This document is an English translation of the notice of convocation of the ordinary general meeting of shareholders in Japanese for the convenience of shareholders overseas. In the event of any discrepancy between the English translation and the Japanese version, the Japanese version shall prevail.

Securities Code 8795
June 3, 2021

To Our Shareholders

T&D Holdings, Inc.
7-1 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan
Hirohisa Uehara
Representative Director and President

Notice of Convocation of the 17th Ordinary General Meeting of Shareholders

You are hereby notified that the 17th Ordinary General Meeting of Shareholders of the Company will be held as described below.

Shareholders are kindly requested to exercise your voting rights via the Internet or in writing in advance from the standpoint of preventing the spread of COVID-19 and refrain from attending the Meeting in person.

Please review the Reference Materials for the General Meeting of Shareholders (pages 7 - 21), and exercise your voting rights according to the "Announcement on Exercise of Voting Rights" (pages 3 - 4) by 5:00 p.m. on Thursday, June 24, 2021 (JST).

Shareholders may also view a live broadcast of the General Meeting of Shareholders on the day of the Meeting. For details, please refer to "Information on the Live Streaming of the General Meeting of Shareholders via the Internet" (page 5).

1. Date & Time: 10:00 a.m. Friday, June 25, 2021 (JST)

2. Venue: Concord Ballroom, 5th Floor, Main Tower,
Keio Plaza Hotel Tokyo
2-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo, Japan

3. Agenda of the Meeting:

Matters to be reported:

Item No.1: Report on the Business Report and the Consolidated Financial Statements for fiscal year 2020 (from April 1, 2020 to March 31, 2021), as well as the results of audits on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee

Item No.2: Report on the Non-consolidated Financial Statements for fiscal year 2020 (from April 1, 2020 to March 31, 2021)

Matters to be resolved:

Proposal No.1: Appropriation of Surplus

Proposal No.2: Election of Seven Directors Who Are Not Audit & Supervisory Committee Members

Proposal No.3: Election of One Alternate Director Who Is an Audit & Supervisory Committee Member

Requests to Shareholders

- The exercise of voting rights using the Voting Rights Exercise Form gives rise to the risk of infection during return of the Form, counting of votes or other acts. Therefore, you are kindly requested to exercise your voting rights preferably via the Internet.
- Alcohol-based disinfectant will be available near the reception of the venue. Shareholders are also asked to check the status of COVID-19 infections in Japan on the day of the Meeting as well as the one or two weeks leading up to the Meeting, in addition to the status of their own health. Shareholders who attend the Meeting in person are reminded that they must bring and wear a face mask.
- Your temperature will be measured near the entrance of the venue. Those who are found to have a fever or those who are believed to be ill may be denied entry and asked to go home. Please also be aware that seating at the Meeting will be appropriately spaced apart, resulting in a limited number of seats and possible restrictions on the number of shareholders entering the venue.
- The Company's officers and employees involved in the Meeting will carry out their duties while wearing a face mask after their health check.
- Any major changes to the operation of the Meeting will be posted to the website below.
  (https://www.td-holdings.co.jp/en/)

Shareholders May Submit Questions on the Company's Website

- For the convenience of the shareholders who cannot attend the Meeting, questions about the Company will be accepted at the Company's website indicated below. The Company intends to address matters that are of particular interest to the shareholders at the General Meeting of Shareholders on the day of the Meeting or on the Company's website.
- To allow the Company sufficient preparation time, shareholders are asked to send in their questions by 5:00 p.m., on Monday, June 21 (JST).

The Company's website:
(https://www.td-holdings.co.jp/information/inquiry.html)
Please be advised that the Company shall not provide individual replies.

Please note that if there arise any amendments to the Reference Materials for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, such amendment will be posted on the Company's website.

The Company's website	https://www.td-holdings.co.jp/ir/stock/meeting/
English translation	https://www.td-holdings.co.jp/en/ir/stock/meeting/

T&D Holdings, Inc. Shareholders Meeting	Search

Announcement on Exercise of Voting Rights

Shareholders may exercise voting rights before the General Meeting of Shareholders by either of the following methods.
When you attend the Meeting in person, please submit the enclosed Voting Rights Exercise Form to the receptionist.

In the case of exercise of voting rights via the Internet
Access the voting rights exercise website ▶ https://evote.tr.mufg.jp/ and follow the on-screen instructions to exercise voting rights.

Deadline for exercising voting rights By 5:00 p.m. Thursday, June 24, 2021 (JST)

For details, please refer to "Exercise of voting rights via the Internet" in the following page.

In the case of exercise of voting rights by mail
Please return the enclosed Voting Rights Exercise Form with your selections to each proposal by making a circle mark to the proposals you select, to the transfer agent (Mitsubishi UFJ Trust and Banking Corporation) of the Company.

Deadline for exercising voting rights Received by 5:00 p.m. Thursday, June 24, 2021 (JST)

Platform for Electronic Exercise of Voting Rights
If nominee shareholders such as trust & custody services banks, etc. (including standing proxies) make prior application to use the platform for the electronic exercise of voting rights operated by ICJ Inc. established by Tokyo Stock Exchange, Inc., etc., such shareholders may use the said platform.

Exercise of voting rights via the Internet

Exercise of voting rights via the Internet is only possible by accessing the **website (https://evote.tr.mufg.jp/)** designated by the Company for the purpose of exercising voting rights from your computer, smartphone, etc.

<For smartphones>

How to scan the QR Code

The exercise of voting rights via smartphone does not require a login ID or temporary password!

You can login by scanning the "Login QR Code" displayed on the side slip of the enclosed Voting Rights Exercise Form (right side).

Afterwards, please follow the on-screen instructions to exercise voting rights.

You can only login once using the QR Code.

When re-exercising or exercising your voting rights without using the QR Code, please confirm the "How to enter the login ID and temporary password" section below.

<For computers>

How to enter the login ID and temporary password

[1] Access the website of the platform for exercising voting rights.

i) Click "Proceed to the next screen."

[2] Log in.

ii) Enter the login ID and temporary password supplied on **the lower right-hand portion of your Voting Rights Exercise Form**.

iii) Click "Log in."

[3] Change the password.

iv) Enter your current password and new password, respectively.

v) Click "Submit."

Afterwards, please follow the on-screen instructions to exercise your voting rights.

(Precautions)

1) If you exercise your voting rights by two different methods, that is, via the Internet as well as by mailing your Voting Rights Exercise Form, your voting results via the Internet shall be deemed valid.
2) If you exercise your voting rights via the Internet more than once, using computer, smartphone, etc., only your final vote shall be deemed valid.

Contact for inquiries related to the exercise of voting rights via the Internet	Transfer Agent (Help desk), Mitsubishi UFJ Trust and Banking Corporation Phone: 0120-173-027 (9:00 a.m. to 9:00 p.m. (JST), toll free) *Please note that the above service is only available for the call from Japan.*

Information on the Live Streaming of the General Meeting of Shareholders

To prevent the spread of COVID-19 and for the convenience of our shareholders who live far away, the General Meeting of Shareholders will be broadcast live via the Internet on the day of the Meeting, as detailed below, so that shareholders may view the proceedings of the Meeting from the comfort of their own homes.

1. Date and Time of the Live Stream

Friday, June 25, 2021 from 10:00 a.m. (JST) to the conclusion of the Meeting

* The website for the live steam will be launched 30 minutes prior to the commencement of the Meeting at around 9:30 a.m.

* The Company may not be able to livestream the Meeting due to natural disasters, further spread of COVID-19, and other factors. The Company constantly updates information regarding the feasibility of the live stream, the current status, and other information on its website.

2. Viewing Method

URL for viewing the live stream on the day of the Meeting: https://www.virtual-sr.jp/users/td-holdings2021/login.aspx

When accessing the site, shareholders are asked to have ready their shareholder number," which will be required on the shareholder login screen (Please take note of the shareholder number before you send in your Voting Rights Exercise Form).

(i) Shareholder ID: The shareholder number stated in the Voting Rights Exercise Form or dividend-related documents

(ii) Password: The postal code of your address registered in the shareholder registry (As of March 31, 2021)

Only shareholders with voting rights will be permitted to attend the General Meeting of Shareholders via the Internet and participation by proxy and others will not be permitted.

Shareholders are asked to take advantage of the tests for the listening and viewing environment provided within the above website.

[Inquiries regarding ID/Password]
Mitsubishi UFJ Trust and Banking Corporation (Tel: 0120-191-060)
Inquiries will be accepted: From 9:00 a.m. to the conclusion of the Meeting on June 25, 2021 (day of the meeting)

[Points to note regarding participation via the Internet]

- ✓ Shareholders are asked to be aware that participation via the Internet does not constitute participation of the General Meeting of Shareholders pursuant to the Companies Act. Accordingly, **shareholders participating via the Internet will not be permitted to ask questions, exercise their voting rights, or make a motion, which shareholders are usually permitted to do in the Meeting. Questions will be accepted in advance on the Company's website. To allow the Company sufficient preparation time, shareholders are requested to send in their questions by 5:00 p.m., Monday, June 21, 2021. Shareholders are also asked to exercise their voting rights before the General Meeting of Shareholders via the Internet by 5:00 p.m., Thursday, June 24,**

2021 (JST).

- ✓ Shareholders are asked to be aware that depending on the environment of the computer used (model, performance, and the like) and the status of Internet connection (network conditions, connection speed, and the like), they may experience faulty images and sounds.
- ✓ Telecommunication charges required to view the live stream will be borne by the shareholder.
- ✓ Taking photos, making audio recordings, and recording images of the live broadcast and unauthorized disclosure thereof on social and other media are strictly prohibited.

(Attachment)

Reference Materials for the General Meeting of Shareholders

Proposals and references

Proposal No.1: Appropriation of Surplus

The returns to shareholders for fiscal year 2020 has been prepared in line with the basic policy of the Company, which is to improve the future value of equity for our shareholders and to continue to distribute a constant dividend while ensuring the sound operation of the business of the Company and its group companies and securing the internal reserves necessary for the group.

In accordance with this basic policy and based on careful consideration of the Company's overall business performance during the term, we hereby propose that the year-end dividend be set at 24 yen per share. Since the Company paid 22 yen per share as an interim dividend, annual dividend for fiscal year 2020 will amount to 46 yen per share.

This amount represents an increase of 2 yen per share, relative to the annual dividend of 44 yen per share paid in fiscal year 2019.

1. Type of property for dividend

   Cash

2. Dividend and its total amount

   24 yen per share (common stock) total amount 14,186,515,056 yen

3. Effective date of distribution of surplus

   June 28, 2021

Proposal No.2: Election of Seven Directors Who Are Not Audit & Supervisory Committee Members

The terms of office of nine Directors who are not Audit & Supervisory Committee Members, Hirohisa Uehara, Kanaya Morinaka, Mitsuhiro Nagata, Yoshihisa Tanaka, Naoki Ohgo, Kensaku Watanabe, Naoki Soejima, Minoru Kudo, and Masafumi Itasaka will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes to reduce the number of Directors who are not Audit & Supervisory Committee Members to seven, in order to enhance corporate governance by ensuring the flexibility of decision-making and further strengthening the oversight functions, and to elect seven Directors who are not Audit & Supervisory Committee Members (six of whom are candidates for reappointment and one of whom is a new candidate).

The candidates for Directors who are not Audit & Supervisory Committee Members are as follows.

The candidates have been resolved by the Board of Directors, upon deliberation by the Nomination and Compensation Committee, where the majority of the members are independent outside directors.

No.	Name (Age)		Current positions and responsibilities at the Company	Attendance to the Board of Directors' meetings
1	Hirohisa Uehara (59 years old)	Reappointment	Representative Director and President	All 16 meetings
2	Kanaya Morinaka (59 years old)	Reappointment	Representative Director and Executive Vice President Supervising Group ERM Strategy Department In charge of Group Planning Department and Social Communication Department	All 13 meetings
3	Mitsuhiro Nagata (58 years old)	Reappointment	Director and Senior Managing Executive Officer In charge of Risk Control Department	15 out of 16 meetings
4	Naoki Ohgo (59 years old)	Reappointment Outside Independent	Director	15 out of 16 meetings
5	Kensaku Watanabe (50 years old)	Reappointment Outside Independent	Director	All 13 meetings
6	Naoki Soejima (62 years old)	Reappointment	Director	All 16 meetings
7	Mutsuro Kitahara (61 years old)	New	-	-

Reappointment: Candidate for Director to be reappointed
New: Candidate for Director to be newly appointed
Outside: Candidate for Outside Director
Independent: Independent director/auditor to be registered to Tokyo Stock Exchange, Inc.

Notes:

1. No special interest exists between the Company and the candidates above.
2. The age of the candidates is as of the conclusion of this General Meeting of Shareholders.

Composition of the Board of Directors including Directors who are Audit &Supervisory Committee Members if this Proposal is approved		
Board of Directors		12 Directors (of which, 5 Outside Directors (including 1 female Director))
	Audit & Supervisory Committee	5 Members (of which, 3 Outside Directors (including 1 female Director)

<table>
<tr><td>1.</td><td colspan="2">Hirohisa Uehara (January 25, 1962)</td><td>Number of the Company's shares held: 46,500</td></tr>
<tr><td rowspan="20">Reappointment

Attendance to the Board of Directors' meetings: All 16 meetings

Tenure as Director: 4 years (at the conclusion of this General Meeting of Shareholders)</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>APR 1984</td><td colspan="2">Entered Taiyo Mutual Life Insurance Company</td></tr>
<tr><td>FEB 2005</td><td colspan="2">Director of T&D Asset Management Co., Ltd.</td></tr>
<tr><td>APR 2011</td><td colspan="2">Executive Officer of the Company</td></tr>
<tr><td>APR 2012</td><td colspan="2">Director of T&D Financial Life Insurance Company</td></tr>
<tr><td>APR 2014</td><td colspan="2">Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>JUN 2014</td><td colspan="2">Director and Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2015</td><td colspan="2">Director and Managing Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2016</td><td colspan="2">Director and Senior Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2017</td><td colspan="2">Director of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2017</td><td colspan="2">Executive Vice President, Executive Officer of the Company</td></tr>
<tr><td>JUN 2017</td><td colspan="2">Director of T&D Financial Life Insurance Company</td></tr>
<tr><td>JUN 2017</td><td colspan="2">Representative Director and Executive Vice President of the Company</td></tr>
<tr><td>APR 2018</td><td colspan="2">Representative Director and President of the Company (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Representative Director and President</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">–</td></tr>
<tr><td colspan="3">(Reasons for appointment as a candidate for Director who is not an Audit & Supervisory Committee Member)</td></tr>
<tr><td></td><td colspan="2">Mr. Hirohisa Uehara has operational experience within the Group including asset investment and sales. In addition, he has previously been in charge of Group Planning at the Company. Following service as Representative Director and Executive Vice President, he is currently serving as Representative Director and President of the Company. Considering these factors, Mr. Hirohisa Uehara is proposed as a candidate for Director who is not an Audit & Supervisory Committee Member, as he is expected to continue to serve his role in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to the management of insurance holding companies, insurance companies, etc.</td></tr>
</table>

<table>
<tr><td>2.</td><td colspan="2">Kanaya Morinaka (March 17, 1962)</td><td>Number of the Company's shares held: 25,200</td></tr>
<tr><td rowspan="15">Reappointment

Attendance to the Board of Directors' meetings:
All 13 meetings

Tenure as Director:
1 year:
(at the conclusion of this General Meeting of Shareholders)</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>APR 1984</td><td colspan="2">Entered Daido Mutual Life Insurance Company</td></tr>
<tr><td>APR 2010</td><td colspan="2">Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>APR 2013</td><td colspan="2">Managing Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>JUN 2015</td><td colspan="2">Director and Managing Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>APR 2017</td><td colspan="2">Director and Senior Managing Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>JUN 2019</td><td colspan="2">Representative Director and Senior Managing Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>APR 2020</td><td colspan="2">Director of Daido Life Insurance Company (present)</td></tr>
<tr><td>APR 2020</td><td colspan="2">Executive Vice President, Executive Officer of the Company</td></tr>
<tr><td>JUN 2020</td><td colspan="2">Representative Director and Executive Vice President of the Company (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Representative Director and Executive Vice President
Supervising Group ERM Strategy Department
In charge of Group Planning Department, and Social Communication Department</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Director of Daido Life Insurance Company
Director of T&D Financial Life Insurance Company (Scheduled to assume office on June 18, 2021)</td></tr>
<tr><td colspan="3">(Reasons for appointment as a candidate for Director who is not an Audit & Supervisory Committee Member)</td></tr>
<tr><td></td><td colspan="2">Mr. Kanaya Morinaka has operational experience within the Group including sales, products, planning and human resources. In addition, he has previously been in charge of Group Planning and Public Relations at the Company. He is currently serving as Representative Director and Executive Vice President of the Company. Considering these factors, Mr. Kanaya Morinaka is proposed as a candidate for Director who is not an Audit & Supervisory Committee Member, as he is expected to continue to serve his role in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to the management of insurance holding companies, insurance companies, etc.</td></tr>
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<tr><td>3.</td><td colspan="2">Mitsuhiro Nagata (December 27, 1962)</td><td>Number of the Company's shares held: 24,300</td></tr>
<tr><td rowspan="16">Reappointment

Attendance to the Board of Directors' meetings: 15 out of 16 meetings

Tenure as Director: 3 years (at the conclusion of this General Meeting of Shareholders)</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>APR 1985</td><td colspan="2">Entered Daido Mutual Life Insurance Company</td></tr>
<tr><td>APR 2011</td><td colspan="2">Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>APR 2015</td><td colspan="2">Managing Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>JUN 2015</td><td colspan="2">Director and Managing Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>APR 2017</td><td colspan="2">Managing Executive Officer of the Company</td></tr>
<tr><td>APR 2018</td><td colspan="2">Director of Daido Life Insurance Company</td></tr>
<tr><td>APR 2018</td><td colspan="2">Senior Managing Executive Officer of the Company</td></tr>
<tr><td>JUN 2018</td><td colspan="2">Director of T&D Financial Life Insurance Company (present)</td></tr>
<tr><td>JUN 2018</td><td colspan="2">Director and Senior Managing Executive Officer of the Company (present)</td></tr>
<tr><td>JUL 2019</td><td colspan="2">Director of T&D United Capital Co., Ltd.</td></tr>
<tr><td>APR 2020</td><td colspan="2">Director and Senior Managing Executive Officer of Daido Life Insurance Company (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Director and Senior Managing Executive Officer
In charge of Risk Control Department</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Director and Senior Managing Executive Officer of Daido Life Insurance Company
Director of T&D Financial Life Insurance Company (Scheduled to retire from office on June 18, 2021)</td></tr>
<tr><td colspan="3">(Reasons for appointment as a candidate for Director who is not an Audit & Supervisory Committee Member)</td></tr>
<tr><td></td><td colspan="2">Mr. Mitsuhiro Nagata has operational experience within the Group including accounting, planning and systems. Mr. Mitsuhiro Nagata is proposed as a candidate for Director who is not an Audit & Supervisory Committee Member, as he is expected to continue to serve his role in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to the management of insurance holding companies, insurance companies, etc., including his experience at the Company in Group Planning, Business Investment and Risk Control.</td></tr>
</table>

<table>
<tr><td>4.</td><td colspan="2">Naoki Ohgo (April 27, 1962)</td><td>Number of the Company's shares held: 2,400</td></tr>
<tr><td rowspan="15">Reappointment
Outside
Independent

Attendance to the Board of Directors' meetings: 15 out 16 meetings

Tenure as Director: 4 years (at the conclusion of this General Meeting of Shareholders)</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>APR 1985</td><td colspan="2">Entered McKinsey Japan</td></tr>
<tr><td>JUL 1999</td><td colspan="2">Partner of McKinsey Japan</td></tr>
<tr><td>JUL 2005</td><td colspan="2">Executive Officer of GE Consumer Finance K.K. (current Shinsei Financial Co., Ltd.)</td></tr>
<tr><td>AUG 2008</td><td colspan="2">Representative Director of Root F Co., Ltd. (present)</td></tr>
<tr><td>JUN 2014</td><td colspan="2">Director of Orient Corporation (present)</td></tr>
<tr><td>JUN 2017</td><td colspan="2">Director of the Company (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Director</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Representative Director of Root F Co., Ltd.
Director of Orient Corporation</td></tr>
<tr><td colspan="3">(Reasons for appointment as a candidate for Outside Director who is not an Audit & Supervisory Committee Member)</td></tr>
<tr><td></td><td colspan="2">Mr. Naoki Ohgo has sophisticated expertise and extensive insight based on his experience in providing consulting services mainly in the financial field, as Representative Director of Root F Co., Ltd., following his career as a partner (business partner) of a foreign consulting company, capitalizing on his global perspective and extensive insight. Mr. Naoki Ohgo is proposed as a candidate for Outside Director who is not an Audit & Supervisory Committee Member because he can be expected to capitalize on this knowledge and experience to continue to serve his role in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders.</td></tr>
</table>

Notes:

1. Mr. Naoki Ohgo is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Japanese Companies Act, who has been registered to the Tokyo Stock Exchange, Inc. by the Company as an independent director/auditor without potential conflict of interests with general shareholders. In addition, Mr. Naoki Ohgo meets the independence criteria for Outside Directors/Auditors prescribed by the Company.
2. The Company now has an agreement with Mr. Naoki Ohgo that liabilities which may be claimed against him under Article 423, Paragraph 1 of the Japanese Companies Act shall not exceed ¥10 million or the minimum amount as set forth by law, whichever is higher. If the reelection of Mr. Naoki Ohgo is approved, the Company will continue the liability limitation agreement with him.

<table>
<tr><td>5.</td><td colspan="2">Kensaku Watanabe (February 17, 1971)</td><td>Number of the Company's shares held: 200</td></tr>
<tr><td rowspan="11">Reappointment
Outside
Independent

Attendance to the Board of Directors' meetings:
All 13 meetings

Tenure as Director:
1 year
(at the conclusion of this General Meeting of Shareholders)</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>MAR 1997</td><td colspan="2">Registered as an Attorney</td></tr>
<tr><td>JUN 2016</td><td colspan="2">Audit & Supervisory Board Member of T&D Financial Life Insurance Company</td></tr>
<tr><td>JUN 2020</td><td colspan="2">Director of the Company (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Director</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Attorney</td></tr>
<tr><td colspan="3">(Reasons for appointment as a candidate for Outside Director who is not an Audit & Supervisory Committee Member)</td></tr>
<tr><td></td><td colspan="2">Mr. Kensaku Watanabe has sophisticated expertise and extensive insight as an attorney at law specialized in corporate legal affairs. Mr. Kensaku Watanabe is proposed as a candidate for Outside Director who is not Audit & Supervisory Committee Member because he can be expected to capitalize on this knowledge and experience to serve his role in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders.
Although Mr. Kensaku Watanabe has not been engaged in corporate management other than as an outside director and outside audit & supervisory board member, the Company believes that he can perform his duties appropriately as an Outside Director who is not an Audit & Supervisory Committee Member for the reasons above.</td></tr>
</table>

Notes:

1. Mr. Kensaku Watanabe is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Japanese Companies Act, who has been registered to the Tokyo Stock Exchange, Inc. by the Company as an independent director/auditor without potential conflict of interests with general shareholders. In addition, Mr. Kensaku Watanabe meets the independence criteria for Outside Directors/Auditors prescribed by the Company.
2. The Company now has an agreement with Mr. Kensaku Watanabe that liabilities which may be claimed against him under Article 423, Paragraph 1 of the Japanese Companies Act shall not exceed ¥10 million or the minimum amount as set forth by law, whichever is higher. If the reelection of Mr. Kensaku Watanabe is approved, the Company will continue the liability limitation agreement with him.

