 100. Reference: *Efforts to incorporate customer feedback into management practices on 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	FY2021		FY2022		FY2023		FY2024	
	No. received	%	No. received	%	No. received	%	No. received	%
New contracts	284	32.8	315	36.5	207	33.0	248	25.8
Payment of premiums	69	8.0	45	5.2	52	8.3	25	2.6
Procedures after making a contract	310	35.8	328	38.0	201	32.0	448	46.6
Insurance claims and benefits	118	13.6	105	12.2	85	13.6	94	9.8
Others	86	9.9	70	8.1	82	13.1	146	15.2
Total	867	100.0	863	100.0	627	100.0	961	100.0

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

Reference: *Major initiatives pursued by T&D Financial Life in fiscal 2024 to make improvements based on customer feedback on T&D Financial Life's website (Japanese)*
<https://www.tdf-life.co.jp/company/solvency/2024.html>

Social and Relationship Capital

Examples of Reflecting Customer Feedback in Operations

Taiyo Life

Taiyo Life has reduced the minimum age for products with enhanced coverage options to three, responding to customers' requests that we allow children to obtain insurance. To address customer requests for enhanced coverage for "*Hatarakenaku natta tokino hoken*" (insurance for individuals who become unable to work), Taiyo Life has established the 14-day continuous hospitalization benefit special provision which covers short-term continuous hospitalization, and the hospitalization/mild inability to work benefit, which provides coverage for long-term continuous hospitalization lasting 180 days or more. Furthermore, coverage is now available for specific mild disability conditions.

Daido Life

In September 2020, Daido Life launched *Tsunagaru Tetsuzuki*, which enables customers to perform enrolment procedures remotely at any time and any place, when it is convenient for them, in response to customer feedback requesting non-face-to-face procedures. This initiative now covers procedures for claims for insurance payouts and benefits, policy cancellations, and loans for policyholders. Additionally, Daido Life has started to pay certain maturity benefits and personal annuities to customers without requiring claim documents to reduce burden on customers.

T&D Financial Life

In FY2023, T&D Financial Life introduced the *AI Voice Response System (Voicebot)* to address customers' claim procedure requests outside of the call center's operating hours, which are weekday daytime hours. Customers can now request documents for procedures by phone 24 hours a day, every day,

including weekends and holidays. In FY2024, it became possible to perform procedures for changing targets and issuing life insurance premium deduction certificates. Additionally, customers can now cancel their contracts and merge multiple ID numbers for Internet services over the Internet.

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

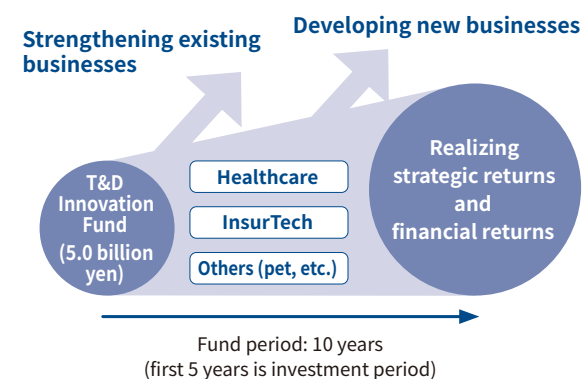
T&D Financial Life carries out elaborate support activities for its sales agents, such as financial institutions and insurance shops, through its sales staff assigned to assist sales agents

(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 17 investments totaling approximately 2.3 billion yen. (Examples: A company that offers a dietary management app using AI image analysis and a company that provides fresh pet food designed with dogs' health in mind)

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

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.

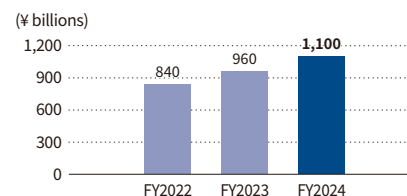
Themed investment and financing

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”** We provide funds for renewable energy generation projects and energy efficiency projects undertaken by international organizations and operating companies.
- Investments in “sustainability bonds”** We provide funds for disaster prevention and natural disaster-related reconstruction projects in developing countries carried out by independent administrative agencies.
- Investments in “social bonds”** We provide funds for infrastructure, including roads, development projects carried out by independent administrative agencies, as well as projects aimed at regional revitalization and the energization of local communities.

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.

Addressing or preserving biodiversity	We gather information about the entities we invest in and provide loans to, including information related to the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations (including participation, risk and opportunity analysis, and information disclosure), their identification of the challenges they face, and the direction of their initiatives.
Human capital and diversity initiative	We assess the entities we invest in and provide loans to in terms of their development of human rights policies and the implementation and disclosure of human rights due diligence activities. We also encourage them to adopt additional initiatives.