<table>
<tr><td>6.</td><td colspan="2">Naoki Soejima (November 20, 1958)</td><td>Number of the Company's shares held: 19,710</td></tr>
<tr><td rowspan="15">Reappointment

Attendance to the Board of Directors' meetings: All 16 meetings

Tenure as Director: 2 years (at the conclusion of this General Meeting of Shareholders)</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>APR 1981</td><td colspan="2">Entered Taiyo Mutual Life Insurance Company</td></tr>
<tr><td>APR 2009</td><td colspan="2">Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2011</td><td colspan="2">Managing Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>JUN 2011</td><td colspan="2">Director and Managing Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2014</td><td colspan="2">Representative Director and Senior Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2016</td><td colspan="2">Representative Director and Executive Vice President of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2019</td><td colspan="2">Representative Director and President of Taiyo Life Insurance Company (present)</td></tr>
<tr><td>JUN 2019</td><td colspan="2">Director of the Company (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Director</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Representative Director and President of Taiyo Life Insurance Company</td></tr>
<tr><td colspan="3">(Reasons for appointment as a candidate for Director who is not an Audit & Supervisory Committee Member)</td></tr>
<tr><td></td><td colspan="2">Mr. Naoki Soejima has operational experience within the Group including products, planning and sales. He currently serves as Representative Director and President of Taiyo Life Insurance Company. In addition, he currently holds office of Director of the Company. Mr. Naoki Soejima is proposed as a candidate for Director who is not an Audit & Supervisory Committee Member, as he is expected to continue to serve his role in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to the management of insurance holding companies, insurance companies, etc.</td></tr>
</table>

7.	Mutsuro Kitahara (November 7, 1959)		Number of the Company's shares held: 30,600
New	Personal history, position, responsibilities and significant concurrent positions		
	APR 1982	Entered Daido Mutual Life Insurance Company	
	APR 2010	Executive Officer of Daido Life Insurance Company	
	APR 2013	Managing Executive Officer of Daido Life Insurance Company	
	JUN 2013	Director and Managing Executive Officer of Daido Life Insurance Company	
	APR 2015	Managing Executive Officer of the Company	
	APR 2016	Director and Senior Executive Officer of Daido Life Insurance Company	
	APR 2017	Senior Managing Executive Officer of the Company	
	JUN 2019	Representative Director and Senior Executive Officer of Daido Life Insurance Company	
	APR 2020	Representative Director and Executive Vice President of Daido Life Insurance Company	
	APR 2021	President and Representative Director of Daido Life Insurance Company (present)	
	(Significant concurrent positions)		
		President and Representative Director of Daido Life Insurance Company	
	(Reasons for appointment as a candidate for Director who is not an Audit & Supervisory Committee Member)		
		Mr. Mutsuro Kitahara has operational experience within the Group including products, planning and human resources. He is currently serving as Representative Director and President of Daido Life Insurance Company. In addition, he has previously been in charge of Group Planning, Risk Management, and Internal Auditing at the Company. Considering these factors, Mr. Mutsuro Kitahara is proposed as a candidate for Director who is not an Audit & Supervisory Committee Member, as he is expected to serve his role in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to the management of insurance holding companies, insurance companies, etc.	

Opinion of the Audit & Supervisory Committee

We have confirmed the status of deliberations by the Nomination and Compensation Committee regarding the election of Directors who are not Audit & Supervisory Committee Members and concluded that the election process was appropriate and there were no particular opinions to note.
With regard to the compensation of Directors who are not Audit & Supervisory Committee Members, also, we have confirmed that the compensation has been determined through an appropriate process based on the policy for the determination of compensation set forth in the Basic Policy on Corporate Governance and have concluded that there were no particular opinions to note.

Proposal No.3: Election of One Alternate Director Who Is an Audit & Supervisory Committee Member

Since validity of the appointment of Mr. Yuichiro Shimma as Alternate Director who is an Audit & Supervisory Committee Member made effective at the 16th Ordinary General Meeting of Shareholders held on June, 25, 2020, will expire at the beginning of this General Meeting of Shareholders, it is proposed that the Company preliminarily elect one person as an Alternate Director who is an Audit & Supervisory Committee Member for Outside Directors who are Audit & Supervisory Committee Members Haruka Matsuyama, Seiji Higaki and Shinnosuke Yamada, in order to prepare for the event of an unexpected shortfall in the number of Directors who are Audit & Supervisory Committee Members required by law.

The election under this proposal may be cancelled upon the consent of the Audit & Supervisory Committee and the subsequent resolution by the Board of Directors, provided such cancellation is done prior to the assumption of office.

The Audit & Supervisory Committee has previously given its approval to this proposal.

The candidate for Alternate Director who is an Audit & Supervisory Committee Member is as follows.

	Yuichiro Shimma (December 11, 1978)	Number of the Company's shares held: 0
	Personal history, position and significant concurrent positions	
	OCT 2004	Registered as an Attorney
	JUN 2020	Audit & Supervisory Board Member of T&D Financial Life Insurance Company
	(Significant concurrent positions)	
	Attorney Audit & Supervisory Board Member of T&D Financial Life Insurance Company	
	(Reasons for appointment as a candidate for Alternate Outside Director who is an Audit & Supervisory Committee Member)	
	Mr. Yuichiro Shimma has sophisticated expertise and extensive insight as an attorney at law specialized in corporate legal affairs. Mr. Yuichiro Shimma is proposed as a candidate for Alternate Director who is an Audit & Supervisory Committee Member because he can be expected to capitalize on this knowledge and experience to serve his role in making key management decisions as well as auditing and supervising the execution of duties of Directors who are not Audit & Supervisory Committee Members from a perspective of protecting general shareholders. Although Mr. Yuichiro Shimma has not been engaged in corporate management other than as an outside audit & supervisory board member, the Company believes that he can perform his duties appropriately for the reasons above if he is appointed as a Director who is an Audit & Supervisory Committee Member of the Company.	

Notes:

1. No special interest exists between the Company and Mr. Yuichiro Shimma.
2. Mr. Yuichiro Shimma is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Japanese Companies Act. If his appointment is approved as proposed and he assumes office of Director who is an Audit & Supervisory Committee Member, the Company will register him to the Tokyo Stock Exchange, Inc. as an independent director/auditor without potential conflict of interests with general shareholders. In addition, Mr. Yuichiro Shimma meets the independence criteria for Outside Directors/Auditors prescribed by the Company.
3. The Company has an agreement with each Outside Director that liabilities which may be claimed against him or her under Article 423, Paragraph 1 of the Japanese Companies Act

shall not exceed ¥10 million or the minimum amount as set forth by law, whichever is higher. If he assumes office of Director who is an Audit & Supervisory Committee Member, the Company will enter into the liability limitation agreement with him.

(Reference)

The Composition, Expertise, Experience, Etc. of the Board of Directors, after Proposal No. 2 Is Approved by This General Meeting of Shareholders

The Company aims to further demonstrate the functions of the Board of Directors by ensuring a balance of the necessary expertise and experience from the standpoint of the three major board functions.

By electing talent with experience in corporate management from outside of the Group as well as expertise and experience in finance, legal affairs and other fields for its outside Directors, and electing talent equipped with expertise and experience in line with the wide-ranging fields of the Group's core business of life insurance for its internal Directors, the Company ensures a balance of expertise and experience of the entire Board of Directors.

The Three Main Functions of the Board of Directors

Formulation of overall strategy function	Supervisory function	Business management function

■ Board of Directors Skills Matrix

The following illustrates the expertise and experience that are particularly anticipated from the Outside and Internal Directors of the Company.

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

	Name	Position at the Company	Nomination and Compensation Committee	Expertise and experience particularly anticipated from the Internal Directors				
				Planning and business strategy	Sales and marketing	Asset management	Finance and accounting	Legal affairs and risk management
Internal Directors	Hirohisa Uehara	Representative Director and President	●	●	●	●		
	Kanaya Morinaka	Representative Director and Executive Vice President		●	●			
	Mitsuhiro Nagata	Director and Senior Managing Executive Officer					●	●
	Naoki Soejima	Director		●	●	●		
	Mutsuro Kitahara	Director		●	●	●		
	Junichi Yanai	Director (Full-time Audit & Supervisory Committee Member)					●	●
	Yasuo Teraoka	Director (Full-time Audit & Supervisory Committee Member)					●	●

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

Directors and Officers (D&O) Liability Insurance

・The Company has concluded directors and officers liability insurance policy with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with the Directors as the insured. The insurance policy covers any damages that may result from the Directors being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. However, there are grounds for exemptions, including such damages caused intentionally or with gross negligence, and a compensation curtailment rate has been set for the insurance claims.
・If the candidates are elected and assume office as Directors, each Director will be included as an insured in the D&O insurance.
・The contract period of the directors and officers liability insurance is one year and the Company intends to renew the contract prior to the expiry of this period upon resolution of the Board of Directors.

Basic Policy on Corporate Governance of T&D Holdings, Inc.

(Appointment of Directors)
Article 6
The Board of Directors shall discuss the appointment of candidates for directors in the Nomination and Compensation Committee, and shall appoint individuals that satisfy, in principle, the following criteria:
(1) The candidate possesses the knowledge and experience needed to accurately, impartially and efficiently manage business as well as possessing a sufficient degree of public trust.
(2) In addition to the requirements set forth in the previous criterion, candidates for outside director must satisfy the independence criteria established by the Company and the Tokyo Stock Exchange, and must be recognized as being free from the risk of any conflicts with the common interests of shareholders.

(Appointment of Audit & Supervisory Committee Members)
Article 11
The Board of Directors shall discuss candidates for audit & supervisory committee members in the Nomination and Compensation Committee. After obtaining the consent of the Audit & Supervisory Committee, the Board of Directors shall appoint individuals that satisfy, in principle, the following criteria:
(1) The candidate possesses the knowledge and experience needed to accurately, impartially and efficiently audit the directors' performance of duties as well as possessing a sufficient degree of public trust.
(2) In addition to the requirements set forth in the previous criterion, candidates for the position of outside audit & supervisory committee member must satisfy the independence criteria established by the Company and the Tokyo Stock Exchange, and must be recognized as being free from the risk of any conflicts with the common interests of shareholders.

(Independence Criteria for Independent Outside Directors)
Article 13
The Company shall appoint candidates for outside director from among individuals who satisfy the following independence criteria:
(1) The candidate is not currently, nor has been in the past 10 years, a person who executes the business of the Company or its subsidiaries.
(2) The candidate is not currently, nor has recently been, a person/entity for which the Company is a major client or a person who executes business for such client, nor a major client of the Company or a person who executes business for such client.
(3) The candidate is not currently, nor has recently been, a consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/auditor compensation from the Company.
(4) The candidate is not currently, nor has recently been, a relative of a person who executes business of the Company or its subsidiary, or a relative of persons described in (2) or (3) above.
(5) In addition to the above, there must be no doubt about the independence of the candidate in terms of fulfilling his or her duties as an independent outside director.

(Attached Documents)

Business Report for Fiscal Year 2020

(From April 1, 2020 to March 31, 2021)

1. Matters concerning the current state of the insurance holding company

(1) Development and performance, etc. of the business of the corporate group

Main business lines of the corporate group

T&D Insurance Group (hereinafter referred to as "the Group") comprises mainly the Company's three wholly owned subsidiaries (hereafter, the "Three Life Insurance Companies"), namely Taiyo Life Insurance Company, Daido Life Insurance Company and T&D Financial Life Insurance Company (hereinafter referred to as "Taiyo Life," "Daido Life," and "T&D Financial Life," respectively), along with 19 subsidiaries and 6 affiliated entities, and operates life insurance business as its core business.

Financial and economic environment

In fiscal 2020, the impact of COVID-19 caused downward pressure on personal consumption in the Japanese economy, focusing mainly on face-to-face services such as restaurants and hotels, etc. Corporate earnings declined significantly, and the challenging economic situation continued.

In the life insurance industry, the spread of COVID-19 caused companies to refrain from face-to-face sales, etc., leading to a year-on-year decline in new policy performance. In the asset management environment, domestic stock prices rose significantly amid continued large-scale monetary easing and public spending worldwide, boosted by progress in developing a COVID-19 vaccine and anticipation about the expansion of vaccinations. With regard to domestic interest rates, 10-year long-term government bond yields generally hovered close to the Bank of Japan's target of almost zero percent due to the Bank of Japan's continued Quantitative and Qualitative Monetary Easing with Yield Curve Control measure. Overseas interest rates rose due to positive developments related to the COVID-19 vaccine, additional economic measures in the U.S., and other factors.

Development and performance of the business of the corporate group for the current fiscal year

The Group carries out its business management under the Group management philosophy "to contribute to people and society through the value creation with the 'Try & Discover' spirit." Under this management philosophy, the Group has defined a management vision of "aiming to provide the best products and services to increase customer satisfaction," while "aiming to be an insurance group with a strong presence in the market by stable and sustainable increases in the value of the group."
In order to realize this management vision, the Group is working to achieve "T&D Insurance Group medium-term management plan; Try & Discover 2021—Creation of Shared Value—" for the three-year period starting from April 2019. The overall policy of this plan is to contribute to the resolution of ever-changing issues faced by people and society, aiming to be an insurance group that grows along with society by "strengthening core businesses" and "diversifying the business portfolio."

Here we report on the major initiatives of the Company and the Three Life Insurance Companies of the Group in fiscal 2020.

The Company, as an insurance holding company, aims to control the management of its subsidiaries, and businesses pertaining thereto, as its business objectives.
The Company serves the role of formulating and executing the management strategies and capital policies of the Group, and adequately allocating management resources. Additionally, the Company promotes the Enterprise Risk Management (ERM) Glossary system to accurately identify

management risks in the Three Life Insurance Companies and to carry out integrated management of the capital, profit, and risk of the Group as a whole on an economic value basis. With this system, the Company strived to ensure its soundness and improve its profitability even amid numerous challenges in the business environment including a significant fall in super long-term interest rates and the spread of COVID-19.

(Diversifying the business portfolio)
To diversify the business portfolio, the Group established the investment subsidiary T&D United Capital Co., Ltd. in 2019 in order to build an effective and efficient investment structure. Through this company, we acquired a 25% stake in Fortitude Group Holdings, LLC, an insurance company specializing in closed book Glossary business, from U.S.-based American International Group, Inc. (AIG) in June 2020. The Company positions closed book business as a growing new business domain, and this deal will allow it to gain investment income as well as acquire and accumulate business expertise and pursue synergies with its domestic life insurance business.

In October 2020, sales operations began at T&D United Capital North America Inc., the North American location of T&D United Capital Co., Ltd. Through the dispatch of Directors and committee participants, etc. to Fortitude Group Holdings, LLC, we will build a system in the U.S. for business management and monitoring of recipients of strategic investment. We will also enhance the risk management system of our Group and work to demonstrate appropriate Group governance.

(Capital policies)
With regard to capital policies, in order to increase shareholders' profit by improving returns to shareholders and enhancing capital efficiency, the Company paid an interim dividend, and acquired treasury stock in the amount of approximately 10.54 million shares (roughly ¥13.0 billion) from November to December 2020.

(Enhancing corporate governance)
In regard to governance, the Company transitioned to a Company with an Audit and Supervisory Committee after the necessary amendments to the Articles of Incorporation were approved at the Company's 16th Ordinary General Meeting of Shareholders in June 2020 to further enhance the management functions (determination of management policy and overall strategy) and oversight functions of the Board of Directors and to further improve flexibility and efficiency of business execution. We will continue to further enhance corporate governance of the entire Group by promoting the "separation of management/oversight and business execution" and improving the flexibility of business execution and our ability to formulate our overall strategy.

Furthermore, the Company has given due respect to the "Corporate Governance Code," Glossary which applies to all listed companies, adopted all of its principles, and formulated the "Basic Policy on Corporate Governance," which provides the Company's initiatives to address the major principles of the code. In accordance with this basic policy, the Company will continue its efforts to enhance its corporate governance with a view to achieving the sustainable growth of the Group and increasing its corporate value over the medium- and long-term.

(ESG-related initiatives)
We promote contributions to the Sustainable Development Goals (SDGs) as an initiative related to environment, society, and governance (ESG). To respond to climate change risks, we became a supporter of the TCFD Glossary recommendations, and disclosed climate-related financial information in accordance with the TCFD framework.

We are also streamlining operations and promoting work-style reforms by using an advanced IT and office environment and significantly reducing administrative work.

In terms of asset management, the three Group companies that conduct asset management operations—Taiyo Life, Daido Life, and T&D Asset Management—are signatories to the Principles for Responsible Investment (PRI) supported by the UN. Based on these principles, we are advancing asset management aimed at achieving a sustainable society, with full understanding of environmental, social and governance (ESG) challenges. In April 2021, the Group established

the T&D Insurance Group ESG Investment Policy to communicate our Group's approach to ESG investment.

In recognition of these initiatives, the Company was chosen for all of the ESG indices selected by the Government Pension Investment Fund (GPIF) among domestic stocks. (As of March 31, 2021)

Led by the Group-wide, customer-oriented philosophy, the Company has defined the "T&D Insurance Group's Basic Polices Related to Customer-oriented Business Operations" in order to engage in sincere, earnest, fair, and appropriate corporate activities which benefit customers, and will work to foster a corporate culture that respects the spirit and intent of this Basic Policy. In accordance with this Basic Policy, the Three Life Insurance Companies worked on core business enhancement based on their individual, unique business models within their own specialized markets.

(Enhancement of the product lineup)
The Three Life Insurance Companies promoted the enhancement of the product lineup in order to provide the best products to meet a wide range of customer needs. We continued working on mutual supply and sales of products.

Taiyo Life continued to enhance contents of its products in order to provide lifelong security to customers through high-quality products and services. Until now, it has provided a wide range of coverage against dementia that customers can subscribe to even if they have concerns about their health. It has "Himawari Dementia Treatment Insurance" that provides coverage for prescribed conditions due to dementia as well as "Himawari Dementia Prevention Insurance," that supports customers from the prevention stage to avoid dementia in the first place. In April 2020, we launched "Whole Life Dementia/Survival Benefit Nursing Care Annuity Insurance" as a product providing coverage especially for dementia. This is the first product from Taiyo Life that pays benefits in the form of an annuity. The company also raised the maximum coverage amount for the "relaxed-underwriting type dementia diagnosis insurance" from November 2020 and for the "relaxed-underwriting type dementia treatment insurance" from March 2021 to ensure that it can respond to the diverse needs of customers even better than before.

Daido Life has been working to further enhance its "total coverage," which combines a death benefit and a benefit for incapacity to work, by launching non-participating critical illness insurance "Cancer Protection Stage-limited J-Type" in December 2020 with coverage that focuses on advanced cancers (equivalent to Stage III or Stage IV) that have the biggest impact on business management. It has also worked on enhancing the freedom and flexibility of policies in keeping with customers' needs. Specifically, the company introduced the Policy Conversion System (Switch) in April 2020 and a policy loan in December 2020 in order to respond more flexibly to customers' changing needs after they take out a policy by continuing the benefit for incapacity to work in the same way as the death benefit.

T&D Financial Life is expanding its lineup of asset- and coverage-oriented products treated by financial institutions and insurance shop agents. In April 2020, the company launched "*Kakei ni Yasashii Shushin Iryo*" non-participating whole life medical insurance incorporating the comprehensive cover customers need for one-day to long-term hospitalization, lifestyle diseases and advanced medical care. In September 2020, T&D Financial Life also launched "Shogai Premium Japan 5" yen-denominated single premium whole life insurance. In February 2021, it went even further by launching "*Hataraku Anata ni Yasashii Hoken 2,"* non-participating critical illness and disability income protection insurance and non-participating lump-sum critical illness insurance to prepare for reduced income and increased expenses due to disease or injury.

(Improvement of customer services)
The Three Life Insurance Companies strove to further develop a system for paying insurance claims promptly and precisely to the customers. The Three Life Insurance Companies has advanced efforts in improving customer convenience and satisfaction, particularly for senior customers and customers who need support, with the aim of providing even greater convenience to customers.

Taiyo Life offers a “Senior Visit Service,” in which its employees visit senior customers at least once a year to offer such support as confirming policy details and encouraging customers to claim benefits. At time of payment, the Company provides a “Kaketsuke-Tai Service,” in which expert insurance representatives make personal visits to customers and their families, and provide support for procedures such as benefits claims. In October 2020, Taiyo Life made it possible to make paperless claims for death benefits and also eliminated the need for paper forms for major procedures related to benefit and insurance payment claims. The claim procedure screen of “The Taiyo Life Concierge” (name of original software) received a UDCA Award 2020 (insurance payment/benefit claim form category) from the Universal Communication Design Association for the best communication design.

Daido Life is working to improve the quality of service at its call centers in order to respond faster, more accurately, and more politely to customer requests for various procedures by increasing its call center staffing and obtaining third-party evaluations. It received three awards at the UCDA Award 2020 (insurance payment/benefit claim form category, medical insurance pamphlet category) including the “Another Voice Award” and the “Easy-to-Understand Award.” The Company will continue its efforts to improve customer satisfaction, including developing and enhancing its call center response readiness and reviewing forms needed for procedures and pamphlets.

In April 2020, T&D Financial Life introduced the “Kaigo Concierge” nursing care and dementia support service provided by internet infinity INC., for customers with insurance policies covering nursing care and dementia. The service provides care and dementia support services tailored to the customer’s individual circumstances, including referrals to care managers and dementia prevention tools.

(Responses to COVID-19)
In consideration of the status of the spread of COVID-19, our Group has introduced special measures for the handling of various policy procedures to ensure that customers can continue their policies and make benefit claims, etc. with peace of mind. These measures include extension of the grace period for payment of premiums and the period for policy renewal procedures, simple and rapid payment of claims, benefits, etc., and exemption from interest on policy loans (initial loans). We are also promoting remote work and the use of online meetings as well as reducing the ratio of employees commuting to work as part of our work-style reforms to adapt to the “new normal” and ensure the health and safety of our employees. The Three Life Insurance Companies are also developing new products and enhancing non-face-to-face sales activities to respond to changing customer needs amid the COVID-19 pandemic.

In September 2020, Taiyo Life launched the new infectious disease plus hospitalization insurance (lump-sum payment type) to provide coverage for customers who are injured due to an unforeseen accident or hospitalized due to a prescribed infectious disease, including COVID-19. This new product allows customers to prepare for treatment costs and costs related to hospitalization, reduced income, and other concerns. In November 2020, Taiyo Life also launched this product with insurance with relaxed-underwriting type, allowing customers with existing concerns about their health to subscribe with a simple declaration. It also provides this product through the Sma-Hoken scheme, allowing customers to enroll completely online if they wish to apply without face-to-face contact. In January 2021, the company introduced “Remote administrations of new contract” combining Sma-Hoken with consultations and application procedure support provided by sales employees as part of a push toward a hybrid sales style integrating both face-to-face and digital interactions.

In November 2020, as part of its contributions to society, Daido Life set up a fund (equivalent amount in insurance premiums: up to ¥100 million) for “COVID-19 Cover” insurance, provided by justInCase Inc., allowing small and medium businesses to enroll in COVID Cover for one year free of charge. In October 2020, Daido Life adapted the employee work environment to expand the use of Zoom video conferencing software to all sales employees as standard, allowing them to carry out sales activities during the COVID-19 pandemic without face-to-face contact. It also enhanced customer convenience and adapted to new lifestyles in an era of coexistence with COVID-19 by introducing “Tsunagaru Administration” online insurance applications in September 2020,

allowing enrolling customers to complete their applications using a smartphone or PC.

Amid the COVID-19 pandemic, T&D Financial Life has commenced online consultations and solicitation by postal mail in addition to face-to-face solicitation. It also created a new online training website for agents, providing online training tools and carrying out non-face-to-face training using online meetings.

In response to the impact of COVID-19, T&D Insurance Group companies including the Company, Taiyo Life, Daido Life, T&D Financial Life, T&D Asset Management Co., Ltd., and Pet & Family Insurance Co., Ltd. have donated a total of ¥90 million to assist medical facilities, medical personnel, and other people working to combat the spread of infection. The T&D Insurance Group hopes for a swift end to the COVID-19 pandemic, and the Group will continue working to assist efforts toward this goal.

(Support for promotion of health)

Against the backdrop of social conditions in which population is increasingly aging, the promotion of health is becoming more important for the realization of a prosperous and long-lived society. Amid these changes in the business environment, we are working on various measures to support illness prevention and health promotion among our customers.

In order to take on the social problem of extending healthy lives—that is, living long and healthy lives—in the current era in which people often live healthily to age 100, Taiyo Life launched "The Taiyo Genki Project" in June 2016, and advanced various measures to help our employees and customers be healthy and to contribute to the health of society. In March 2021, it formed an alliance with Ajinomoto Co., Inc., H.U. Frontier, Inc., and Selmesta Co., Ltd., and customers are already being informed about a new "disease prevention service" using AminoIndex® [note 1], a technology that enables the detection of possible cancers and can also assess future risks of stroke, heart attack, and diabetes with just one test. In April 2020, the Taiyo Life Aging Society Institute was established to carry out joint research with academic institutions utilizing big data to focus mainly on disease prevention, early detection, and early treatment. The Institute will contribute to society by broadly releasing the results of this research to the public, and results and other outcomes will also be utilized in the creation of insurance products and services to ensure the development of products and services that provide even more support for the health and longevity of customers.

Health promotion within companies is becoming even more important, and Daido Life implemented "DAIDO KENCO Action," an initiative to comprehensively support "health and productivity management® [note 2]" for SMEs. As part of these efforts, we are working to support health promotion, including ascertaining health risks and improving lifestyles, by offering the "Daido Life KENCO SUPPORT PROGRAM [note 3]," developed jointly with Value HR Co., Ltd. In order to promote health management within Daido Life, it is intensifying its efforts to promote employee health, including adopting the "KENCO SUPPORT PROGRAM" for its employees, based on the "Koko-Kara Declaration" concerning Health-oriented management.

Taiyo Life and Daido Life have been recognized as the "2021 Certified Health and Productivity Management Organization (White 500)" based on the Certified Health and Productivity Management Organization Recognition Program established by the Ministry of Economy, Trade and Industry.

Main performance during the current fiscal year

Annualized premiums of new policies combining individual insurance and individual annuities for this fiscal year rose to ¥110.3 billion (5.3% increase year-on-year) due to an increase in sales of individual term life insurance and medical and nursing-care products, etc., despite the impact of reduced sales activities due to COVID-19. Third Sector annualized premiums of new policies also rose to ¥32.0 billion (5.5% increase year-on-year).

Annualized premiums of total policies combining individual insurance and individual annuities at

the end of this fiscal year were ¥1,535.4 billion (0.2% decrease year-on-year).

New policy amount for the current fiscal year was ¥3,181.5 billion (8.8% decrease year-on-year). Policy amount in force as at year-end was ¥55,894.2 billion (3.3% decrease year-on year).

Income from insurance premiums increased by 1.7% year-on-year to ¥1,783.3 billion, due to good performance in new policy sales. Income from interests and dividends decreased by 3.3% year-on-year, to ¥289.9 billion. Equity in net income of affiliated companies were posted at ¥102.9 billion. This is mostly due to the inclusion of Fortitude Group Holdings, LLC within the scope of application of the equity method. As a result, ordinary revenues increased to ¥2,413.9 billion (9.8% increase year-on-year.)

Ordinary expenses increased by 5.5% year-on-year to ¥2,185.8 billion, an increase in insurance claims and other payments and in provision for policy reserve.

As a result, ordinary profit increased by 81.9% year-on-year, to ¥228.1 billion.

Profit attributable to owners of parent increased by 141.9% year on year, to ¥162.3 billion. In addition, Group adjusted profit [note 4] introduced from this fiscal year was ¥77.9 billion.

Combined total core profit for this fiscal year at the Three Life Insurance Companies decreased by 3.1% year-on-year, to ¥161.0 billion. Positive spread decreased by 4.3% year-on-year to ¥58.0 billion, due primarily to a decrease in interest and dividend income.

The Company's consolidated solvency margin ratio Glossary, a criterion subject to government supervision, indicating management soundness of an insurance holding company (consolidated) and an insurance company, was 1,094.8% at the end of the current fiscal year (1,107.0% at the end of the previous fiscal year).

Solvency margin ratios of the Group's Three Life Insurance Companies were 852.8% for Taiyo Life Insurance Company (805.5% at the end of the previous fiscal year), 1,293.5% for Daido Life Insurance Company (1,335.3% at the end of the previous fiscal year) and 826.8% for T&D Financial Life Insurance Company (1,033.6% at the end of the previous fiscal year).

Results of individual insurance and individual annuities at the Three Life Insurance Companies (along with combined results)

(100 millions of yen)

Company Name	FY2019		FY2020 (year under review)	
Annualized premiums of new policies (Third Sector products)	1,048	(304)	1,103	(320)
Taiyo Life Insurance Company	316	(154)	331	(177)
Daido Life Insurance Company	467	(145)	510	(139)
T&D Financial Life Insurance Company	264	(3)	262	(4)
Annualized premiums of total policies (Third Sector products)	15,386	(2,585)	15,354	(2,674)
Taiyo Life Insurance Company	6,004	(1,142)	5,897	(1,209)
Daido Life Insurance Company	8,065	(1,414)	7,978	(1,435)
T&D Financial Life Insurance Company	1,316	(27)	1,478	(29)
New policy amount	34,892		31,815	
Taiyo Life Insurance Company	5,405		2,435	
Daido Life Insurance Company	25,018		25,112	
T&D Financial Life Insurance Company	4,468		4,266	
Policy amount in force as at the end of the year	578,213		558,942	
Taiyo Life Insurance Company	180,232		162,784	
Daido Life Insurance Company	374,055		369,123	
T&D Financial Life Insurance Company	23,925		27,035	

Notes:

1. Annualized premiums refer to an amount equivalent to premiums per year, calculated by multiplying the insurance premium paid each time by a coefficient according to the premium payment method (for single premium policies, etc., the amount is calculated by dividing the premium by the insurance period).
2. Annualized premiums for the Third Sector products recorded above includes health benefits (hospitalization benefits, surgical benefits, etc.), living benefits (critical illness benefits, nursery care benefits, etc.), and a waiver of premium benefits (excluding accident coverage, but including critical illness and nursery care coverage).
3. The new policy amount of individual insurance and individual annuities includes net increase from conversions.
4. The new policy amount and policy amount in force as of the end of the year of individual insurance represent the total of the death protection policy amount and living protection policy amount.
5. New policy amount of individual annuities is the amount of annuity resources at the commencement of annuity payment.
6. Policy amount in force of individual annuities at the end of each fiscal year is the total sum of the annuity resource at the commencement of payment of the annuity contracts under which payments have not yet commenced, and the policy reserve of the annuity contracts under which payments have already commenced.

Challenges to be addressed by the Group

The Japanese economy is expected to continue under challenging circumstances due to the impact of COVID-19, however, this impact will ease over time thanks to vaccination and further development of digital technologies, etc. The situation is expected to gradually return to normal as social and economic activities recover.

The life insurance industry must also deal with the impact of COVID-19 swiftly and steadily. In addition, the management environment is changing due to such factors as the increasingly low birthrate and aging population, diversifying customer needs, and the prolonged low interest rate environment, and the Group must work to further improve the quality of our business operations, including improvement of capital efficiency, corporate management based on societal issues

(sustainable development goals (SDGs)), offering customer-oriented products and services, and enhancing asset management.

Our Group has been able to reconfirm that its unique life insurance company business models are functioning effectively, even amid the COVID-19 pandemic. However, the last year has created a "new normal," and our Group is aware that it must shift to management based on the assumption of more uncertainties in the future. Based on this awareness, we have reestablished our ideals in the form of a management vision to ensure our companies are unaffected by environmental changes. This vision will be used to build common values within the Group and used as a guide to form action plans that will be implemented by each Group company. We believe that, through these efforts, we must achieve continuous growth to face the many uncertainties of the VUCA Glossary era.

In response, our Group recently formulated "Try & Discover 2025," our Group's long-term vision indicating the course the Group will take in the long-term, and the strategic approaches needed to achieve our goals. Our Group has renewed its determination to "Create happiness for society as a whole through insurance, starting with each individual, and become a Group that engages closely with stakeholders and makes bold changes." This management vision ensures that our Group will engage closely with both individual and corporate stakeholders to identify a range of changes that will lead to bold endeavors that are not limited by conventional frameworks. Our Group will implement the creation of shared value to progress even further in its pursuit of both economic value and social value to ensure that we continue to be chosen by our customers and those in financial markets. Through these efforts, we will endeavor to maintain our position as an essential part of society.

Glossary Please see the Glossary (page 66) for an explanation of VUCA.

(Strategy for the domestic life insurance business)
The Group's strength and distinguishing feature is that "multiple independent life insurance companies pursue their own specialized strategies." The Three Life Insurance Companies will work to strengthen their insurance earnings power and solidify the Group's earning base by expanding and strengthening our business domains through pursuing strategies specific to each company.

Taiyo Life's vision is "being an insurance company that supports worry-free, enriched lives of more customers by offering households the best products and services that look ahead to the era in which people often live healthily to age 100." It will offer more customers products and services that help maintain and improve healthy lives, and look ahead to the era where many people live healthily to age 100, primarily by improving the level of service of its sales employees, and by creating new sales channels that meet customer needs. Additionally, in order to meet increasingly diverse customer needs, Taiyo Life will further establish itself as the top brand in the senior market by enhancing its customer-communication infrastructure, creating comprehensive lifestyle-support services by offering services through the Internet, such as the "Taiyo Life My Page," and combining them with human services such as Kaketsuke-Tai Service.

Based on a basic policy in its medium-term management plan of "Working as a group to polish 'total insurance combining corporations and individuals' and leading a new era of enterprise insurance," Daido Life will focus its efforts on "further advancing its core businesses." Additionally, with the growth pillars of "further penetration of the work incapacity benefit field" and "development of the business owner and self-employed market," it will work to stably and continually grow its policy results, primarily by developing products and services that respond to the issues of a centenarian society faced by SMEs (e.g. health promotion, business continuity, and business succession), strengthening and merging existing sales channels, and developing new sales channels.

T&D Financial Life will work to ensure continuous improvements in corporate value in keeping with the common customer-oriented values held by the entire company. Specifically, it will work to enhance products based on the market environment and customer needs, as well as promoting the expansion of the number of agents handling its new and existing products to expand its market share. It will further differentiate its products through payment details, etc. and proactively engage

in the provision of services and products that contribute to improved convenience for customers and agents.

The Three Life Insurance Companies will also work to increase asset investment income through the efforts of securing stable investment income over the long term from the perspective of asset liability management (ALM) Glossary under Enterprise Risk Management (ERM), and increasing the sophistication of their asset management, including investing in growth fields and advancing their investment methods.

(Diversification and optimization of the Group's business portfolio)
The Three Life Insurance Companies are focusing on the senior market, and further expansion is expected in this sector in the future. However, the Companies are also expanding their business portfolio domains as part of their management strategies to deal with the possibility of future domestic market shrinkage and the rapid evolution of digital technologies in the future. While maintaining the domestic life insurance business as its foundation, the Group will work to diversify and optimize its business portfolio, taking care to ensure that the scale of the business contributes to the Group's consolidated profits and that the Group can build an effective and efficient business investment framework by consolidating the Group's management resources, in order to leverage the Group's strengths in areas that have a high affinity with the life insurance business.

(Sophistication of ERM)
The foundation of the Group's capital management is to secure sufficient capital, working to improve profitability through further utilization of ERM, while ensuring capital adequacy. The Group will respond appropriately to fluctuations in financial markets resulting from the impact of COVID-19 as part of its efforts to maintain sound management. The Group will strive to enhance its returns to shareholders, while securing the internal reserves needed for the proper management of life insurance business and carefully considering growth investment opportunities.

In regard to risk management, we are preparing for the introduction of an economic value-based solvency regulation by working to reduce interest rate risk and cross-held stocks in cases where there is a high level of uncertainty or low returns in comparison to risk. This will enable us to control asset management risks while also allowing us to expand risk from business investment and achieve an optimum balance between insurance underwriting risk, asset management risk, and overseas business investment risk.

Fiscal 2021 will see the implementation of initiatives to achieve the Group's long-term vision, and we will endeavor to create happiness for society as a whole through insurance. The entire world is facing an unprecedented crisis due to the COVID-19 pandemic, and people all over the world are working together to overcome the crisis. The Group is responding to these difficulties with a commitment to continuing operations such as making insurance payments, providing loans to policyholders, and offering asset management services, while protecting the health and safety of the Group's officers and employees and their families.

The life insurance business has a social mission: taking part in the creation of a sustainable society, as a foundation for stabilizing and improving the lives of the Japanese people, development of the economy, and social infrastructure. The Group is united in its commitment to fulfilling this social mission.

We would like to ask all of our shareholders for their continued support.

(Notes) [1] "AminoIndex®" is a registered trademark of Ajinomoto Co., Inc.
[2] The term "health and productivity management®" is a registered trademark of the Workshop for the Management of Health on Company and Employee.
[3] This online service offers integrated support for implementing a PDCA cycle necessary for health management, such as providing "support to promote taking health exams" for companies, "risk analysis for lifestyle diseases, etc." for individual managers and employees, as well as "solutions for healthier living" and "incentives" to encourage continuous efforts towards the promotion of health.
[4] An indicator to express the Group's management status, partially adjusting for

factors such as temporary appraisal profit and loss, etc. for the current period accounted due to market fluctuations in comparison to profit attributable to owners of parent.

Glossary For ERM, closed book, Corporate Governance Code, TCFD, solvency margin ratio, VUCA, and ALM please refer to the Glossary (page 66).

(2) Transition of assets and profits (losses) of the corporate group and the insurance holding company

A. Transition of assets and profits (losses) of the corporate group

(Millions of yen)

Categories	FY2017	FY2018	FY2019	FY2020 (year under review)
Ordinary revenues	1,928,359	2,140,162	2,197,928	2,413,953
Ordinary profit	156,475	146,949	125,422	228,132
Profit attributable to owners of parent	77,577	72,825	67,103	162,316
Comprehensive income	93,236	48,596	2,341	469,422
Net assets	1,153,036	1,159,588	1,123,149	1,553,157
Total assets	15,262,398	15,794,711	16,520,137	17,877,278

Note: 1. Financial results for FY2020 are as stated in (1) Development and performance, etc. of the business of the corporate group.
2. The Group's adjusted profit for the year under review was 77.9 billion.

B. Transition of assets and profits (losses) of the insurance holding company

(Millions of yen, except for net income per share)

Categories	FY2017	FY2018	FY2019	FY2020 (year under review)
Operating revenues	49,497	38,976	45,809	44,136
Dividend received	46,030	34,925	41,234	39,048
Insurance operating subsidiaries	46,030	34,925	41,234	39,048
Other subsidiaries	-	-	-	-
Net income	46,300	34,983	41,272	39,277
Net income per share (¥)	74.14	56.92	68.46	65.71
Total assets	783,804	826,843	896,719	913,299
Stocks, etc. of insurance operating subsidiaries	732,227	734,827	734,827	734,827
Stocks, etc. of other subsidiaries	10,649	10,649	21,649	21,649

(3) Principal offices of the corporate group (as of March 31, 2021)

The Company

Name of office	Address	Date of establishment
Head office	7-1 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan	January 1, 2016

Subsidiaries

Company name	Name of office	Address	Date of establishment
Taiyo Life Insurance Company	Head office	7-1 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan	January 1, 2016
Daido Life Insurance Company	Head office	2-1 Edobori 1-chome, Nishi-ku, Osaka, Osaka-fu, Japan	October 1, 1993
T&D Financial Life Insurance Company	Head office	1-1 Shibaura 1-chome, Minato-ku, Tokyo, Japan	May 2, 2016

Notes:
1. The information here refers only to the main Three Life Insurance Companies among all the subsidiaries.
2. Head office of Daido Life Insurance Company was originally established at the time when it was a mutual company. Thus the date of establishment as in the registration of head office is quoted here. Incidentally Daido Life Insurance Company was converted from a mutual company to a stock corporation on April 1, 2002.

(4) Employees of the corporate group

Employees of the Company

Company name	At the end of FY2019	At the end of FY2020	Change during FY2020	At the end of the current fiscal year		
				Average age	Average service years	Average monthly salary
T&D Holdings, Inc.	114	118	4	46.1 years	21.8 years	¥591 thousand

Notes:
1. For employees seconded from Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company, the cumulative total service years at each company are used to calculate average service years.
2. Average monthly salary is the average monthly salary for March 2021 (including overtime payment), excluding bonus payment.

Employees of the consolidated companies

Divisions	At the end of FY2019	At the end of FY2020	Change during FY2020
Insurance and insurance-related businesses	17,827	18,354	527
Investment-related businesses	450	472	22
Administration-related businesses	781	789	8
Total	19,058	19,615	557

(5) The Group's main source of debt

Not applicable.

(6) Financing of the corporate group

(New establishment and capital increase)
On April 1, 2020, the Company's subsidiary Taiyo Life Insurance Company established the Taiyo Life Aging Society Institute and provided capital as follows.

Date of issue	Total	Purpose of funds	Issue price per share
April 1, 2020	20 million yen	Working capital	50,000 yen

(Issuance of bonds)
For the purpose of diversifying means of financing, T&D Lease Co., Ltd. has issued the following short-term bonds:

(Millions of yen)

Date of issue	Maturity date	Amount (face value)
May 18, 2020	August 18, 2020	2,000
May 22, 2020	August 21, 2020	1,000
June 24, 2020	September 25, 2020	1,000
July 17, 2020	October 16, 2020	2,000
August 18, 2020	November 17, 2020	2,000
August 21, 2020	November 24, 2020	1,000
September 25, 2020	December 24, 2020	1,000
October 16, 2020	January 20, 2021	2,000
November 17, 2020	February 19, 2021	2,000
November 24, 2020	February 19, 2021	1,000
December 24, 2020	March 25, 2021	3,000
February 19, 2021	May 24, 2021	3,000
March 25, 2021	June 24, 2021	3,000
Total amount issued in FY2020 (Balance at the end of FY2020)		24,000 (6,000)

(7) Capital expenditure of the corporate group

A. Total capital expenditure

(Millions of yen)

Divisions	Amount
Insurance and insurance-related businesses	21,747
Investment-related businesses	98
Administration-related businesses	569
Total	22,415

B. New construction of material equipment, etc.

Not applicable.

(8) Significant affairs at the parent company and subsidiaries, etc.

A. Affairs at the parent company

Not applicable.

B. Affairs at the subsidiaries

Company name	Location	Main operations	Date of incorporation	Capital (Millions of yen, except where otherwise noted)	The Company's share of voting right (%)	Remarks
Taiyo Life Insurance Company	Chuo-ku, Tokyo	Life Insurance Business	February 16, 1948	62,500	100.0	
Daido Life Insurance Company	Nishi-ku, Osaka, Osaka-fu	Life Insurance Business	July 14, 1947	110,000	100.0	
T&D Financial Life Insurance Company	Minato-ku, Tokyo	Life Insurance Business	July 16, 1947	56,000	100.0	
T&D Asset Management Co., Ltd.	Minato-ku, Tokyo	Type II financial instruments business, investment management business, investment advice and agency business	December 19, 1980	1,100	100.0	
T&D United Capital Co., Ltd.	Chuo-ku, Tokyo	Principal investment and investment management business	June 11, 2019	5,500	100.0	
Pet & Family Insurance Co., Ltd.	Taito-ku, Tokyo	Non-life Insurance Business	August 8, 2003	2,806	100.0	
T&D United Capital North America Inc.	Delaware, United States	Principal investment and investment management business	December 11, 2019	USD 10	100.0 (100.0)	
T&D Customer Services Co., Ltd.	Urawa-ku, Saitama, Saitama-ken	Life insurance policy clerical services, including delivery and receipt of securities, and drafting, arrangement, custody and distribution of documents, etc.	April 2, 1984	10	100.0 (100.0)	
T&D Confirm Ltd.	Kita-ku, Tokyo	Policyholder confirmation agency services	July 5, 1991	30	100.0 (100.0)	
T&D Information Systems, Ltd.	Urawa-ku, Saitama, Saitama-ken	Computer software and system services	July 15, 1999	300	100.0 (100.0)	
T&D Lease Co., Ltd.	Minato-ku, Tokyo	Leasing business	September 5, 1966	150	88.4 (88.4)	
Taiyo Credit Guarantee Co., Ltd.	Toshima-ku, Tokyo	Credit guarantee services	April 1, 1981	50	100.0 (100.0)	
Toyo Insurance Agency Co., Ltd.	Kita-ku, Tokyo	Insurance agency business	June 4, 1971	70	100.0 (100.0)	
Taiyo Life Aging Society Institute	Chuo-ku, Tokyo	Surveys and research on health and medical care	April 1, 2020	20	100.0 (100.0)	
Capital Taiyo Life Insurance Ltd.	Yangon, Myanmar	Life Insurance Business	October 12, 2012	MMK 9,230 million	35.0 (35.0)	
Thuriya Ace Technology Co., Ltd.	Yangon, Myanmar	IT for insurance companies, IT systems and software solutions design, and development services	February 1, 2017	MMK 2,351 million	49.0 (49.0)	
Daido Management Service Co., Ltd.	Chuo-ku, Tokyo	Insurance agency business	November 1, 1974	30	100.0 (100.0)	
Nihon System Shuno, Inc.	Suita, Osaka-fu	Premium collection	October 1, 2002	36	50.0 (50.0)	
Zenkoku Business Center Co., Ltd.	Chuo-ku, Tokyo	Premium collection	May 18, 1972	12	100.0 (100.0)	
Alternative Investment Capital, Ltd.	Chiyoda-ku, Tokyo	Investment in private equity funds	July 15, 2002	400	36.0 (36.0)	
Fortitude Group Holdings, LLC	New Jersey, United States	Insurance holding company	June 19, 2018	USD 2,750 million	25.0 (25.0)	

Company name	Location	Main operations	Date of incorporation	Capital (Millions of yen, except where otherwise noted)	The Company's share of voting right (%)	Remarks
Fortitude Reinsurance Company Ltd.	Bermuda, British Overseas Territory	Reinsurance business	January 1, 2017	USD 1 million	0.0 (0.0)	

Notes:

1. The Company's material consolidated subsidiaries and affiliated entities accounted for under the equity method are listed above.
2. Shares of voting rights at subsidiary entities that belong to subsidiary entities (including subsidiaries) are stated within the parenthesis of the column for "The Company's share of voting right."
3. Dates of incorporation of Taiyo Life Insurance Company and Daido Life Insurance Company are the dates of incorporation as mutual companies. Both were converted to stock corporations, the former on April 1, 2003, and the latter on April 1, 2002 respectively.
4. Date of incorporation of T&D Financial Life Insurance Company is the date of incorporation as Tokyo Mutual Life Insurance Company. Tokyo Mutual Life Insurance Company was converted to a stock corporation on October 17, 2001 and its company name was changed to the current one.
5. Date of incorporation of Pet & Family Insurance Co., Ltd. is the date of incorporation as Japan Family Insurance Planning, Inc. After changing its business name to Pet & Family Small-amount Short-term Insurance Company on January 5, 2007, it was renamed its current name upon obtaining a non-life insurance business license from Financial Services Agency on April 1, 2019. On April 1, 2020, it relocated to Taito-ku, Tokyo.
6. The yen equivalent of the capital amount of Capital Taiyo Life Insurance Ltd., calculated using the exchange rate as of the date of the close of the account, is ¥724 million.
7. The yen equivalent of the capital amount of Thuriya Ace Technology Co., Ltd., calculated using the exchange rate as of the date of the close of the account, is ¥184 million.
8. Fortitude Reinsurance Company Ltd. is a wholly owned subsidiary of Fortitude Group Holdings, LLC.
9. Development and performance of significant business combination
   The Group comprises 19 subsidiaries and 6 affiliated entities, where the consolidated ordinary revenues and profit attributable to owners of parent of the Group including the Company for fiscal year 2020 were ¥2,413.9 billion and ¥162.3 billion, respectively.