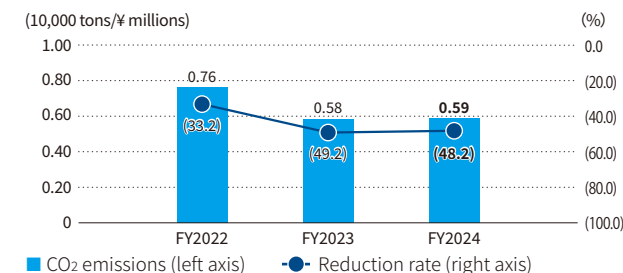
Initiatives to Reduce the CO₂ Emissions of Investees and Borrowers to Net Zero

With the aim of helping reduce the CO₂ emissions of society as a whole, we have set targets of reducing the CO₂ emissions of investees and borrowers by 50% (from FY2020 levels) by FY2030 and to net zero by FY2050.

At the end of March 2025, CO₂ 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 1,560,000 tons. On a per-unit basis, which is how our interim targets toward net zero are defined, emissions were 5,900 tons per million yen, a 48.2% 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.

CO₂ emissions and reduction rate of investees and borrowers (Compared to FY2020)



Natural Capital

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

- **CO₂ emissions (Scope 1 + 2)**
Reduction rate (Compared to FY2013)
(FY2024) **49.9%**
- **CO₂ emissions of investees***
Reduction rate (Compared to FY2013)
(FY2024) **48.2%**
- **Introduction rate of renewable energy**
(FY2024) **37.3%**

* 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 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 protect the global environment, 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 expectation 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 and the T&D Insurance Group ESG Investment Policy* to outline its approach to ESG investment in asset management. 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.

* For more information on the T&D Insurance Group Environmental Policy and the T&D Insurance Group ESG Investment Policy, please see our website.
<https://www.td-holdings.co.jp/en/csr/csr-policy/environment.php>
<https://www.td-holdings.co.jp/en/csr/csr-policy/esg.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*¹ and transition risks*²)

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

*² Business risks arising from the actions of government, corporations, and consumers in the process of carrying out the transition to a low carbon/decarbonized society (through a significant reduction of greenhouse gas emissions)

Natural Capital

Scenario analysis: Impact on the Group and the Response Measures

	Impact	Response
Physical risks	Impact on underwriting profitability due to an increase in the number of heat stroke patients transported to hospitals and the number of fatalities due to higher average temperatures, as well as an increase in the number of disaster victims due to the severity of natural disasters	Appropriate review of premium rates to ensure that there is no significant negative impact on underwriting profitability
Transition	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.

More sophisticated climate change risk analysis: Quantitative analysis of effects on the Group

We collaborated with KPMG Consulting Co., Ltd. and the Japan Weather Association (called the JWA below) to conduct a quantitative analysis of effects on the Group in order to increase the sophistication of our climate change risk analysis.

Analysis methods

- The JWA developed a high-resolution climate scenario dataset by setting up a 1-km mesh for climate-change prediction data in order to analyze physical risks.
- Next, two models were developed for the Group—one for estimating the number of victims of flooding and another for estimating the number of people hospitalized/fatalities due to heat exhaustion—assuming that Japan's future average temperature increases by either 2°C (the RCP2.6 scenario) or 4°C (the RCP8.5 scenario) due to climate change. Five climate prediction models were utilized for our estimates.
- We divided the future period up through 2100 into two periods, the near future period from 2026 to 2050 and the distant future period from 2051 to 2100, and then conducted a physical risk analysis.

Analysis results

Disaster victims

- There is variation between regions in terms of future increases in rainfall (with rainfall decreasing in some regions).
- In addition, although there will be an increased rate of powerful typhoons, the number of typhoons is expected to decrease.

⇒ In both scenarios, although there is a possibility of a sudden spike in the number of disaster victims in the case of extremely heavy rainfall, the number during the entire period is about the same.

Number of people hospitalized/fatalities due to heat exhaustion

- Regardless of the scenario, there is not that much of a change during the near future period.
- During the distant future period, the number of extremely hot

days and tropical nights will increase. In particular, in the RCP8.5 scenario, the number of extremely hot days is expected to increase by more than a month compared to the present.

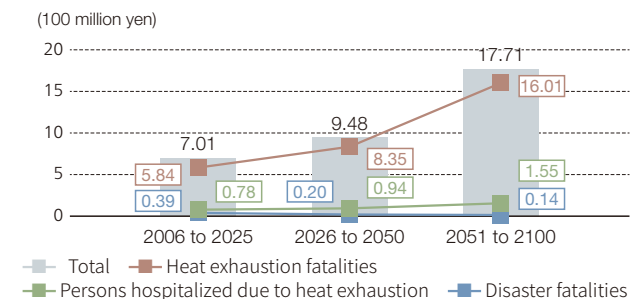
⇒ In both scenarios, the number of people hospitalized/fatalities due to heat exhaustion is expected to increase during the distant future period.