(9) Transfer of business from or to the corporate group

Not applicable.

(10) Other significant matters regarding the current state of the corporate group

Not applicable.

2. Matters concerning corporate officers

(1) Status of corporate officers

(As of March 31, 2021)

Name	Positions/ Responsibilities	Significant concurrent positions held	Remarks
Hirohisa Uehara	Representative Director and President	–	
Kanaya Morinaka	Representative Director and Executive Vice President (in charge of Group Planning Department)	Director, Daido Life Insurance Company	
Mitsuhiro Nagata	Director and Senior Managing Executive Officer (in charge of Risk Control Department)	Director and Senior Managing Executive Officer, Daido Life Insurance Company Director, T&D Financial Life Insurance Company	Received approval from the Commissioner of Financial Services Agency under the provisions of Article 8, Paragraph 1 of the Insurance Business Act.
Yoshihisa Tanaka	Director and Managing Executive Officer (in charge of Group Finance & Accounting Department and Public Relations Department)	Director, Taiyo Life Insurance Company Director, T&D Financial Life Insurance Company Director, T&D United Capital Co., Ltd.	
Naoki Ohgo	Director (Outside Officer)	Representative Director, Root F Co., Ltd. Director, Orient Corporation	
Kensaku Watanabe	Director (Outside Officer)	Attorney	
Naoki Soejima	Director	Representative Director and President, Taiyo Life Insurance Company	
Minoru Kudo	Director	Representative Director and President, Daido Life Insurance Company Corporate Auditor, EZAKI GLICO CO., LTD.	
Masafumi Itasaka	Director	Representative Director and President, T&D Financial Life Insurance Company	
Junichi Yanai	Director (Full-time Audit & Supervisory Committee Member)	Audit & Supervisory Board Member, Taiyo Life Insurance Company	He has considerable expertise in finance and accounting, gained through his operational experience in asset management and planning, etc. at a life insurance subsidiary of the Group.

Name	Positions/ Responsibilities	Significant concurrent positions held	Remarks
Yasuo Teraoka	Director (Full-time Audit & Supervisory Committee Member)	Audit & Supervisory Board Member, Daido Life Insurance Company Audit & Supervisory Board Member, T&D United Capital Co., Ltd.	He has considerable expertise in finance and accounting, gained through his operational experience in asset management and business investment, etc. at a life insurance subsidiary of the Group.
Haruka Kato	Director (Audit & Supervisory Committee Member) (Outside Officer)	Attorney Audit & Supervisory Board Member, MITSUI & CO., LTD. Director, Mitsubishi UFJ Financial Group, Inc. Director, Restar Holdings Corporation	
Seiji Higaki	Director (Audit & Supervisory Committee Member) (Outside Officer)	-	
Shinnosuke Yamada	Director (Audit & Supervisory Committee Member) (Outside Officer)	Certified public accountant Auditor, KYOWA EXEO CORPORATION	As a certified public accountant, he has considerable expertise in finance and accounting.

Notes:

1. Executive officers (excluding directors concurrently serving as executive officers) as of March 31, 2021 are as follows:

Name	Positions/Responsibilities
Chikahiro Tsuboi	Senior Managing Executive Officer; (Supervising Business Development Department) (Retired from the post due to the expiration of term of office on March 31, 2021)
Yasuro Tamura	Senior Managing Executive Officer (in charge of General Affairs Department and Internal Auditing Department)
Takashi Ikawa	Managing Executive Officer (vice in charge of Risk Control Department and Internal Auditing Department)
Tomoyasu Isobe	Managing Executive Officer (in charge of Business Development Department)
Shuichi Nakamura	Executive Officer, General Manager of Risk Control Department
Shigeharu Arai	Executive Officer, General Manager of Group Finance & Accounting Department (Retired from the post due to the expiration of term of office on March 31, 2021)

2. Apart from the above, changes in executive officers (excluding directors concurrently serving as executive officers) as of April 1, 2021 is as follows:

Senior Managing Executive Officer	Takashi Ikawa
Executive Officer	Takashi Tojo

3. Messrs. Naoki Ohgo, Kensaku Watanabe, Ms. Haruka Kato, Messrs. Seiji Higaki and Shinnosuke Yamada have been registered with Tokyo Stock Exchange, Inc. as independent directors/auditors without potential conflict of interests with general shareholders.
4. Messrs. Junichi Yanai and Yasuo Teraoka have been selected as Full-time Audit & Supervisory Committee Members to ensure the effectiveness of Audit & Supervisory Committee auditing and supervisory functions facilitated by the gathering and sharing of information through attendance at Executive Management Board meetings and other important meetings, receiving operational reports from business execution divisions, and collaborating closely with internal auditing divisions.
5. Ms. Haruka Kato's maiden name was Haruka Matsuyama.

(2) Executive compensation, etc.

1. Amounts of compensation, etc. for Directors and Audit & Supervisory Board Members during the current fiscal year

(Millions of yen)

Categories	Monthly compensation		Reserve for bonus		Trust-type stock compensation (BIP trust executive compensation)		Total amount of compensation, etc.	
	Number of persons paid	Amount	Number of persons paid	Amount	Number of persons paid	Amount	Number of persons paid	Amount
Directors who are not Audit & Supervisory Committee Members	14	175	4	42	4	45	14	264
(Of which, Outside Directors who are not Audit & Supervisory Committee Members)	4	22	0	-	0	-	4	22
Directors who are Audit & Supervisory Board Members	5	72	0	-	0	-	5	72
(Of which, Outside Directors who are Audit & Supervisory Committee Members)	3	27	0	-	0	-	3	27
Audit & Supervisory Committee Members	4	18	0	-	0	-	4	18
(Of which, Outside Audit & Supervisory Committee Members)	2	4	0	-	0	-	2	4
Total	23	266	4	42	4	45	23	354

Notes:

1. Monthly compensation and reserve for bonus for Directors (excluding part-time Directors (includes Outside Directors) and Directors who are Audit & Supervisory Committee Members) are performance-linked compensation and trust-type stock compensation is non-monetary compensation. For Directors who are not Audit & Supervisory Committee Members (excluding part-time Directors (includes Outside Directors)) (seven Directors) performance-linked compensation is a total of ¥167 million and non-monetary compensation, etc. is a total of ¥45 million.
2. As of June 25, 2020, the Company transitioned from a Company with Board of Auditors to a Company with an Audit & Supervisory Committee.
3. The compensation limit stipulated at the 16th Ordinary General Meeting of Shareholders held on June 25, 2020 is ¥450 million per annum for Directors who are not Audit & Supervisory Committee Members, of which ¥40 million per annum is for Outside Directors (there were nine Directors who were not Audit & Supervisory Committee Members immediately after the conclusion of the shareholders meeting (two of those were Outside Directors.)) The total bonus amount within this figure is decided as an annual figure by the Board of Directors. Aside from the above compensation limit for Directors who are not Audit & Supervisory Committee Members, the upper limit of the trust money to be contributed to the trust relating to trust-type stock compensation stipulated at the 16th Ordinary General Meeting of Shareholders held on June 25, 2020 is ¥500 million over the period of three fiscal years from the fiscal year ended March 31, 2019 to the fiscal year ending March 31, 2021. The upper limit of the number of points to be awarded to Directors per fiscal year will be 215,000 points (1 point = 1 share of the Company). (There were four Directors who were not Audit & Supervisory Committee Members eligible for trust-type stock compensation immediately after the conclusion of the shareholders meeting.)
   The compensation limit stipulated at the 16th Ordinary General Meeting of Shareholders held on June 25, 2020 is ¥150 million per annum for Directors who are Audit & Supervisory Committee Members. (there were five Directors who were Audit and Supervisory Committee Members immediately after the conclusion of the shareholders meeting (three of those were Outside Directors.)) Compensation within this limit is determined by discussions with Directors who are Audit & Supervisory Committee Members.
4. The compensation limit for Directors before the transition to a Company with an Audit & Supervisory Committee stipulated at the 13th Ordinary General Meeting of Shareholders held on June 28, 2017 is ¥500 million per annum for Directors, of which ¥40 million per annum is for Outside Directors (there were twelve Directors immediately after the conclusion of the shareholders meeting (three of those were Outside Directors.)) The total bonus amount within this figure is decided as an annual figure by the Board of Directors. Aside from the above compensation limit for Directors, the upper limit of the trust money to be contributed to the trust relating to trust-type stock compensation stipulated at the 14th Ordinary General Meeting of Shareholders held on June 27, 2018 is ¥500 million over the period of three fiscal years from the fiscal year ended March 31, 2019 to the fiscal year ending March 31, 2021. The upper limit of the number of points to be awarded to Directors per fiscal year will be 215,000 points (1 point = 1 share of the Company). (There were six Directors eligible for trust-type stock compensation
   The compensation limit stipulated at the 8th Ordinary General Meeting of Shareholders held on June 27, 2012 is ¥130 million per annum for Audit & Supervisory Board Members (there were four Audit & Supervisory Board Members immediately after the conclusion of the shareholders meeting (two of those were Outside Audit & Supervisory Board Members.)) Compensation within this limit is determined by discussions with Audit & Supervisory Board Members.
5. The number of persons paid and the amount of compensation, etc. above include those for three Directors and two Audit & Supervisory Board Members who retired as of the conclusion of the 16th Ordinary General Meeting of Shareholders held on June 25, 2020. As of the end of the current fiscal year, the Company had nine Directors who are not Audit & Supervisory Committee Members and five Directors who are Audit & Supervisory Committee Members.
6. The number of Directors who are not Audit & Supervisory Committee Members paid and the amount of compensation, etc. above includes Directors who were there before the transition to a Company with an Audit & Supervisory Committee.
7. The total number of persons paid is indicated as the aggregate total number of people.
8. The amount of trust-type stock compensation indicates the cost of points awarded during the fiscal year under review based on this system.

2. Policy related to determining compensation for individual officers and calculation formulae

The Company's executive compensation system lays down compensation systems and compensation amounts that function as sound incentives, towards enhancing Group business performance and increasing corporate value over the medium- to long-term. Compensation, etc. to Directors (excluding part-time Directors which include Outside Directors and Directors who are Audit & Supervisory Committee Members) comprises of monthly compensation that varies depending on role and performance, bonuses, and trust-type stock compensation which delivers shares of the Company and utilizes a trust mechanism (excluding Directors residing outside of Japan). The Company regards company performance linked compensation as not suitable for part-time Directors including Outside Directors and Directors who are Audit & Supervisory Committee Members who are independent from operational functions, and Audit & Supervisory Board Members. Therefore, a fixed amount of compensation is paid.
Furthermore, the Basic Policy on Corporate Governance (hereinafter, the "Basic Policy") stipulates the Company's policy related to determining compensation for individual officers and calculation formulae. The amendment or abolition of the Basic Policy shall be determined by the Company's Board of Directors.

<table>
<tr><th>Compensation type</th><th>Payment frequency</th><th>Calculation formulae for individual officer compensation, etc.</th><th>Payment</th></tr>
<tr><td>Monthly compensation</td><td>Monthly</td><td rowspan="2">Monthly compensation and bonuses are within the scope stipulated by the shareholders meeting. Figures are calculated based on the compensation table determined by the Board of Directors and individual evaluations of each officer. Amounts are determined by the President Hirohisa Uehara following consultation with the Representative Directors and then approved at the Board of Directors meeting.
Individual evaluations of officers are based on an assessment of the Company's performance and an evaluation of the division the officer is in charge of, in accordance with the evaluation criteria decided on by the Board of Directors. Evaluations are discussed by the Nomination and Compensation Committee and finalized by the President following consultation with the Representative Directors.</td><td rowspan="2">Monetary</td></tr>
<tr><td>Bonus</td><td>Annually</td></tr>
<tr><td>Trust-type stock compensation</td><td>Upon retirement of each executive</td><td>Trust-type stock compensation for Directors (excluding part-time Directors (includes Outside Directors), Directors who are Audit & Supervisory Committee Members, and Directors residing outside of Japan) is calculated based on the table determined by the Board of Directors and awarded as points in accordance with their position.
This compensation will be provided in the form of Company stock and monetary payments based on accumulated points when a Company officer retires.
Malus and clawback provisions (*) have been established for this system.</td><td>Shares: 70%
Monetary: 30%</td></tr>
</table>

(*) Malus and clawback provisions
The trust-type stock compensation system includes provisions to halt the issue of Company stock and payments from sales of that stock if the person concerned is found to have engaged in misconduct, etc. as stipulated by the Company (significant negligence of duties, illegal conduct, leaking of confidential information, etc.) before the date of acquisition of the beneficial interest. If misconduct, etc. is discovered after the date of acquisition of the beneficial interest, the provisions stipulate that compensation can be claimed for the amount calculated by multiplying the stock price by the basic number of shares.

<Reason for delegating the determination of individual officer compensation (monthly compensation and bonus) amounts to the President >

- President Hirohisa Uehara oversees and supervises the overall business performance and business execution of the Company. He is also a member of the Nomination and Compensation Committee, which is an advisory body to the Board of Directors. Therefore, Mr. Uehara is the most suitable person to determine individual officer compensation (monthly compensation and bonus) amounts based upon the status of discussions of each officer's evaluation within the Nomination and Compensation Committee.

<Involvement of the Nomination and Compensation Committee and the Board of Directors>

- In January 2015, the Company established the non-statutory Nomination and Compensation Committee as an advisory body to the Board of Directors for deliberations on the fairness and reasonableness of executive appointment or dismissal (including planning of successors) and compensation, with a view to enhancing the corporate governance system of the Company and the T&D Insurance Group by ensuring management transparency and clarified accountability. Nomination and Compensation Committee consists of the President and Outside Directors, and the majority of the members are assigned from Outside Directors to ensure independence and neutrality. Furthermore, the chair of the Committee is chosen out of Outside Directors by mutual vote of the Committee's members.
- The Nomination and Compensation Committee deliberates items regarding important decisions or changes relating to executive treatment at the Company or direct subsidiaries and, together with reporting the results of its deliberations to the Board of Directors, offers its opinions as required. The amount of monthly compensation and bonus is determined based on individual evaluations of officers decided through deliberations by the Nomination and Compensation Committee and the compensation table, etc. determined by the Board of Directors.

<Calculation method for Company performance assessment and evaluation of the division in charge>

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

Assessment of company performance	● To clarify the assessment according to how much progress has been made on achieving company targets, total shareholder return (TSR) is used as a benchmark to assess the company's performance, alongside a number of other performance indicators stipulated based on the mid- to long-term management strategy. ● For performance indicators, a coefficient according to the achievement rate for each item is multiplied to yield a score. ● For TSR, the score is calculated based on the rate of divergence between the Company's figure and those of listed life insurance companies set as the benchmark.
Evaluation of the division the officer is in charge of	● A score for the division the individual officer is in charge of is calculated based on how much progress has been made on achieving divisional targets.

<Key performance indicators of Company performance (FY2020)>

- Key performance indicators of Company performance are as follows:

	Target	Actual	Achievement ratio
Value of new business	¥86.3 billion	¥143.4 billion	166.1%
Corporate value (Group MCEV)	¥2,761.0 billion	¥3,377.6 billion	122.3%
Group adjusted profit	¥70.0 billion	¥77.9 billion	111.2%

Actual TSR performance for the single fiscal year is 166.5% and 155.1% over five years.

Note: TSR is calculated as follows:

- Single fiscal year: (Share price on March 31, 2021 + amount of dividends per share in FY2020) / share price on 31 March 2020.
- Five years: (Share price on March 31, 2021 + cumulative total of dividends per share from FY2016 to FY2020) / share price on March 31, 2016

<Payment ratios by type of compensation>

In terms of the compensation structure for officers, we assign ratios to performance-linked compensation (monthly and bonuses) and the trust-type stock compensation so the system can function as a sound incentive geared towards boosting the Group's medium-to long-term earnings and enhancing corporate value. Monthly compensation, which is performance-linked, shall range between approximately 57% and 74% of the total compensation (commensurate with the duties of each position), while bonuses shall range between approximately 14% and 21%, and trust-type stock compensation shall range between approximately 10% and 22%.

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

the ratio fluctuates either negatively or positively by roughly 40% on the basis of a standard assessment according to the individual officer evaluation.

(Ratio of compensation components)

Performance-linked compensation		Stock compensation
Monthly compensation approximately 57% and 74%	Bonus approximately 14% and 21%	Trust-type stock compensation Approx. 10-22%

<Reason for the Board of Directors' decision that details of individual Director compensation, etc. are in line with the Basic Policy>

The Board of Directors determined that details of individual compensation are in line with the Basic Policy after confirming that individual compensation is calculated based on the compensation table determined by the Board of Directors and individual evaluations of each officer deliberated by the Nomination and Compensation Committee.

(3) Liability limitation agreement

Name	Outline of the liability limitation agreement
Naoki Ohgo	He has concluded an agreement with the Company which limits the liability prescribed in Article 423, Paragraph 1 of the Japanese Companies Act to the greater of either ¥10 million or the minimum amount set forth in the Law.
Kensaku Watanabe	Same as above
Haruka Kato	Same as above
Seiji Higaki	Same as above
Shinnosuke Yamada	Same as above

Notes:
1. The Company stipulates in its Articles of Incorporation a provision for liability limitation agreements with Outside Directors. The above is an outline of the liability limitation agreements the Company has entered into with all Outside Directors, in accordance with the Articles of Incorporation.
2. Ms. Haruka Kato's maiden name was Haruka Matsuyama.

(4) Directors and Officers Liability Insurance Contract

The Company has entered into a Directors and Officers Liability Insurance contract with an insurance company as stipulated in Article 430-3 of the Japanese Companies Act.

	Overview of Directors and Officers Liability Insurance contract
Scope of insured individuals	Directors and Executive Officers of the Company as well as Directors, Audit and Supervisory Board Members, and Executive Officers of wholly owned subsidiaries
Actual ratio of premiums paid by the insured	None (Insurance premiums are fully borne by the Company and its wholly owned subsidiaries)
Outline of events insured against	The policy covers damages payments and expenses arising from corporate litigations, derivative lawsuits, and third party litigations against corporate officers.
Measures to avoid undermining the proper performance of duties by Directors and Officers	Liability claims arising from intentional or gross negligence are outside the scope of insurance payments. A reduced coverage rate has been established for insurance amounts.

Note: Wholly owned subsidiaries are Taiyo Life Insurance Company, Daido Life Insurance Company, T&D Financial Life Insurance Company, T&D Asset Management Co., Ltd., T&D United Capital Co., Ltd., and Pet & Family Insurance Co., Ltd.

3. Matters concerning outside officers

(1) Concurrent positions held by outside officers

Name	Concurrent positions, etc.	
Naoki Ohgo	Root F Co., Ltd. Orient Corporation	Representative Director Outside Director
Kensaku Watanabe	―	
Haruka Kato	MITSUI & CO., LTD. Mitsubishi UFJ Financial Group, Inc. Restar Holdings Corporation	Outside Audit & Supervisory Board Member Outside Director Outside Director
Seiji Higaki	―	
Shinnosuke Yamada	KYOWA EXEO CORPORATION	Outside Audit & Supervisory Board Member

Notes:
1. The Company has neither major transactions nor any other type of relationship with Root F Co., Ltd., Orient Corporation, MITSUI & CO., LTD., Mitsubishi UFJ Financial Group, Inc., Restar Holdings Corporation, or KYOWA EXEO CORPORATION.
2. Ms. Haruka Kato's maiden name was Haruka Matsuyama.

(2) Main activities of outside officers

The Company appoints five Outside Directors to appropriately reflect the opinions of individuals with extensive experience and knowledge in their capacity as outside corporate managers, legal experts, accounting professionals and so forth in the Group's management policies and development of internal controls and other systems as well as in the oversight of execution of business. Our Outside Directors have sophisticated expertise and extensive insight, and they can be expected to capitalize on their knowledge and experience to serve his role in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders. The main activities of our Outside Directors are as follows:

Name	Term of office	Attendance to Board of Directors' Meetings and Audit & Supervisory Committee Meetings	Remarks made at Board of Directors' Meetings and Audit & Supervisory Committee Meetings, and other activities
Naoki Ohgo	3 years 9 months (assumed office in June 2017)	Board of Directors' Meeting: attended 15 of 16 meetings	At the Board or Directors' Meetings, he has presented his views as necessary from a global perspective and with a broad insight as a business manager, following his career as a partner (business partner) of a foreign consulting company. Additionally, as a member of the Nomination and Compensation Committee, which is an advisory body to the Board of Directors, he has presented valuable opinions as to appointment/dismissal of corporate officers of the Company and its main subsidiaries, their compensation, etc. In addition to the above, Mr. Ohgo carries out other activities, including exchanges of views with the Representative Directors, the Accounting Auditor, heads of the departments under his supervision, and Representative Directors and Presidents of major subsidiaries.

Name	Term of office	Attendance to Board of Directors' Meetings and Audit & Supervisory Committee Meetings	Remarks made at Board of Directors' Meetings and Audit & Supervisory Committee Meetings, and other activities
Kensaku Watanabe	9 months (assumed office in June 2020)	Board of Directors' Meeting: attended all 13 meetings	At the Board of Directors' Meetings he has presented his views as an attorney as necessary, mainly from a professional perspective of corporate legal affairs. Additionally, as a member of the Nomination and Compensation Committee, which is an advisory body to the Board of Directors, he has presented valuable opinions as to appointment/dismissal of corporate officers of the Company and its main subsidiaries, their compensation, etc. In addition to the above, Mr. Watanabe carries out other activities, including exchanges of views with the Representative Directors, the Accounting Auditor, heads of the departments under his supervision, and Representative Directors and Presidents of major subsidiaries.
Haruka Kato	7 years 9 months (assumed office in June 2013)	Board of Directors' Meeting: attended 15 of 16 meetings Audit & Supervisory Committee Meeting: attended all 14 meetings	At the Board of Directors' Meetings and Audit & Supervisory Committee Meetings, she has presented her views as an attorney as necessary mainly from a professional perspective of corporate legal affairs. Additionally, as chair of the Nomination and Compensation Committee, which is an advisory body to the Board of Directors, she has presented valuable opinions as to appointment/dismissal of corporate officers of the Company and its main subsidiaries, their compensation, etc. In addition to the above, Ms. Kato carries out other activities, including exchanges of views with the Representative Directors, the Accounting Auditor, heads of the departments under her supervision, Representative Directors and Presidents of major subsidiaries, and Audit & Supervisory Board members of Group companies.

Name	Term of office	Attendance to Board of Directors' Meetings and Audit & Supervisory Committee Meetings	Remarks made at Board of Directors' Meetings and Audit & Supervisory Committee Meetings, and other activities
Seiji Higaki	2 years 9 months (assumed office in June 2018)	Board of Directors' Meeting: attended all 16 meetings Audit & Supervisory Committee Meeting: attended all 14 meetings	At the Board of Directors' Meetings and Audit & Supervisory Committee Meetings, he has presented his views as necessary from his wealth of knowledge and experience in corporate management, having served as Director, President and Representative Executive Officer of a bank holding company and Representative Director and Executive Officer of a bank. In addition to the above, Mr. Higaki carries out other activities, including exchanges of views with the Representative Directors, the Accounting Auditor, heads of the departments under his supervision, Representative Directors and Presidents of major subsidiaries, and Audit & Supervisory Board members of Group companies.
Shinnosuke Yamada	9 months (assumed office in June 2020)	Board of Directors' Meeting: attended all 13 meetings Audit & Supervisory Committee Meeting: attended all 14 meetings	At the Board of Directors' Meetings and Audit & Supervisory Committee Meetings, he has presented his views as a certified public accountant as necessary, mainly from a professional perspective of finance and accounting matters. In addition to the above, Mr. Yamada carries out other activities, including exchanges of views with the Representative Directors, the Accounting Auditor, heads of the departments under his supervision, Representative Directors and Presidents of major subsidiaries, and Audit & Supervisory Board members of Group companies.

Note: Ms. Haruka Kato's maiden name was Haruka Matsuyama.

(3) Opinions of outside officers

Not applicable.

4. Matters regarding shares

(1) Number of shares

Total number of shares authorized to be issued	1,932,000 thousand shares
Total number of shares issued	633,000 thousand shares

(2) Number of shareholders (as of March 31, 2021)

219,229

(3) Major shareholders

Name	Status of equity participation	
	Shares held (Thousand shares)	Percentage of ownership (%)
The Master Trust Bank of Japan Ltd. (Trust Account)	57,852	9.79
Custody Bank of Japan, Ltd. (Trust Account)	30,274	5.12
Custody Bank of Japan, Ltd. (Trust Account 7)	16,950	2.87
MUFG Bank, Ltd.	10,325	1.75
Custody Bank of Japan, Ltd. (Trust Account 5)	9,041	1.53
JP Morgan Securities Japan Co., Ltd.	8,656	1.46
STATE STREET BANK WEST CLIENT－TREATY 505234	8,634	1.46
Custody Bank of Japan, Ltd. (Trust Account 6)	8,012	1.36
SSBTC CLIENT OMNIBUS ACCOUNT	7,419	1.26
Custody Bank of Japan, Ltd. (Trust Account 1)	7,190	1.22

Note: The Company owns treasury stock of 41,895 thousand shares but is excluded from the list of major shareholders shown above. Percentage of ownership is calculated after deducting treasury stock.

(4) Stock issued to corporate officers

	Number of officers issued with stock	Number of shares
Directors who are not Audit & Supervisory Committee members (excluding Outside Directors)	2	15,800
Outside Directors who are not Audit & Supervisory Committee members	0	0

5. Matters regarding new share subscription rights etc.

(1) New share subscription rights, etc. of the insurance holding company held by the executives of said insurance holding company as of the end of the fiscal year

	Summary of the new share subscription rights, etc.	Number of holders of new share subscription rights, etc.
Directors (excluding Outside Directors)	T&D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012) ・Total number of new share subscription rights issued: 0 ・Class and number underlying the new share subscription rights: 0 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥68,500 for each new share subscription right ・Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share ・Exercise period of the new share subscription rights: From August 1, 2012 to July 31, 2042 ・Conditions for exercise of new share subscription rights: (Note 1)	0
	T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013) ・Total number of new share subscription rights issued: 0 ・Class and number underlying the new share subscription rights: 0 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥114,300 for each new share subscription right ・Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share ・Exercise period of the new share subscription rights: From August 2, 2013 to August 1, 2043 ・Conditions for exercise of new share subscription rights: (Note 1)	0
	T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014) ・Total number of new share subscription rights issued: 0 ・Class and number underlying the new share subscription rights: 0 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥115,300 for each new share subscription right ・Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share ・Exercise period of the new share subscription rights: From August 2, 2014 to August 1, 2044 ・Conditions for exercise of new share subscription rights: (Note 1)	0
	T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015) ・Total number of new share subscription rights issued: 0 ・Class and number underlying the new share subscription rights: 0 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥170,800 for each new share subscription right ・Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share ・Exercise period of the new share subscription rights: From August 4, 2015 to August 3, 2045 ・Conditions for exercise of new share subscription rights: (Note 1)	0

	Summary of the new share subscription rights, etc.	Number of holders of new share subscription rights, etc.
	T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016) ・Total number of new share subscription rights issued: 0 ・Class and number underlying the new share subscription rights: 0 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥91,800 for each new share subscription right ・Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share ・Exercise period of the new share subscription rights: From August 2, 2016 to August 1, 2046 ・Conditions for exercise of new share subscription rights: (Note 1)	0
	T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017) ・Total number of new share subscription rights issued: 69 ・Class and number underlying the new share subscription rights: 6,900 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥148,500 for each new share subscription right ・Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share ・Exercise period of the new share subscription rights: From August 2, 2017 to August 1, 2047 ・Conditions for exercise of new share subscription rights: (Note 1)	1
Outside Directors	-	-
Audit & Supervisory Board Members	-	-

Notes:

1. The holder of the new share subscription rights shall exercise his/her new share subscription rights only within ten days from the day following the date on which he/she is relieved of his/her position(s) as a Director or Executive Officer of each of the companies of the Company, Taiyo Life Insurance Company, Daido Life Insurance Company, and/or T&D Financial Life Insurance Company (if the tenth date is not a business day of the Company, then the following business day). The holder of the new share subscription rights shall exercise the total number of rights allotted to him/her at once.
2. The table indicates the new share subscription rights issued by the Company to its officers as a result of offsetting the officers' claims to monetary compensation representing consideration for the execution of duties against the amount payable for the new share subscription rights.
3. This table contains Directors of the Company who also were a Director or an Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company when new share subscription rights were issued, and to whom rights were granted by the Company as a Director of the Company and as a Directors or Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company. Number of such persons as of the end of the current fiscal year is as follows:

   T&D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012): 0
   T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013): 0
   T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 0
   T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015): 0
   T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016): 0
   T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017): 0

4. This table does not contain the number of Directors of the Company who also were a Director or an Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company when new share subscription rights were issued, and to whom the rights were granted only as a Director or an Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company, but not as a Director of the Company. The number of such persons as of the end of the current fiscal year is as follows:
   T&D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012): 0
   T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013): 0
   T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 0
   T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015): 1
   T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016): 1
   T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017): 2
5. This table does not contain new share subscription rights that were issued to the Directors of the Company who also were an officer or an Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company when new share subscription rights were issued, by offsetting the monetary compensation claims representing consideration for the execution of duties at each company except the Company against the amount payable for the new share subscription rights. The number of such rights and the class and number of shares underlying them as of the end of the current fiscal year is as follows:
   T&D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012): 0
   (0 shares of common stock)
   T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013): 0
   (0 shares of common stock)
   T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 0
   (0 shares of common stock)
   T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015): 115
   (11,500 shares of common stock)
   T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016): 228
   (22,800 shares of common stock)
   T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017): 197
   (19,700 shares of common stock)

(2) New share subscription rights, etc. of the insurance holding company issued to employees, etc. during the fiscal year

Not applicable.

6. Matters regarding the Accounting Auditor

(1) Accounting Auditor

Name of the audit corporation	Remuneration for the fiscal year under review	Others
Ernst & Young ShinNihon LLC Designated partner Kenji Usukura Designated partner Norio Hashiba Designated partner Masato Takezawa	¥192 million	i) Reason for consent to remuneration by Audit & Supervisory Committee under Article 399, Paragraph 1 of the Japanese Companies Act based on Paragraph 3 of the Act • Before the transition to a Company with an Audit & Supervisory Committee, the Audit & Supervisory Board checked and deliberated on the status of execution of the previous fiscal year's audit, the audit plan for the current fiscal year, the basis for calculation of remuneration estimates, etc., after receiving necessary materials and reports from the Board of Directors, relevant internal departments, and the Accounting Auditor. After deliberations based on items confirmed by the Audit & Supervisory Board, the Audit & Supervisory Committee determined that these items were appropriate and consented to the remuneration of the Accounting Auditor. ii) Non-audit related duties • The amount of remuneration paid in addition to the remuneration for audit work, etc. stated on the left was ¥10 million for advisory work, etc. related to the International Financial Reporting Standards.

Notes:
1. Amount of remuneration for the fiscal year under review is the total amount in return for the audit under the Japanese Companies Act and that under the Financial Instruments and Exchange Act, as the audit engagement by the Accounting Auditor does not differentiate the two.
2. Total amount of money and other property benefits payable by the Company and its subsidiary entities is ¥439 million.

(2) Liability limitation agreement

Not applicable.

(3) Other matters regarding the Accounting Auditor

A. Company policy in deciding the dismissal or non-reappointment of the Accounting Auditor

The Audit & Supervisory Committee shall dismiss the Accounting Auditor based on the consent of all Audit & Supervisory Committee Members, if the Accounting Auditor is found applicable to the provisions specified in items of Article 340, Paragraph 1 of the Japanese Companies Act.

In addition, the Audit & Supervisory Committee holistically assesses the capability, organization and structure, audit quality, independence and other characteristics of the Accounting Auditor in accordance with the assessment criteria for an accounting auditor defined by the Audit & Supervisory Committee. Based on this assessment, the Audit & Supervisory Committee shall implement the procedure of presenting to a General Meeting of Shareholders a proposal on the dismissal or non-reappointment of the Accounting Auditor if the Accounting Auditor is found to have difficulty in carrying out duties adequately and appropriately, or at other circumstances deemed appropriate.

B. Whether any certified public accountant or audit corporation other than the Accounting Auditor for the insurance holding company is engaged in auditing the account statements of the significant subsidiary entities of the insurance holding company

Not applicable.

7. Basic policy as respects the manner of presence of the party having control over the financial and business policy of the Company

Not applicable.

8. Structures to ensure adequacy of business operations

1 Outline of resolutions of the Board of Directors

The Company shall build up the structures as follows in an effort to develop the "systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation, and other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of a Stock Company as well as a business group comprising such Stock Company and its subsidiaries" (internal control system) as stipulated in the Japanese Companies Act. The resolutions concerned have been revised when appropriate and the amendments were voted on by the Board of Directors. The details of the current resolutions are as follows.

(1) Structures for compliance with laws and regulations, etc.

1) Basic policy and reference regarding compliance with laws and regulations, etc. of the Group are to be established and made fully known to Directors, Audit & Supervisory Board Members, Executive Officers and employees of the Group in an effort to promote compliance.
2) Directors and Executive Officers must fulfill their duties faithfully for the Company, according to the above basic policy and reference regarding the compliance with laws and regulations, etc., and with the care of a good manager.
3) A Group-wide committee subordinate to the Board of Directors is to be established, with the purpose to monitor and enhance the compliance preparedness across the Group.
4) Determination and preparedness to exclude the anti-social forces must be resolutely declared, along with the formulation of the practical procedures to this purpose, which shall be thoroughly followed through by Directors, Audit & Supervisory Board Members, Executive Officers and employees of the Group.
5) A whistle-blowing procedure available to Directors, Audit & Supervisory Board Members, Executive Officers and employees, etc. of the Group is to be developed and thoroughly communicated, in which an entity is arranged outside the Group that receives information from whistle-blowers under confidentiality obligation, while the general rules to prohibit disadvantageous treatment of whistle-blowers are introduced, to create an effective system for preventing, or identifying immediately any breach of compliance and any acts which are liable to damage the credibility or reputation of the Group.
6) Rules are to be established to develop methods to adequately and promptly deal with the situation in the event of misconducts by employees, as well as methods to prescribe preventative measures.

(2) Structures for ensuring efficiency

1) As the basis to ensure efficient execution of duties by Directors, the Board of Directors' meeting is held monthly as well as on extraordinary basis as needed.
2) Rules regarding the organization and administrative authority are to be established, in order to clarify matters concerning basic job duties, responsibilities and authority, related to the execution of duties by Directors and Executive Officers, etc., for more efficient running of the organization.
3) With a view to enhancing corporate governance, the Executive Officer System is in place to clarify the roles of supervision and business execution.
4) Internal rules are in place to facilitate the proper formulation and implementation of the Group management plans, and to serve as the basis for the development of the outlines of the management plans at the Board of Directors level, while such outlines serve as the basis to decide the Group's medium-term management plan.

(3) Structures for information retention and management

1) Information relating to the execution of duties by Directors and Executive Officers must be kept and managed properly according to the record management rules which specify the responsible department and storage period for each information.
2) Guidelines on the proper management of Group's information assets are to be clearly established by the rules including the Group's policy on information security, to develop the framework which protects information assets from leakage, wrongful alteration, or damage, etc. due to accidents, mechanical failure, natural disasters and fire.

(4) Structures for Enterprise Risk Management (ERM)

1) In order to increase profitability in a steady manner, while grasping the risk status of the Group and ensuring sound management, the Company shall develop an ERM (Enterprise Risk Management) system for the integrated management of capital, profit, and risk.
2) A committee is to be established to promote the Group's ERM, in order to appropriately manage the status of capital, profit, and risk of the Group as a whole based on the "Group Risk Appetite" that sets standards for soundness and profitability.
3) The Company defines a basic concept of the Group's risk management, and establishes the Group-wide risk management structure to ensure sound and appropriate management for the future.
4) The committee is to be established with the authority to coordinate risk management across the Group, which grasps and manages the status of various risks at each Group company through the Group-wide risk monitoring based on the consolidated risk management criteria.
5) Basic policy and other primary framework to cope with the crisis in the Group are to be established, in an effort to develop the Group-wide crisis preparedness.

(5) Internal controls within the Group

1) To provide adequate policyholders protection as the basis of insurance business, by ensuring the management soundness and compliance preparedness across the Group, and to fulfill our fiduciary obligation to the shareholders by maximizing the enterprise value of the Group, the Company clarifies the following matters by entering into business management agreements with its directly managed subsidiaries with a view to establishing a structure to ensure adequacy of operations within the Group:

   i) Basic policy applicable across the Group
   ii) Matters to be decided at subsidiaries subject to prior consultation with the Company
   iii) Matters to be reported to the Company by subsidiaries
   iv) Guidance and advice to be provided by the Company to subsidiaries
   v) Implementation by the Company of internal audits at each subsidiary

2) "Matters to be decided at subsidiaries subject to prior consultation with the Company" above include important matters that impact the operation of the Group, such as the agenda at shareholders meetings, management plans, accounting strategies, as well as the important matters as part of the business management at a Group company by one of the Company's direct subsidiaries.

(6) Internal controls of financial reporting

(1) Based on the full recognition that financial reporting provides critically important information for the concerned parties both inside and outside the Group to appreciate its performance and activities, and that ensuring the credibility of financial reporting is vital to maintain and enhance the public trust in the Group, internal controls of financial reporting in an appropriate manner must be developed.

(7) Internal audits structure

1) In order to ensure effectiveness of internal audits, basic matters relating to internal audits shall be prescribed under the Group's basic policy on internal auditing and internal audit rules, while independence of the Internal Audit Department from other operational functions shall be established, and internal audits shall be carried out appropriately according to the internal audit plan.
2) Appropriateness and validity of the Group's internal control system shall be tested and evaluated through internal audits, and improvements thereof shall be facilitated to ensure appropriateness of operations.

(8) Structures for ensuring the effectiveness of Audit & Supervisory Committee's audits

[Structures for ensuring independence of the employees of Audit & Supervisory Committee Office]

1) The Audit & Supervisory Committee Office is in place in which employees are placed to assist the Audit & Supervisory Committee's work and to do the day-to-day running of the Audit & Supervisory Committee. Personnel matters such as merit rating and transfer, etc. of the employees of the Audit & Supervisory Committee Office shall require approval of the Audit & Supervisory Committee, to ensure their independence from Directors (excluding Directors who are Audit & Supervisory Committee Members).
2) Command authority over the employees shall belong to Audit & Supervisory Committee Members, and the authority for access to the information required in the work to be done under the instruction of Audit & Supervisory Committee Members shall be prescribed under the relevant internal rules.
3) Directors and Executive Officers shall do their best to comply with the requests from Audit & Supervisory Committee Members or the Audit & Supervisory Committee on staffing of the Audit & Supervisory Committee Office and related issues.

[Structures for the reporting to the Audit & Supervisory Committee]

1) Directors and Executive Officers shall report to the Audit & Supervisory Committee on the status of their business execution through the key meetings including those of the Board of Directors and Executive Management Board.
2) Directors, Executive Officers and employees shall provide prompt explanations, in conjunction with the review of significant decisions and reports of the Company by Audit & Supervisory Committee Members, if such explanation is found necessary or requested by Audit & Supervisory Committee Members.
3) Directors, Executive Officers and employees shall report promptly to the Audit & Supervisory Committee on the facts which could cause serious damage to the Company, wrongful conducts of Directors and Executive Officers in the execution of their duties, significant facts in breach of laws and regulations and the Articles of Incorporation, reports on the status of internal audits, facts reported via the whistle-blowing procedure and other information required for the purpose of the Audit & Supervisory Committee's audits.
4) Concerning the above 1) to 3), Directors and Executive Officers shall establish a system in which Directors, Audit & Supervisory Board Members, Executive Officers and employees of subsidiaries or persons having received reports therefrom, report without exception to the Audit & Supervisory Committee of the Company.
5) Provisions shall be established in the relevant internal rules to the effect that persons having reported to the Audit & Supervisory Committee regarding the above 1) to 4) shall not be subjected to any disadvantageous treatment.

[Other structures for ensuring the effectiveness of Audit & Supervisory Committee's audits]

1) Directors and the Board of Directors endeavor to develop a basic framework for smooth and effective implementation of Audit & Supervisory Committee's audits.
2) Guidelines on the expenses or obligations arising from the execution of duties of Audit & Supervisory Committee Members shall be provided under the relevant internal rules, while opportunities to appoint legal counsel and other outside advisors shall be ensured,

if they are found necessary by Audit & Supervisory Committee Members for the purpose of audits.

3) Representative Directors are to have regular meetings with Audit & Supervisory Committee Members to exchange opinions on the important audit agenda, development of the framework for Audit & Supervisory Committee's audits, along with the matters to be addressed by the Company.
4) Departments responsible for compliance with laws and regulations shall have regular meetings with Audit & Supervisory Committee Members to exchange opinions on the matters to be addressed.
5) Internal Audit Department shall report to the Audit & Supervisory Committee on the formulation of internal audit plans and the results of internal audits, have regular exchanges of opinions, and receive specific instructions, as necessary, from the Audit & Supervisory Committee.

2 Overview of status of operation

A summary of the operational status of the structure to ensure adequacy of operations (hereinafter referred to as the "Internal Control System") is as follows.

(1) Internal Control System in general

- The Company ensures to enhance the corporate value while ensuring the adequacy of business operations by the development of the Internal Control System following the resolution of the Board of Directors.
- Monitoring of the internal control system is conducted twice each year. The Board of Directors verified the adequacy of development and operation of the Internal Control System and made revisions as necessary to work to improve and strengthen the Internal Control System consistently.
- The Group promotes business operations based on the customers' point of view under the basic policies related to customer-oriented business operations. The result of customer-oriented business operations was announced in May 2020.

(2) Initiatives regarding compliance with laws and regulations

- In order to gain a thorough understanding of the Group's basic policy and standards regarding compliance, the Company conducted training sessions and educational training sessions for raising compliance awareness on an ongoing basis.
- The Company formulated the "Compliance Program," which is a practical plan for promoting compliance, and regularly reported to the Board of Directors on the preparedness for compliance with laws and regulations achieved through the implementation of the Program by the Company and its group companies.
- The Company formulated the "T&D Insurance Group's Basic Policy of Measure to Anti-social Forces" and has been consistently providing education and training on the exclusion of anti-social forces based on its "Compliance Program." The status of measures taken to exclude connection with anti-social forces is regularly reported to the Group Compliance Committee and the Board of Directors.
- To prevent money laundering and terrorist financing, the Company conducts regular monitoring of the status of measures taken by the Group companies and reports to the Group Compliance Committee and the Board of Directors.
- The "T&D Insurance Group Helpline," the Group's whistle-blowing contact, is established externally, and the reported cases are being dealt with, while at the same time the rules of the whistle-blowing system including the prohibition of disadvantageous treatment for whistleblowers are being communicated. In March 2013, the "T&D Insurance Group Helpline" was registered as a "Whistleblowing Compliance Management System (*) certified (self-declaration of conformity registration system)" under the Consumer Affairs Agency.