Impacts on the Group

- According to our calculations based on our analysis results, in the case of the RCP8.5 scenario—which has a greater effect—compared to the base period (2006 to 2025), both insurance claims and benefits will increase in the distant future period by ¥510 million to ¥1.63 billion (equivalent to approximately 0.1% to 0.3% of the Group's paid out insurance claims and benefits).

* The graph below shows the average of all five models. (Increase of ¥1.07 billion in the distant future period)

Monetary effect (RCP 8.5 scenario)



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

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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 the mitigation of 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.

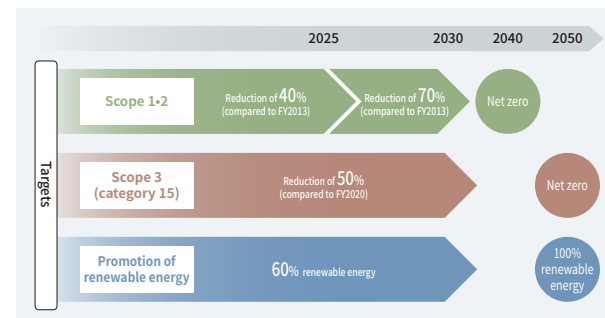
Metrics and Targets

- 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 CO₂ 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.
- The Group regularly measures and discloses its CO₂ emissions across three categories: Scope 1 (direct emissions produced by the Group), Scope 2 (indirect emissions resulting from the consumption of purchased energy, including electricity), and Scope 3 (other indirect emissions associated with activities such as raw material procurement, transportation, and waste disposal).
- The Group has set reduction targets for emissions from its operations (Scope 1 and 2) and for emissions associated with

Reducing CO₂ emissions

Subject	Targets	FY2024
Own emissions (Scope 1 and 2)	FY2025: 40% reduction (compared to FY2013) FY2030: 70% reduction (compared to FY2013) FY2040: Net zero	49.9%
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	48.2%

Roadmap to achieving net zero



the entities the Group invests in and provides loans to (Scope 3, category 15). The Group strives for net zero emissions by 2040.

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.



Initiatives for biodiversity conservation

Taiyo Life promotes forest conservation at three locations called “*Taiyo Seimei no Mori* (the Forests of Taiyo Life)” in Japan, where employees participate in these initiatives. In FY2023, the *Taiyo Seimei Kutsuki no Mori* (Kutsuki Forest of Taiyo Life) was certified as a Nationally Certified Sustainability Managed Natural Sites (an area where biodiversity is conserved through private initiatives) by the 30by30 Alliance for Biodiversity. In FY2024, Taiyo Life signed the Satoyama Creation Partner Agreement with Kaminoyama City of Yamagata Prefecture and newly established *Taiyo Seimei no Mori Kaminoyama Shi Nishiyama Area* (the Forests of Taiyo Life Nishiyama Area, Kaminoyama City). Through these initiatives, Taiyo Life directly contributes to the conservation of biodiversity.



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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 43. The Group recently also conducted an analysis of the nature-related risks of investees according to the LEAP approach.*¹

The Group has initiated new analyses: a value chain analysis and a location analysis.*²

*¹ 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.

*² For more details of these analyses, please refer to the Responsible Investment Reports of Taiyo Life and Daido Life (Japanese Only).

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*³ a tool for assessing natural capital-related risks.

*³ 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 “Land geomorphology” and “Structure and biotic integrity of ecosystem”

Impacts Analysis results showed that “Disturbance (e.g. noise, light)” and “Release of harmful pollutants into water and soil” had the greatest impact.

Dependencies heat map

	Atmosphere	Land geomorphology	Minerals	Ocean geomorphology	Soils and sediments	Species	Structural and biotic integrity	Water
Energy								
Materials								
Industrials								
Consumer discretionary								
Consumer staples								
Health care								
Financials								
Information technology								
Communication services								
Utilities								
Real estate								

Impacts heat map

	Disturbances (e.g. noise, light)	Area of freshwater use	Emissions of GHG	Area of seabed use	Emissions of non-GHG air pollutants	Other biotic resource extraction (e.g. fish, timber)	Other abiotic resource extraction	Emissions of toxic soil and water pollutants	Emissions of nutrient soil and water pollutants	Generation and release of solid waste	Area of land use	Volume of water use	Introduction of invasive species
Energy													
Materials													
Industrials													
Consumer discretionary													
Consumer staples													
Health care													
Financials													
Information technology													
Communication services													
Utilities													
Real estate													

* Analysis based on file downloaded from the ENCORE website updated October 14, 2024.

* 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)