(3) Initiatives to ensure efficiency

- The Company defines matters to be resolved by, and to be reported to the Board of Directors, as well as the division of duties and administrative authorities in the overall organization. Directors and Executive Officers execute their duties based on the defined division of duties and administrative authorities.
- Rules for the adequate formulation and operation of the Group's management plan were developed, and based on which, the review and evaluation of the progress and results of the Group's medium-term management plan were reported to the Board of Directors every six months.

(4) Initiatives regarding retention and management of information

- The Company adequately stores and manages information related to the execution of duties by Directors and Executive Officers, such as materials and minutes of the meetings of the Board of Directors and the Executive Management Board, based on the rules for managing documents.
- The Company has formulated various policies and rules including the "Group Information Security Policy" in order to develop a system for protecting information assets from leakage, alteration, accident, failure, and loss from natural disasters or fire, etc., and appropriately manage information assets within the Group.
- The Company makes an effort to reinforce its incident response system and raise its security management level by means such as conducting drills cooperated with an external organization in preparation for cyber-attacks, etc. Additionally, the Company has formulated "Responses to Groupwide IT Issues, etc. (FY2019-2021)" and works on "Strengthening cyber security" as one of the priority themes.

(5) Initiatives regarding Enterprise Risk Management (ERM)

- The Company, through the Group ERM Committee which promotes Enterprise Risk Management (ERM), regularly analyzed and evaluated the status of capital, profit and risk of the Group, based on the "Group Risk Appetite," which sets forth appropriate levels of soundness and profitability while reported the results to the Executive Management Board, the Group Strategy Board, and the Board of Directors.
- The Company conducted a quantitative evaluation based on unified risk indicators, analyzed and evaluated the status of various risks through the Group Risk Management Committee, which coordinates risk management throughout the Group, and reported the results to the Executive Management Board and the Board of Directors.
- The Company has formulated the "Rules on the Group's Crisis Management," which addresses the dealing of crisis caused by major natural disasters and cyber-attacks that lead to difficulty in continuing the execution of operation, and developed a Group-wide crisis response framework, as well as regularly conducting emergency drills for a possible crisis. The Company also reviews the status of responses to the events of crisis after the event occurs and makes revisions as appropriate, as well as regularly conducts drills, etc. in order to ensure the effectiveness of response to the crisis.
- In response to the current spread of COVID-19, the Company, upon establishing a Group Crisis Management Headquarters headed by the Representative Director and President, closely coordinates information within the Group and is appropriately engaged in measures to prevent the spread of the infection and ensure business continuity.

(6) Initiatives to ensure the adequacy of the business operation of the Group

- The Company has entered into a Business Management Agreement with its directly invested subsidiaries ("direct subsidiaries") that clarifies the basic policy to be standardized with across the Group, and prescribes matters subject to prior consultation and matters to be reported regarding decision-making, etc., on important matters, in order to secure adequate business management.
- Based on the above-mentioned agreement, the Company provides guidance and advice,

as appropriate to its direct subsidiaries to improve and reinforce the internal control system within the Group.

(7) Initiatives for internal control over financial reporting

- In accordance with the basic policy for developing the internal control over the Group's financial reporting and evaluating the status of asset management, the Company appropriately implemented an evaluation regarding the effectiveness of internal control over financial reporting and reported the results to the Board of Directors.

(8) Initiatives concerning internal audit

- The Company has determined the basic policy to ensure the effectiveness of the Group internal audit system in the Group Basic Policy on Internal Audits, and verifies and evaluates the adequacy and effectiveness of the internal control system within the Group through on-site audits and the off-site monitoring conducted based on the internal audit plan resolved by the Board of Directors, and reports the results to the Representative Director and President, the Audit & Supervisory Committee, and the Board of Directors.

(9) Initiatives to ensure the effectiveness of audits by the Audit & Supervisory Committee

- The Company has established the Audit & Supervisory Committee Office, which is independent from the chain of command of the Directors (excluding Directors who are Audit & Supervisory Committee Members), and assigns staff who assists the Audit & Supervisory Committee in performing its duties.

- Audit & Supervisory Committee Members as Board members participate in the resolutions of the Board of Directors. The Company also ensures opportunities for Audit & Supervisory Committee Members to attend the Executive Management Board and other key meetings to receive reports from Directors and Executive Officers, etc., on the execution of their duties, and to voice their opinions.

- The Company has developed rules regarding reporting to the Audit & Supervisory Committee so that Directors, Executive Officers and employees may report to the Audit & Supervisory Committee regarding the status of execution of business, etc. They also report, without delay and as necessary, regarding the matters for which an explanation is required by the Audit & Supervisory Committee Members.

- Regular meetings were arranged between Audit & Supervisory Committee Members and the Representative Director and President in order to exchange opinions on matters to be addressed by the Company, important audit agenda, the development of the framework for Audit & Supervisory Committee's audits.

- The Risk Management Department regularly organized liaison meetings, to ensure effective audits by the Audit & Supervisory Committee. They reported on the matters requested by the Audit & Supervisory Committee Members and exchanged opinions regarding the issues to be addressed, etc., during the meetings.

- The Internal Audit Department, to ensure effective audits by the Audit & Supervisory Committee, regularly reported the status of the Group's internal audits to the Audit & Supervisory Committee, as well as matters instructed by the Audit & Supervisory Committee. Furthermore, the formulation of internal audit plans and the merit rating and transfer, etc. of the General Manager of the Internal Audit Department have been designated as matters requiring the advance consent of the Audit & Supervisory Committee.

9. Matters concerning specific wholly owned subsidiaries

Name	Address	Total book value	Total assets of the Company
Taiyo Life Insurance Company	7-1 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan	¥275,240 million	¥913,299 million
Daido Life Insurance Company	2-1 Edobori 1-chome, Nishi-ku, Osaka, Osaka-fu, Japan	¥363,053 million	

10. Matters concerning transactions with the parent company, etc.

Not applicable.

11. Matters concerning Accounting Advisors

Not applicable.

12. Other matters

Not applicable.

[Reference]

1. Governance Structure

(Establishment of the Basic Policy on Corporate Governance)

The Company's basic approach to corporate governance is to create efficient and transparent management systems to facilitate flexible and cohesive Group operations, and the Company has continuously endeavored to enhance corporate governance.

In respect for the spirit of the "Corporate Governance Code," which applies to all listed companies, the Company has adopted all of its principles, and has formulated the "Basic Policy on Corporate Governance," which provides the Company's initiatives to addresses the major principles, etc. of the code.

(Establishment of the Basic Policy on Corporate Governance)

As outlined below, T&D Holdings has been working continuously to enhance its corporate governance with the aim of achieving highly flexible and cohesive group operations that will facilitate the implementation of efficient and transparent Group management.

The Company respects the aims of the Corporate Governance Code, which applies to all listed companies, and has adopted all of its principles and formulated the "Basic Policy on Corporate Governance," which stipulates the Company's initiatives in response to the major principles of the code.

(Basic approach)

The Company is working to achieve sustainable growth and increase corporate value over the medium- and long-term by continuously enhancing corporate governance, as follows.

1. The Company shall respect the rights of shareholders and strive to develop a conducive environment for shareholders to appropriately exercise those rights. Efforts shall also be made to ensure the effective equality of all shareholders
2. The Company shall strive to foster a sound corporate culture and climate by appropriately collaborating with a variety of stakeholders, including customers, shareholders, employees, insurance agents, business partners and local communities.
3. The Company shall strive to increase the transparency of management through appropriate and timely disclosure of corporate information, including financial information and non-financial information regarding management strategies, management challenges, and other matters.
4. The Company shall strive to ensure the effectiveness of the Board of Directors' supervising function over the execution of business as the holding company responsible for the business execution management function of each Group company.
5. The Company shall engage in constructive dialogue with stakeholders in order to contribute to sustained growth and the enhancement of corporate value over the medium- and long-term.

(Promoting Group management)

As a holding company, the Company serves the role of determining the Group's strategies, adequately allocating the Group's management resources, establishing capital policies, etc., and will work to build the management control structure of the Group, including accurately identifying management risks in the six companies centered on affiliates Taiyo Life Insurance Company, Daido Life Insurance Company, T&D Financial Life Insurance Company (hereafter, the "Three Life Insurance Companies"), as well as T&D United Capital Co., Ltd., T&D Asset Management Co., Ltd., and Pet & Family Insurance Co., Ltd. (collectively, the "direct subsidiaries"), and thoroughly managing the profits and risks of the Group as a whole.

Meanwhile, the direct subsidiaries, each with its own management strategy, will work to take maximum advantage of its unique characteristics and specializations to increase the Group's corporate value by setting marketing strategies and operating their businesses in a way that capitalizes on their strengths.

In this way, the Group advances group management, with roles and authority clearly delimited between the Company and its direct subsidiaries.

(Corporate governance system)

The Company makes decisions on important business matters and oversees the execution of business through its Board of Directors. The Company, as a "Company with an Audit & Supervisory Committee," audits the performance of Directors' duties through its Audit & Supervisory Committee, which is independent of the Board of Directors.

Moreover, the Company has introduced an executive officer system for the purpose of bolstering its business execution capabilities. By sharply delineating responsibilities for oversight and execution, the Company strengthens the governance function of the Board of Directors.
Furthermore, the Company has established the Nomination and Compensation Committee as an advisory body to the Board of Directors for the purpose of discussing the fairness and appropriateness of the appointment and compensation of Directors and Audit & Supervisory Committee members, among other related issues, as well as for ensuring the transparency of management and enhancing accountability.
The Company has also put in place an Executive Management Board as a body to discuss and resolve important matters concerning the business of the Company and the management of businesses of the Group. Along with this body is a Group Strategy Board which was established by the Company as a body to deliberate matters concerning the Group's growth strategies, etc. and related important matters from a Group-wide perspective to sustainably enhance the corporate value of the Group.

(Role of the Board of Directors)
The Board of Directors makes decisions on important business matters and oversees the execution of business in accordance with laws and ordinances, the Articles of Incorporation, and the Company's relevant rules. As a company with an Audit & Supervisory Committee, in accordance with the provisions of the Articles of Incorporation, decisions on some important business executions are delegated from the Board of Directors to the Directors themselves pursuant to a resolution by the Board of Directors.
This separates management oversight from business execution, thereby further strengthening the management functions (deciding on management policies and overall strategy) and oversight functions of the Board of Directors. It also drives improvement in the flexibility and efficiency of business execution.

(Composition of the Board of Directors)
The Company's Articles of Incorporation stipulate that the Board of Directors shall have no more than nine members (excluding directors that are also Audit & Supervisory Committee members) and no more than five Directors that are also Audit & Supervisory Committee members. The personnel that make up the Board of Directors are equipped with the right balance of knowledge, experience, and capabilities, as well as diversity to match the wide range of business domains in the life insurance business, the core business of the Group.
The Company appoints five Outside Directors to appropriately reflect the opinions of individuals with extensive experience and knowledge in their capacity as outside corporate managers, legal experts, accounting professionals and so forth in the Group's management policies and development of internal controls and other systems as well as in the oversight of the execution of business.

Moreover, the Company appoints two or more Directors who concurrently serve at the Company and its direct subsidiaries (excluding Directors that also serve as Audit & Supervisory Committee members). This is done from the standpoint of facilitating adequate communication and rapid decision-making within the Group, along with bolstering Group-wide governance.

(Role of the Audit & Supervisory Committee)
As an independent organization tasked with carrying out the mandate of the Company's shareholders, the Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties in accordance with the provisions set forth in laws, regulations, the Articles of Incorporation, and Company rules.

(Composition of the Audit & Supervisory Committee)
The Company's Articles of Incorporation stipulate that the Audit & Supervisory Committee shall have no more than five members, the majority of which shall be outside Audit & Supervisory Committee members. Members also include officers with significant knowledge of finance and accounting. The Audit & Supervisory Committee members include individuals who possess appropriate knowledge of finance and accounting. The Audit & Supervisory Committee consists of all of Audit & Supervisory Committee members.

(Assessment of effectiveness of the Board of Directors)
In fiscal year 2020, the Board of Directors of the Company conducted analysis and assessment on the effectiveness of the Board of Directors as a whole (including the non-statutory Nomination and Compensation Committee), based on the self-assessment (questionnaire) and interviews, etc., from Directors. (The Company transitioned to a company with an Audit & Supervisory Committee in June 2020.)

The main items of the self-assessment questionnaire are as follows:

(1) Functions of the Board of Directors
(2) Composition of the Board of Directors
(3) Operation of the Board of Directors
(4) Provision of information to Outside Directors
(5) Overall assessment

The Company believes that the Board of Directors of the Company as a whole is generally performing its roles and responsibilities effectively through the enhancement of processes prior to the discussions at the Board of Directors, improvement of the operation of the Board of Directors, etc.

Matters that were identified as issues to be addressed in the fiscal year 2019 assessment (e.g. further enhancement of discussions concerning mainly Group management strategies from the view point of Group-wide management, further examination of discussion items by the Nomination and Compensation Committee, and development of concise and easy-to-understand materials and improved explanations) have been largely improved. We recognize an ongoing need to improve our systemic readiness for improving the effectiveness of the Board of Directors. For example, enhancing the functions of the Nomination and Compensation Committee, continued consideration of the composition of Board of Directors members, ways to create easy-to-understand materials with even more information and focus points necessary to deepen discussions by the Board of Directors, as well as the effective management of the Board of Directors.

Based on the assessment of effectiveness, the Company is working to further improve the supervisory functions and decision-making processes of the Board of Directors.

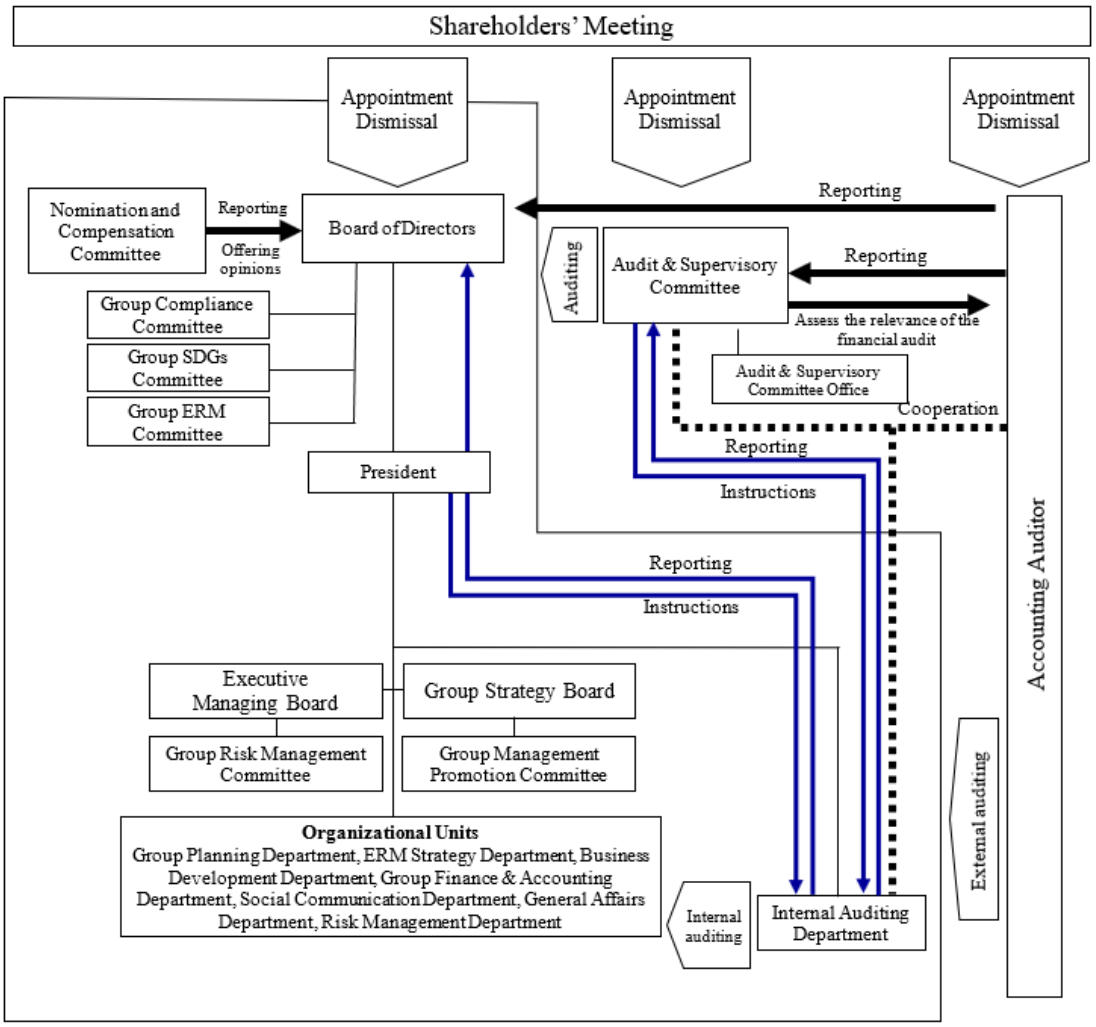
(Goals, mission, and composition of the Nomination and Compensation Committee)
In January 2015, the Company established the Nomination and Compensation Committee as an advisory body to the Board of Directors for deliberation on the fairness and reasonableness of executive appointment or dismissal (including planning of successors) and compensation, with a view to enhancing the corporate governance system of the Company and the T&D Insurance Group by ensuring management transparency and clarified accountability. This Committee members consists of the President and Outside Directors, and the majority of the members are assigned from Outside Directors to ensure independence and neutrality. Furthermore, the chair of the Committee is chosen out of Outside Directors by mutual vote of the Committee's members.
The Committee deliberates on executive appointment or dismissal, compensation at the Company and its direct subsidiaries, and on successor planning for representative directors and presidents. It reports the results of its deliberations to the Board of Directors and submits opinions as necessary.

(Contributions to appointment or dismissal of representative director, president, and executive team)
The Committee deliberates on the results of evaluations of each representative director and president and each executive team member based on such factors as evaluations of the performance of the company or the division that the member is in charge of. It deliberates on the appointment or dismissal (reappointment or non-reappointment) of representative directors, presidents, and executive team members, confirming the executive's evaluation and appropriateness, reporting the results of the deliberation to the Board of Directors and submitting an opinion as necessary.

(Contributions to representative director and president successor planning)
With regard to matters concerning successor planning, the Committee deliberates on the plan's

appropriateness and periodic reviews of candidates for successors, reporting the results of the deliberations to the Board of Directors and submitting an opinion as necessary.

Corporate Governance Framework (As of April 1, 2021)



2. Approach to Cross-Shareholdings

The Company's Basic Policy on Corporate Governance defines the Group's policy on cross-holding shares of listed stock and its approach to standards for exercising voting rights regarding cross-shareholdings as outlined below.

(Basic Policy on Corporate Governance)
1. The Group cross-holds shares of listed stocks based on the following policy:
(1) The goal of cross-holding shares of listed stocks is to maintain and expand long-term and stable business relationships, maintain and strengthen operational collaboration, and receive income over the medium- to long-term by increasing stock value, receiving dividends, etc.

(2) Each year, the Board of Directors of the Company and each Group company with cross-held shares makes a specific and careful examination of each held stock, determining the validity of the holding by deciding whether the purpose for holding is appropriate, and whether the risk and benefit of the holding are commensurate with the capital cost, etc.

(3) If the validation of the holding of a specific cross-held stock determines that it is not appropriate to continue holding the stock, the stock in question is sold and the cross-held shares are reduced.

(4) The Group discloses the validations of (2) and (3) above each year.

2. The Group believes that appropriately exercising voting rights encourages the share-issuing company to establish a sound corporate governance structure and promotes its sustainable growth, and sees it as a key means of increasing shareholder profits. The Group exercises its voting rights with regard to cross-held shares based on this belief.

3. The exercise of voting rights described in the previous item is not only decided on formal criteria. The Group strives to gain a shared understanding through dialog from a medium- to long-term perspective, while respecting the management decisions of the share-issuing company. If the Group determines that there is a risk of losing shareholder profits, it indicates its will as a shareholder by exercising its voting rights appropriately.

(Validation details for cross-shareholdings in FY2020)
The Boards of Directors of the Company and each Group company with cross-held shares validate the appropriateness of holding a specific cross-held stock by confirming whether the benefits of the shareholdings are proportionate to the capital cost. Even when stocks are deemed to be suitable for continued stockholding, a decision may be made to partially or fully sell holdings based on detailed dialog with issuing companies. In fiscal 2020, we sold or partially sold our holdings of 32 stocks to reduce the balance.

(Reduction performance and targets of Cross-Shareholdings)
The Group is working to reduce cross-shareholdings based upon the Policy above.

Based upon the stock market situation, the Group will reduce the balance cross-shareholdings to below a fixed ratio of the Group's net assets. We aim for a level of approximately 20% in the near future, and we will proceed with further reductions below this figure by the end of FY2025.

3. Contributions to the SDGs Through Sustainability Initiatives

T&D Insurance Group has established the Group's corporate philosophy, "With our 'Try & Discover' motto for creating value, we aim to be a group that contributes to all people and societies." The SDGs* are shared common global goals and aimed at realizing a sustainable world through initiatives that address issues in a wide range of fields. They are in line with the goal of Group's corporate philosophy.

The Group will continue to incorporate contributions to SDGs into the process for selecting sustainability priority themes and make efforts to contribute to achieving SDGs through our initiatives to promote Group sustainability, taking advantage of the features and strengths of the business.

*SDGs: Sustainable Development Goals. 17 goals intended to create a sustainable world adopted at the 2015 United Nations Summit.

● Sustainability priority themes and SDGs

Sustainability priority theme	Main related SDGs	Examples of our Group's initiatives
1. Promote healthy and abundant lives for all people		■ Rapid provision of COVID-19 coverage through the launch of the new infectious disease plus hospitalization insurance by Taiyo Life (September 2020) ■ Provide "COVID-19 Cover" insurance free of charge by Daido Life in collaboration with justInCase Inc. ■ Support the health management®* practices of small and medium-sized companies ■ Development and provision of a dementia prevention app
2. Provide workplace environments that enable all people to participate actively		■ Effectively utilize and train human resources through OJT, group training, self-development support and so on ■ Support the advancement of women such as managerial appointments, childcare support systems ■ Strive to modernize workstyles to enrich work and life by providing work-at-home options, reducing working hours, encouraging vacation uptake, and so on ■ Help create environments in which employees of business partners can work in a healthy and safe manner
3. Help mitigate and adapt to climate change		■ Establish shared Group CO_2 emission reduction targets ■ Work to reduce consumption of electricity and office paper ■ Promote green purchasing initiatives to help protect the environment ■ Conserve and cultivate forests ■ Support and collaborate with NPOs engaged in protecting the global environment ■ Support the TCFD recommendations and disclose climate-related financial information
4. Invest to help build a sustainable society		■ Invest in environmental problem solving Green Bonds ■ Invest in and finance renewable energy projects and energy efficiency projects ■ Invest in Social Bonds that contribute to measures responding to COVID-19 ■ Invest in and loan to businesses committed to solving water shortage issues ■ Invest and loan to support youth development and employment in developing countries ■ Invest in businesses that promote better health for people

4. Glossary

		Page
ERM	ERM (Enterprise Risk Management) refers to a strategic business management method aimed at achieving management targets such as enhancing corporate value and maximizing profits by taking control of capital, profit, and risk in an integrated manner. Unlike passive risk management methods that adopt a risk-averse approach, ERM favors an active selection of the types of risks to take on in order to pursue profit, to the extent soundness is ensured by restraining risks within a certain range of capital, rather than invariably seeking risk avoidance/reduction.	P22
Closed book	Closed books refer to blocks of in-force insurance product policies for which new transactions have been suspended (run off). The closed book business is a business model in which an insurance company generates profit by acquiring, consolidating, and increasing the value of blocks of closed books that other insurance companies have split off after reviewing their business strategies/product portfolios in response to changes in their business environment. The market for closed book transactions is large, and such transactions are becoming more common in Western countries as part of revisions of the business strategy and the product portfolio according to changes in the business environment.	P23
Corporate Governance Code	The Corporate Governance Code, created by the Tokyo Stock Exchange, stipulates guiding principles for realizing effective corporate governance (the system by which companies carry out transparent, fair, rapid, and decisive decision-making based on the positions of shareholders and other stakeholders).	P23
TCFD	The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) in December 2015 at the request of the G20 Finance Ministers and Central Bank Governors Meeting. In June 2017, it announced recommendations for information disclosure that encourage companies to disclose the financial impact of climate-related risks and opportunities, in order to enable investors to make appropriate investment decisions.	P23
Solvency Margin Ratio	The solvency ratio margin determines whether or not an insurance company has sufficient “insurance claims payment ability” to deal with the occurrence of risks exceeding normal estimates. A figure of 200% or more indicates that the business meets one standard for soundness.	P27
VUCA	VUCA stands for volatility, uncertainty, complexity, and ambiguity. The term refers to changes that affect the business environment, markets, and individuals that make it difficult to predict future trends.	P29
ALM	ALM refers to the method of keeping track of and managing assets and liabilities comprehensively, while taking into account each of their characteristics.	P30

Consolidated Balance Sheet for Fiscal Year 2020

(as of March 31, 2021)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Cash and deposits	1,020,246	Policy reserves	14,765,300
Call loans	40,737	Reserve for outstanding claims	70,753
Monetary claims purchased	181,191	Policy reserve	14,619,797
Monetary trusts	1,139,054	Reserve for policyholder dividends	74,748
Securities	13,032,746	Due to agencies	2,728
Loans	1,734,678	Due to reinsurers	12,103
Tangible fixed assets	375,516	Short-term bonds	5,999
Land	212,109	Subordinated bonds	157,000
Buildings	155,906	Other liabilities	1,041,612
Lease assets	908	Reserve for bonus to directors and audit & supervisory board members	294
Construction in progress	2,244	Provision for share-based remuneration	898
Other tangible fixed assets	4,348	Net defined benefit liability	45,764
Intangible fixed assets	32,972	Reserve for directors' and audit & supervisory board members' retirement benefits	67
Software	31,728	Reserve for price fluctuations	251,386
Lease assets	82	Deferred tax liabilities	36,460
Other intangible fixed assets	1,161	Deferred tax liabilities on land revaluation	4,505
Due from agencies	685		
Due from reinsurers	21,024		
Other assets	299,993		
Net defined benefit asset	1,851		
Deferred tax assets	293	Total liabilities	16,324,121
Reserve for possible loan losses	(3,713)	(Net assets)	
		Common stock	207,111
		Capital surplus	125,260
		Retained earnings	740,329
		Treasury stock	(58,882)
		Total stockholders' equity	1,013,819
		Net unrealized gains on securities	574,871
		Deferred losses on hedging instruments	(2,681)
		Land revaluation	(35,018)
		Foreign currency translation adjustments	(5,972)
		Total accumulated other comprehensive income	531,198
		New share subscription rights	689
		Non-controlling interests	7,449
		Total net assets	1,553,157
Total assets	17,877,278	Total liabilities and net assets	17,877,278

Consolidated Statement of Operations for Fiscal Year 2020

(from April 1, 2020 to March 31, 2021)

(Millions of yen)

Account	Amount
Ordinary revenues	2,413,953
Income from insurance premiums	1,783,369
Investment income	453,706
Interests, dividends and income from real estate for rent	289,927
Gains from monetary trusts, net	83,616
Gains on sales of securities	42,753
Gains on redemption of securities	215
Foreign exchange gains, net	25,522
Other investment income	4,283
Gains on separate accounts, net	7,387
Other ordinary income	73,963
Equity in net income of affiliated companies	102,914
Ordinary expenses	2,185,820
Insurance claims and other payments	1,308,157
Insurance claims	401,726
Annuity payments	261,437
Insurance benefits	146,572
Surrender payments	365,062
Other payments	133,358
Provision for policy and other reserves	484,929
Provision for reserve for outstanding claims	2,987
Provision for policy reserve	481,925
Interest portion of reserve for policyholder dividends	16
Investment expenses	110,235
Interest expenses	1,553
Losses on investment in trading securities, net	95
Losses on sales of securities	33,139
Devaluation losses on securities	5,635
Net derivative financial instruments loss	44,311
Provision for reserve for possible loan losses	1,634
Write-off of loans	5
Depreciation of real estate for rent	6,530
Other investment expenses	17,328
Operating expenses	214,509
Other ordinary expenses	67,988
Ordinary profit	228,132

(Millions of yen)

Account	Amount
Extraordinary gains	1,708
Gains on sale of fixed assets	1,187
State subsidy	490
Other extraordinary gains	31
Extraordinary losses	14,300
Losses on sale, disposal and devaluation of fixed assets	827
Impairment loss	2,915
Provision for reserve for price fluctuations	8,371
Losses due to COVID-19	1,695
Other extraordinary losses	489
Provision for reserve for policyholder dividends	24,429
Income before income taxes	191,111
Income taxes-current	28,969
Income taxes-deferred	(1,065)
Total income taxes	27,903
Net income	163,207
Profit attributable to non-controlling interests	890
Profit attributable to owners of parent	162,316

Consolidated Statement of Changes in Net Assets for Fiscal Year 2020

(from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of April 1, 2020	207,111	125,316	603,589	(46,200)	889,817
Changes in the period					
Dividends			(26,469)		(26,469)
Profit attributable to owners of parent			162,316		162,316
Acquisition of treasury stock				(13,013)	(13,013)
Disposal of treasury stock		(55)		331	275
Reversal of land revaluation			892		892
Net changes of items other than stockholders' equity					
Total changes in the period	—	(55)	136,739	(12,682)	124,002
Balance as of March 31, 2021	207,111	125,260	740,329	(58,882)	1,013,819

(Millions of yen)

	Accumulated other comprehensive income				
	Net unrealized gains on securities	Deferred gains on hedging instruments	Land revaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income
Balance as of April 1, 2020	262,593	(2,381)	(34,125)	37	226,124
Changes in the period					
Dividends					
Profit attributable to owners of parent					
Acquisition of treasury stock					
Disposal of treasury stock					
Reversal of land revaluation					
Net changes of items other than stockholders' equity	312,277	(300)	(892)	(6,010)	305,074
Total changes in the period	312,277	(300)	(892)	(6,010)	305,074
Balance as of March 31, 2021	574,871	(2,681)	(35,018)	(5,972)	531,198

(Millions of yen)

	New share subscription rights	Non-controlling interests	Total net assets
Balance as of April 1, 2020	876	6,332	1,123,149
Changes in the period			
Dividends			(26,469)
Profit attributable to owners of parent			162,316
Acquisition of treasury stock			(13,013)
Disposal of treasury stock			275
Reversal of land revaluation			892
Net changes of items other than stockholders' equity	(187)	1,117	306,004
Total changes in the period	(187)	1,117	430,007
Balance as of March 31, 2021	689	7,449	1,553,157

Individual notes to consolidated financial statements

Notes concerning important matters which become the basis of consolidated financial statements

1. Matters concerning the scope of consolidation
(1) The number of consolidated subsidiaries: 19
The names of the consolidated companies:
Taiyo Life Insurance Company
Daido Life Insurance Company
T&D Financial Life Insurance Company
T&D United Capital Co., Ltd.
Pet & Family Insurance Co., Ltd.
T&D United Capital North America Inc.
T&D Lease Co., Ltd.
T&D Asset Management Co., Ltd.
T&D Customer Services Co., Ltd.
T&D Confirm Ltd.
T&D Information Systems, Ltd.
Toyo Insurance Agency Co., Ltd.
Taiyo Credit Guarantee Co., Ltd.
Taiyo Life Aging Society Institute
Zenkoku Business Center Co., Ltd.
Nihon System Shuno, Inc.
Daido Management Service Co., Ltd.
and two other companies
Taiyo Life Aging Society Institute is established by Taiyo Life Insurance Company during the consolidated fiscal year under review and included in the scope of consolidation.

(2) The number of major non-consolidated subsidiaries: 0

2. Matters concerning the equity method
(1) The number of non-consolidated subsidiaries over which the equity method is applied: 0

(2) The number of affiliated companies over which the equity method is applied: 6
The names of the companies:Alternative Investment Capital, Ltd.
Thuriya Ace Technology Co., Ltd., Capital Taiyo Life Insurance, Ltd., Fortitude Group Holdings, LLC, Fortitude Reinsurance Company Ltd., and 1 other company
Since T&D United Capital Co., Ltd. acquired equity interest of Fortitude Group Holdings, LLC for the consolidated fiscal year under review, Fortitude Group Holdings, LLC and Fortitude Reinsurance Company Ltd., a wholly owned subsidiary of Fortitude Group Holdings, LLC, are included in affiliated companies over which the equity method is applied.

(3) The number of non-consolidated subsidiaries and affiliated companies over which the equity method is not applied: 0

(4) Matters concerning the fiscal year of affiliated companies over which the equity method is applied
For the affiliated companies over which the equity method is applied but the dates of settlement are different from the consolidated settlement date, financial statements concerning the fiscal year of each of these companies are used. Additionally, some companies use financial statements prepared based on provisional settlements of accounts conducted as of different reporting dates.

3. Matters concerning the fiscal year of consolidated subsidiaries
The settlement date of certain consolidated subsidiaries is December 31. In the creation of consolidated financial statements, we used these companies' financial statements as of December 31, and made necessary adjustments for consolidation for major transactions that occurred between December 31 and the consolidated settlement date.

4. Matters concerning accounting policy

(1) Appraisal standards and appraisal methods of securities (including cash and deposits, quasi-securities within monetary claims purchased, and securities within monetary trusts that are invested as trust assets):

(i) Trading securities

The market value method (cost of sales is calculated by the moving average method)

(ii) Held-to-maturity debt securities

The amortized cost method using the moving average method (straight-line method)

(iii) Policy-reserve-matching securities

The amortized cost method using the moving average method (straight-line method)

(iv) Other securities

Securities with market value are valued by using the market value on the end of the consolidated fiscal year under review (cost of sales is calculated by using the moving average method).

Of securities extremely difficult to measure the market value, public and corporate bonds (including foreign bonds), of which the difference between the purchase price and face value is considered an amount after interest rate adjustment, are valued using the amortized cost method using the moving average method (straight-line method).

Other securities are valued at the cost method using the moving average method.

The valuation differences of other securities are reported as a component of shareholders' equity.

Certain consolidated subsidiaries report translation adjustments relating to bonds included in foreign currency-denominated other securities in the following manner; the portion attributable to changes in the securities' market values in their local currencies are accounted for as valuation differences, and all other translation adjustments are included in foreign exchange gains or losses.

The following is an overview of the risk management policies over policy-reserve-matching bonds:

(Taiyo Life Insurance Company)

The risk is managed by minimizing the risks of the portfolio as a whole with an asset mix, and establishing an operation policy based on the balanced-type ALM aiming at exceeding medium- and long-term liability cost.

In consideration of this kind of operation policy, the following insurance policies are identified and classified as a subcategory in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds within the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA):

- With regard to general fund category, all insurance policies excluding group insurance product category, other insurance product category, non-participating designated currency-type single premium individual annuity insurance, and special endowment insurance with non-participating designated currency-type survivor benefit, etc.
- With regard to non-participating designated currency-type single premium individual annuity insurance and special endowment insurance with non-participating designated currency-type survivor benefit in the general fund category, all insurance policies by currency
- With regard to group annuity insurance fund category, all contribution-type corporate pension insurance policies and all group pure endowment insurance policies
- With regard to single premium whole life insurance/annuity fund category, all insurance policies
- With regard to variable-interest single-premium insurance fund category, all insurance policies

(Daido Life Insurance Company)

In order to steadily fulfill future obligations, the risk is managed by setting an investment policy that fully takes into account the features of the insurance products and their risk tolerance.

In accordance with such investment policy, subcategories are set as follows according to the features of the insurance product, and bonds held with the purpose to control durations of liabilities in each subcategory are classified as policy-reserve-matching bonds.

Individual insurance and annuity in the general fund category

Individual insurance and annuity in the non-participating insurance fund category (capturing the

cash flows likely to arise in the period after 5 years but within 30 years from now)
Group annuity insurance in the group annuity insurance fund category.

(T&D Financial Life Insurance Company)
In order to appropriately manage interest rate risk by setting subcategories according to the features of insurance products, investment policies are developed in line with each subcategory. In addition, it is regularly tested to ensure that the durations of policy reserve and that of policy-reserve-matching bonds are synchronized within the margin of error. The subcategories are classified as follows:
Individual insurance (capturing the portion of the future spending for insurance policies falling under this subcategory that is used for policyholders of predetermined age or above)
Interest reserve rate-type individual insurance
Interest reserve rate-type fixed annuity insurance
However, certain classes of insurance and certain portions of insurance benefits are excluded.

(2) Appraisal standard and appraisal method of derivative financial instruments
Derivative financial instruments are stated at market value.

(3) Depreciation method for significant depreciable assets
(i) Tangible fixed assets (excluding lease assets)
Tangible fixed assets (except for lease assets) are depreciated based primarily on the declining balance method. Buildings (except attached facilities and structures) acquired on or after April 1, 1998 and attached facilities and structures acquired on or after April 1, 2016 are depreciated based on the straight-line method.
The service life ranges of major types of assets are:
Buildings, attached facilities and structures: 2 to 50 years
Furniture and equipment: 2 to 20 years
(ii) Intangible fixed assets (excluding lease assets)
The straight-line method is used in depreciation of software for in-house use, on the basis of the usable period of five years.
(iii) Lease assets
With regard to the lease assets concerning finance lease transactions that involve transfer of ownership, the identical depreciation method applied on self-owned fixed assets is used. In terms of the lease assets concerning finance lease transactions that do not involve transfer of ownership, the lease periods are considered their service life, and the straight-line method is used.

(4) Accounting standard for major reserves
(i) Recording standards for important reserve for possible losses
To provide for the losses due to bad debt, Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company (hereinafter referred to as the "Three Life Insurance Companies") record an estimated reserve for possible loan losses based on the internal asset valuation standards and the write-off/provision standards for assets, as follows:
The amount of allowance for receivables from debtors who are legally or formally bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings (hereinafter referred to as the "Bankrupt Debtors") and debtors who are effectively bankrupt (hereinafter referred to as the "Effectively Bankrupt Debtors"), is recognized based on the amount of credit remaining after deducting amounts expected to be collected through disposal of collateral or execution of guarantees from the balance of receivables directly reduced as mentioned below.
The allowance for receivables from debtors who are not currently legally bankrupt but have high possibility of bankruptcy (hereinafter referred to as the "Potentially Bankrupt Debtors"), is recognized in the amounts deemed necessary considering the debtors' overall solvency assessment within the amounts remaining after deductions of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
The allowance for receivables from debtors other than the above (loans to healthy debtors and loans to debtors who require attention) is provided based on the debtors' balance multiplied by the historical average of percentage of bad debt calculated based on bad-debt records of a certain past period and others.
All credits are assessed by the sections concerned in accordance with the Company's asset valuation regulations. The assessments are verified by an independent Asset Auditing Department, and the results of the assessments are reflected in the calculation of the above-

mentioned allowance for doubtful accounts.
With regard to mortgage or guaranteed loans to the Bankrupt Debtors and the Effective Bankrupt Debtors, the amount of collateral value or the amount collectible by the execution of guarantees or other methods directly subtracted from the balance of receivables is the estimated uncollectible amount, which stood at 359 million yen.
Regarding the consolidated subsidiaries other than the Three Life Insurance Companies, credits are assessed within the scope as deemed necessary in consideration of the importance of assets and based on the results of the assessments, allowances are recorded based on the above methods.

(ii) Reserve for bonus to directors and audit & supervisory board members
To provide for the payment of directors' and audit & supervisory board members' bonuses, the Company records an estimated reserve for the consolidated fiscal year under review.

(iii) Provision for share-based remuneration
To provide for the grant of the Company's shares to directors and audit & supervisory board members, the estimated provision of share-based benefit remuneration is recorded based on the internal rules of the Company and the Three Life Insurance Companies.

(iv) Reserve for directors' and audit & supervisory board members' retirement benefits
To provide for the payment of retirement benefits for directors and audit & supervisory board members, some consolidated subsidiaries record an estimated reserve for the consolidated fiscal year under review in accordance with their internal regulations.

(5) Method for recognizing retirement benefits

(i) Method for attributing expected retirement benefits to fiscal periods
In the calculation of retirement benefits obligations, benefit formula basis is adopted for the purpose of attributing expected retirement benefits over the period up to the end of the consolidated fiscal year under review.

(ii) Method for amortizing actuarial gain/loss, past service cost and difference due to change of accounting standards
Fully amortized in the fiscal year when they are incurred.

(6) Recognition method for reserve for price fluctuations
Reserve for price fluctuations at the Three Life Insurance Companies is recognized and calculated based on the provisions in Article 115 of the Insurance Business Act to prepare for price fluctuations.

(7) Standards of conversion for foreign currency-denominated assets and liabilities into the Japanese currency
All monetary assets and liabilities denominated in foreign currencies are translated into the Japanese yen at the spot exchange rates prevailing on the consolidated closing date. All asset, liability, income, and expense accounts of foreign subsidiaries and affiliates are translated into the Japanese yen at the spot exchange rates prevailing on their consolidated balance sheet date. The resulting translation adjustments are accumulated as foreign currency translation adjustments and non-controlling interests under net assets.

(8) Important hedge accounting method

A. Hedge accounting method of Taiyo Life Insurance Company

(i) Hedge accounting method
Taiyo Life Insurance Company applies deferral hedge accounting and the mark-to-market method of hedge accounting. Special treatment is applied to interest swap agreements that meet special treatment requirements and deferred designation is applied to currency swap agreements that meet deferred designation requirements.

(ii) Hedging instruments and hedged assets

a.	Hedging instrument:	Interest swap
	Hedged assets:	Loan receivable, bonds
b.	Hedging instrument:	Currency swap
	Hedged assets:	Foreign currency denominated loans
c.	Hedging instrument:	Exchange contracts
	Hedged assets:	Foreign currency-denominated assets
d.	Hedging instrument:	Option
	Hedged assets:	Domestic and foreign stocks, domestic and foreign listed investment trusts, domestic bonds
e.	Hedging instrument:	Credit transaction

	Hedged assets:	Domestic and foreign stocks, domestic and foreign listed investment trusts
f.	Hedging instrument:	Forward contracts
	Hedged assets:	Domestic and foreign stocks, domestic and foreign listed investment trusts

(iii) Hedging policy

Based on the internal rules and regulations developed under Taiyo Life's risk management policy concerning asset operations, the cash flow- and price-fluctuation risks concerning hedged assets are hedged within a certain scope.

(iv) Evaluation of the effectiveness of hedging activities

Effectiveness of hedging activities is evaluated for each half-year period by performing a ratio analysis and other methods comparing the market fluctuations or the accumulated cash flow movements of hedged assets with the market fluctuations or the accumulated cash flow movements of hedging instruments. However, evaluation of hedging effectiveness is omitted for interest swap agreements under the special treatment etc., currency swap agreements under deferred designation, exchange contracts in which both the hedged assets and the hedging instruments are denominated in the same currency, options hedging domestic and foreign stocks as well as domestic and foreign listed investment trusts, and options hedging credit transactions, forward contracts and domestic bonds.

B. Hedge accounting method of Daido Life Insurance Company

(i) Hedge accounting method

Daido Life Insurance Company applies the mark-to-market method of hedge accounting. Daido Life also applies method for translating foreign currency receivables and payables on the basis of yen value cash flow fixed by forward contract for exchange contract transactions hedging foreign currency deposits in cases where the transactions satisfy the requirements for the method.

(ii) Hedging instruments and hedged assets

Daido Life employs exchange contract transactions as a hedging instrument, with the hedged assets of foreign currency-denominated securities and foreign currency-denominated certificates of deposit whose holding purpose is Other Securities.

(iii) Hedging policy

Based on the internal rules and regulations concerning asset operations, exchange fluctuation risks of hedged assets are hedged within a certain scope.

(iv) Evaluation of the effectiveness of hedging activities

Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons between the hedging instruments and hedging methods taken. However, evaluation of hedging effectiveness is omitted in cases where important conditions for the hedged assets and hedging instruments are identical and hedging is highly effective.

(9) Other important accounting policies adopted by the Company

(i) Accounting for consumption and other taxes

National and local consumption taxes are accounted for by using the tax exclusion method. However, expenses such as loss adjustment expenses, operating expenses and general and administrative expenses, etc. of non-life insurance subsidiaries are inclusive of taxes. Note that consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Act, are deferred as other assets and amortized over a 5-year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are recorded to expense as incurred.

(ii) Application of the consolidated tax payment system

The consolidated tax payment system is applied on the Company and some consolidated subsidiaries, with the Company as the consolidated taxpayer parent company.

(iii) Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

For items which transitioned to the group tax sharing system and for which the non-consolidated taxation system is reviewed in line with the transition to the group tax sharing system established under the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020), the Company and some of its consolidated subsidiaries report the amounts of deferred tax assets and deferred tax liabilities pursuant to the provision of tax laws prior to the amendment, and do not apply the provision of Item 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), under the treatment prescribed in Paragraph 3 of the

"Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020).

(iv) Income from insurance premiums

In general, income from insurance premiums (excluding reinsurance premium income) is recorded by the Three Life Insurance Companies at the amount of premiums received, for insurance contracts for which the premiums are received and the contractual liabilities have commenced.

Of premiums received, the amount corresponding to the unexpired period as of the fiscal year end is accounted for as policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

(v) Insurance claims and other payments/ Reserve for outstanding claims

Insurance claims and other payments (excluding reinsurance premiums) are recognized by the Three Life Insurance Companies at the amount of claims calculated based on the insurance policies, for which the insured events provided in the insurance contracts have occurred.

Based on Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act, reserve for outstanding claims is provided to accrued insurance proceeds as of the fiscal year end, when payment obligations are recognized or it is deemed that the insured events provided in the insurance contracts have occurred although the occurrence of the insured events have not been reported.

(vi) Policy reserve

To prepare for future performance of obligations under insurance contracts for which contractual obligations have commenced as of the fiscal year end, policy reserve is provided by the Three Life Insurance Companies at the amount calculated in accordance with procedures stipulated in the statement of calculation procedures for insurance premiums and policy reserve (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) based on Article 116, Paragraph 1 of the Insurance Business Act.

Of policy reserve, insurance premiums reserve is recognized by performing a calculation based on the following methodology:

a. Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Commissioner of the Financial Services Agency (Ordinance No. 48 issued by the Ministry of Finance in 1996).
b. Reserves for other contracts are computed based on the net level premium method.

Based on Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act, policy reserve is reviewed by a qualified actuary whether the policy reserve is properly provided as of the fiscal year end.

Of policy reserve, contingency reserve is provided at the amount calculated for covering risks which may accrue in the future, so as to secure performance of the future obligations under the insurance contracts, based on Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Insurance Business Act.

5. Significant Accounting Estimates

(1) Policy reserve

(i) Amounts recognized on the consolidated balance sheet

(Millions of yen)

	As of March 31, 2021
Policy reserve	14,619,797
Provision for policy reserve	481,925

(ii) Information on significant accounting estimates in connection with items identified

a. Calculation method

It is stated in "Notes concerning important matters which become the basis of consolidated financial statements, 4. Matters concerning accounting policy, (9) Other important accounting policies adopted by the Company, (vi) Policy reserve."

b. Major assumptions and effect on the consolidated financial statements of the following fiscal year

If assumptions (base rates such as assumed incidence rate and assumed interest rate) stated in the statement of calculation procedures for insurance premiums and policy reserve

significantly deviate from recent actual rates and it is found to likely to be insufficient to cover the performance of the future obligations, additional policy reserve must be set aside in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

(2) Accounting treatment for retirement benefits

(i) Amounts recognized on the consolidated balance sheet

(Millions of yen)

	As of March 31, 2021
Net defined benefit asset	1,851
Net defined benefit liability	45,764

(ii) Information on significant accounting estimates in connection with items identified

a. Calculation method

Retirement benefit obligations and retirement benefit cost are calculated based on actuarial assumption used for calculation of future retirement benefit obligations, expected long-term rate of return on pension assets and other.

The method for recognizing retirement benefits is as stated in "Notes concerning important matters which become the basis of consolidated financial statements, 4. Matters concerning accounting policy, (5) Method for recognizing retirement benefits."

b. Major assumption and effect on the consolidated financial statements of the following fiscal year

Matters concerning the basis for actuarial assumption are as stated in "Notes to the Consolidated Balance Sheet, 16. Retirement benefits." If any of the major assumptions such as discount rate and expected long-term rate of return on assets changes, there may be a significant impact on the net defined benefit asset or liability.

(3) Impairment loss of fixed assets

(i) Amounts recognized on the consolidated balance sheet

(Millions of yen)

	As of March 31, 2021
Impairment loss	2,915

(ii) Information on significant accounting estimates in connection with items identified

a. Calculation method

Whole of the real estate used by the Three Life Insurance Companies, consolidated subsidiaries, for the purpose of insurance sales and related operations is classified as one asset group (operating assets), while each property in the category of the real estate that are used for other purposes or underutilized is classified into individual asset group on its own (investment assets).

Each party namely the Company and consolidated subsidiaries, has its own asset group (operating assets) each containing the real estate used by respective party for business purpose.

For an asset group with an indication of impairment, impairment loss is recognized, when the total amount of undiscounted future cash flows is less than the book value of the asset, at the amount calculated by deducting the recoverable amount (the larger of discounted future cash flows and net sales value) from the book value.

b. Major assumptions and effect on the consolidated financial statements of the following fiscal year

For calculation of undiscounted future cash flows for the purpose of determining impairment recognition, the amounts of future income from insurance operations on the Mid-Term Management Plan, etc. are used for operating assets, and the past history and future outlook of revenues by property are used for investment assets.

If the future income from insurance operations and future outlook of revenues, which are the major assumptions, decline and the undiscounted future cash flows change, there may be a possibility to recognize impairment loss.

6. Unadopted accounting standards, etc.

(Accounting Standard for Revenue Recognition, etc.)

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021)

(1) Summary

A comprehensive accounting standard regarding the recognition of revenue, whereby revenue is recognized following the five steps given below:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognize revenue when (or as) a performance obligation is satisfied.

(2) Scheduled date of application

Scheduled to be adopted from the beginning of the consolidated fiscal year commencing on or after April 1, 2021.

(3) Effect of the application of the accounting standards

For the first fiscal year applied, the effect of the application is immaterial.

(Accounting Standards for Fair Value Measurements, etc.)

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)
- "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)
- "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 4, 2019)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020)

(1) Summary

"Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter, the "Fair Value Measurement Standards, etc.") were developed to enhance the comparability with provisions of international accounting standards. Accordingly, the implementation guidance for fair value measurement, etc. were established. The Fair Value Measurement Standards, etc. apply to the fair value of the following items.

- Financial instruments under "Accounting Standard for Financial Instruments"
- Inventories held for trading purpose under "Accounting Standard for Measurement of Inventories"

In addition, with the revised Implementation Guidance on Disclosures about Fair Value of Financial Instruments, notes to the breakdown by the level of fair value of financial instruments, etc. were provided.

(2) Scheduled date of application

Scheduled to be adopted from the beginning of the consolidated fiscal year commencing on or after April 1, 2021.

(3) Effect of the application of the accounting standards

For the first fiscal year applied, the effect of the application is immaterial.

7. Changes in presentation

(Application of Accounting Standard for Disclosure of Accounting Estimates)

- Applying "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the end of the consolidated fiscal year under review, the Company disclosed notes on the consolidated financial statements regarding the significant accounting estimates.

8. Additional information

(Transactions to grant the Company's stock to employees, etc. in using the scheme of trust)

The Company has the Board Incentive Plan Trust (hereinafter referred to as the "BIP") to grant the stock of the Company, etc. in using the scheme of trust for the Directors of the Company, who are not Audit & Supervisory Committee Members (excluding those who are part-time, and non-residents in Japan, including Outside Directors), and the Executive Officers (excluding those who are non-

residents in Japan, and together with Directors who are not Audit & Supervisory Board Members, referred to as "Directors") and Directors of the Three Life Insurance Companies (excluding those who are part-time, and non-residents in Japan, including Outside Directors) and the Executive Officers (excluding non-residents in Japan, collectively referred to as "Eligible Directors"), aiming at improving medium- and long-term business result and raising the awareness of contribution to boost corporate value.

The accounting treatment for the BIP adopts the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No.30, March 26, 2015).

(1) Overview of transaction

Points are granted to the Eligible Directors based on the internal rules of the Company and the Three Life Insurance Companies, and upon their resignation from the positions, the stock of the Company and money equivalent to the amount of converted and disposed amount of the stock of the Company, which are equivalent to accumulated points, are granted and benefited. The stock, etc. to be granted and so forth to the Eligible Directors are acquired with the money trusts of the Company funded in advance.

(2) The number of stocks of the Company remaining in trust

The stock of the Company remaining in the trust is accounted for as treasury stock under net assets at the book value in the trust (excluding the amount of expenses accompanied). The book value of the treasury stock thereof at the end of the consolidated fiscal year under review is 1,186 million yen and the number of shares is 742,900 shares.

(Accounting estimates with regard to the impact from the COVID-19 pandemic)

The Company and the Three Life Insurance Companies perform accounting estimates including impairment of fix assets based on the information available at the time of preparation of financial statements and on the assumption that the current situation would continue. The impact from the COVID-19 pandemic on the current fiscal year and thereafter is immaterial in amount and the impact on the accounting estimates is also immaterial.

Notes to the Consolidated Balance Sheet

1. Matters concerning the current state of the financial instruments and their market values

(1) Matters concerning the current state of the financial instruments

(i) The Group's policy of investment in financial instruments

Being primarily focused on life insurance business, the group underwrites various classes of life insurance, and invests the money collected as insurance premiums in financial assets including securities and loans.

The Group's policy for asset management is to efficiently invest the insurance premiums trusted to us by policyholders in a portfolio built up to ensure long-term stable returns in accordance with the ERM concept involving management of capital, earnings and risk on an integrated basis, taking into account the long-term obligations involved in life insurance contracts, with due attention to management soundness and public welfare.

Financial derivative contracts are basically used to hedge fluctuation risks involved in our investment in financial instruments, as well as partially to complement physical assets.

Furthermore, in order to purse a further strength of financial soundness, the Group has been financing the subordinated-class capital (bonds and borrowings).

(ii) Description of the concerned financial instruments and the risks involved

Financial assets held by the Group mainly comprise securities and loans.

Securities here include corporate and public bonds, stocks and investment trusts offered at home and abroad that are held on a long-term basis for the purpose of investment geared to market prospects to ensure stable returns. These financial instruments are exposed to credit risks of the issuing entities and market risks associated with fluctuations in interest rate, exchange rates and stock prices, as well as market liquidity risks.

Loans here include policy loans for policyholders, commercial loans (non-policy loans) provided mainly to domestic businesses and individuals. Commercial loans, though intended to ensure stable returns, are exposed to credit risks of borrowers' default. A policy loan is provided within the surrender cash value of each insurance policy, thus its credit risk is minimal.

Derivative transactions including stock index futures contracts, forward exchange contracts, interest rate swap agreements are used primarily to hedge price fluctuation risks of our financial assets, while partially to complement physical assets by, for example, providing solution to the time constraint prior to the inclusion of physical assets into our portfolio, excluding speculative transactions whatsoever in any case.

Stringent risk management is in place for derivative transactions, by clearly defining tolerable allowances in terms of nature, underlying assets and trading limits of the transactions as well as by properly controlling their status.

Hedge accounting is appropriately practiced in interest rate swap agreements for loans and forward exchange contracts for foreign currency denominated assets, under the internal rules clearly defining qualifications, applicable types of transactions, methods of evaluation of its effectiveness and methods of its designation. Effectiveness of hedging is determined by ratio analysis methodology comparing the movements of fair market values of the hedged assets and hedging instruments.

(iii) Risk management of investment in financial instruments

a. Overall risk management

The Group, in consideration of the social and public nature of life insurance business as its core business, defines precise identification and management of risks as one of the crucial management tasks for ensuring the soundness and adequacy of management, where the Company, as the Group's holding company has developed "Group Risk Management Policy" which set out the basic risk management philosophy within the Group and provides the risk management structure in line with business characteristics and risk profiles at each of the Three Life Insurance Companies.

Under such context, the Group Risk Control Committee has been in place for the purpose of coordinated management of risks within the Group, which grasps the status of various risks at each of the Three Life Insurance Companies, through the reports prepared on a regular or as-needed basis at each company using the unified risk management criteria. Meanwhile, the Company, by providing guidance and advice as appropriate to the Three Life Insurance Companies, is tackling the enhancement of risk management at each company as well as across the Group.

At each of the Three Life Insurance Companies, a committee has been established to supervise company-wide risk management at an enhanced level, while mutual check-and balance system is

in place under the internal organizational arrangement including the separation of investment and loan execution function from the administration function within investment division, independence of credit check function and implementation of internal audits by internal audit department.

The Group has established the Group ERM Committee with the purpose to manage risks in combination with revenue and capital on the basis of economic value, and tackles the task of achieving stable and sustainable increases in Group enterprise value through the implementation and enrichment of ERM.

b. Management of market risks

Market risks are appropriately controlled in line with the risk characteristics of each asset class based on the precise grasp of the sensitivity of investment assets to the changes in investment environment including interest rate, stock prices and exchange rates, and in addition, the risks are under adequate control through the review of asset allocation and risk hedging subject to identification of the overall risk of the portfolio using the Value at Risk criterion (hereafter referred to as "VaR").

c. Management of credit risks

Credit risk of the entire portfolio is identified and controlled through its quantification by the use of VaR based on the internal rating for individual borrowers. Meanwhile, the aggregate amount of investment and loan is capped by each industry sector or by group of companies, according to the corresponding risks, whereby concentration of loans to specific industry sector or group of companies is restrained.

d. Management of liquidity risks

Liquidity risks are adequately managed by the responsible risk management department through maintaining certain level of liquidity based on the grasp of the latest risk information including the share of highly liquid assets, cash flow situation, trend of the general financial/securities markets and status of individual financial instruments, as well as providing a structure for efficient liquidation of assets for financing purpose.

(iv) Supplementary explanation regarding the market values of financial instruments

Market values of financial instruments are based on actual market prices as well as those reasonably calculated in the absence of actual market prices.

Such calculations are based on certain assumptions, and thus market values could vary when different assumptions are used.

(2) Matters regarding the market value of financial instruments

Consolidated balance sheet amounts, as compared with market values of the investment in financial instruments and the difference between the two as of March 31, 2021 are as follows:

(Millions of yen)

	Consolidated balance sheet amounts	Fair market values	Difference
(i) Cash and deposits	1,020,246	1,020,246	—
a. Those treated as securities	76,000	76,000	—
- Other securities	76,000	76,000	—
b. Other than above	944,246	944,246	—
(ii) Call loans	40,737	40,737	—
(iii) Monetary claims purchased	181,191	182,600	1,409
a. Those treated as securities	177,830	179,127	1,296
- Held-to-maturity debt securities	98,207	99,503	1,296
- Other securities	79,623	79,623	—
b. Other than above	3,360	3,472	112
(iv) Monetary trusts	1,139,054	1,194,495	55,441
a. Monetary trusts for investment	4,840	4,840	—
b. Held-to-maturity monetary trusts	30,176	30,951	774
c. Policy-reserve-matching monetary trusts	694,770	749,437	54,666
d. Other monetary trusts	409,265	409,265	—
(v) Securities	12,585,841	13,123,463	537,622
a. Trading securities	30,105	30,105	—
b. Held-to-maturity debt securities	1,014,956	1,184,092	169,136
c. Policy-reserve-matching securities	4,079,227	4,447,712	368,485
d. Other securities	7,461,552	7,461,552	—
(vi) Loans	1,731,960	1,761,690	29,730
a. Policy loans (*1)	105,944	115,706	9,768
b. Commercial loans (*1)	1,628,733	1,645,984	19,961
c. Reserve for possible loan losses (*2)	(2,717)	—	—
Total assets	16,699,031	17,323,234	624,202
(i) Short-term bonds	5,999	5,999	—
(ii) Subordinated bonds	157,000	157,158	158
(iii) Payables under securities lending transactions	709,666	709,666	—
(iv) Borrowings as part of Other liabilities	46,921	46,959	37
Total liabilities	919,587	919,783	195
Derivatives (*3)			
(i) Those outside the scope of hedge accounting	6,645	6,645	—
(ii) Those subject to hedge accounting	[113,021]	[112,510]	511
Total derivatives	(106,375)	(105,864)	511

(*1) The column of Difference indicates the difference between consolidated balance sheet amounts less reserve for possible loan losses and market values.

(*2) Reserve for possible loan losses corresponding to loans is deducted.

(*3) Net credits and debts generated from the transactions of derivative financial instruments are indicated in net amounts, where items amounting to net debts are marked with brackets [ ].

Assets

(i) Cash and deposits

Mainly recorded in book values as their market values are proximate to the book values.

(ii) Call loans

Recorded in book values as these are settled in a short period of time, thus their market values are proximate to the book values.

(iii) Monetary claims purchased

Those that are reasonably deemed appropriate to treat as securities are recorded in the same way as in (v) Securities, while others that are reasonably deemed appropriate to treat as loan receivable are recorded in the same way as in (vi) Loans.

(iv) Monetary trusts

Monetary trusts which are managed primarily with securities are recorded in the same way as in (v) Securities, while monetary trusts whose feature is equivalent to cash and deposits are proximate to the book values.

In addition to the above, currency options and stock index option contracts are used as part of monetary trusts, and their market values are calculated based on prices, etc. quoted by the financial institutions concerned.

(v) Securities

Market values of securities are mainly based on their prices quoted on the stock exchange concerned, while those of bonds are based either on the statistics of over-the-counter price for reference published by Japan Securities Dealers Association, or on the prices quoted by the underwriting financial institutions. Market values of investment trusts are based on the published base values.

Unlisted shares and investments in partnerships whose assets consist of such financial instruments whose market values are recognized to be extremely hard to grasp are not included.

Consolidated balance sheet amounts of the relevant securities as at the end of the consolidated fiscal year under review are, 221,281 million yen in foreign securities, 179,675 million yen in shares of affiliates, 27,822 million yen in other securities and 18,126 million yen in unlisted shares (excluding those of affiliates).

(vi) Loans

a. Policy loans

Market values are calculated by discounting by risk-free rate, the expected future cash flow derived from the repayment rate based on the past actual repayment performance.

b. Commercial loans

Market values of loans provided at variable rates can reflect market rates at short intervals, thus are recorded in book values as their market values are proximate to the book values, unless borrowers' credit standings significantly change meanwhile after loans were provided.

Market values of loans provided at fixed rates are calculated by discounting principals and interests by risk-free rates weighted by credit risks involved.

Since estimated bad debts associated with loans to Bankrupt Debtors, loans to Effectively Bankrupt Debtors and loans to Potentially Bankrupt Debtors, are calculated based on the present value of the estimated future cash flows, or estimated amounts recoverable through pledge or guarantee, thus their market values are proximate to consolidated balance sheet amounts less estimated bad debts as at the balance sheet date, which are recorded as market values.

However, compound financial instruments are based on their prices quoted by the underwriting financial institutions.

Liabilities

(i) Short-term bonds

Recorded in book values as these are settled in a short period of time, thus their market values are proximate to the book values.

(ii) Subordinated bonds

Market values are calculated by discounting either the statistics of the over-the-counter price for reference published by Japan Securities Dealers Association, the prices quoted by the underwriting financial institutions, or the principals and the interests by risk-free rates weighted by credit risks involved.

(iii) Payables under securities lending transactions

Recorded in book values as the transaction is carried out for a short period of time, thus their market values are proximate to the book values.

(iv) Borrowings

Market values are calculated by discounting principals and interests by risk-free rates weighted by credit risks involved.

Derivatives

(i) Forward exchange contracts are based on forward exchange rates. Market values of currency swaps are calculated using prices quoted by the entrusted management company.

(ii) Market values of interest rate swaps are calculated based generally on the present values of the expected future cash flows discounted by the interest rates as at the balance sheet date, but partially on the prices quoted by the financial institutions concerned.

(iii) Market values of stock index futures, stock index options, stock index futures options, individual stock options, bond futures, bond options, currency options and stock forward contracts are calculated based on the final prices quoted on the principal stock exchange or on the prices quoted by the financial institutions concerned.

Of those subject to hedge accounting, the forward exchange contracts subject to deferred designation and interest rate swap agreements where special treatment applies are treated as integral part of the foreign currency denominated monetary claims and liabilities, thus their market values are included in the market values of those foreign currency denominated monetary claims and liabilities.

2. Matters concerning the current state of the rental property and their market values

The Group owns office buildings primarily for rent in the main cities across the country and their consolidated balance sheet amount is 271,658 million yen while their market value is 371,033 million yen as at the end of the consolidated fiscal year under review.

The above market value is the aggregate of the value derived from the calculation based on the valuation by third-party real property appraisers for the main properties, and the value derived from the internal calculation for other properties based on their posted prices.

The balance at the end of the consolidated fiscal year under review includes 24 million yen related to asset retirement obligations.

3. Situations concerning risk management liabilities

The total amount of loans of bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and loans for restructuring, which were included in loans is 3,305 million yen, with the breakdown as follows:

(1) The balances of loans of bankrupt borrowers and delinquent loans are 104 million yen and 1,713 million yen, respectively. Of the above, direct write-off for estimated uncollectable amount is 72 million yen for bankrupt borrowers and 83 million yen for delinquent loans.

Loans of bankrupt borrowers are loans (except for a portion of loans written-down; hereinafter referred to as the "Undeclared Accrued Interest on Loan"), where the borrowers satisfy conditions prescribed in Article 96, Paragraph 1, Item 3, (a) to (e) or Item 4 of the Ordinance for Enforcement of the Corporation Tax Act (Ordinance No. 97, 1965), among the loans of which interest is not accrued as income since the recovery of principal or interest on the loans is unlikely due to the fact that the principal or interest payments are long overdue or for other reasons.

Delinquent loans are loans without interest not accrued excluding the loans of bankrupt borrowers and the loans to which postponement of interest payment is made with the object of reconstructing and supporting the borrowers.

(2) The balance of loans that are delinquent for over three months stood at 1,466 million yen.

Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement, but do not fall under the category of loans of bankrupt borrowers and delinquent loans.

(3) The balance of loans for restructuring was 21 million yen.

Loans for restructuring are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers restructuring, such as by reducing or exempting interests, postponing principal or interest payments, releasing credits, and providing any other benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over three months.

4. Cumulative amount of depreciation for tangible fixed assets

The cumulative amount of depreciation for tangible fixed assets stood at 248,205 million yen.

5. The amount of separate account assets and liabilities prescribed under Article 118, Paragraph 1 of the Insurance Business Act

The amount of separate account assets stood at 30,471 million yen, and the amount of separate account liabilities was also 30,471 million yen.

6. Net assets per share

Net assets per share was 2,617.07 yen.

Note: The shares held by the Company remaining in the BIP which are accounted for as treasury stock in shareholders' equity are included in the number of treasury stocks deducted from the total number of shares issued at the end of the fiscal year under review to calculate net assets per share. As a result, the number of treasury stocks at the end of the fiscal year under review deducted in calculating net assets per share is 742,900 shares.

7. Increase/decrease in reserve for policyholder dividends and payment of policyholder dividends

Changes in reserve for policyholder dividends were as follows:

Balance at the beginning of the consolidated fiscal year under review	76,581 million yen
Policyholder dividend payment in the consolidated fiscal year under review	26,273 million yen
Increase due to interest, etc.	16 million yen
Decrease due to other reasons	5 million yen
Provision for reserve for policyholder dividends	24,429 million yen
Balance at the end of the consolidated fiscal year under review	74,748 million yen

8. Unused credit balances in respect of loan commitments are as follows:

Total loan commitments	47,304 million yen
Loans carried out	20,509 million yen
Balance	26,794 million yen

9. Amount of securities loaned

The consolidated balance sheet amount of securities loaned under the contract of loans for consumption of securities was 1,856,034 million yen.

10. Subordinated bonds

Of the bonds, 157,000 million yen was subordinated bonds, which rank after other debts should the Company fall into receivership or be closed.

11. Subordinated borrowings

Of the debts categorized as other liabilities, 13,000 million yen was subordinated borrowings, which ranks after other debts should the Company fall into receivership or be closed.

12. Estimate of future contributions to the Life Insurance Policyholders Protection Corporation of Japan

The amount of future contributions paid for by the Three Life Insurance Companies to the Life Insurance Policyholders Protection Corporation of Japan, in accordance with Article 259 of the Insurance Business Act, is estimated to be 20,279 million yen.

The contribution amount is also recognized as operating expense in the consolidated fiscal year as occurred at the time of payment.

13. The method of land revaluation as stipulated in Article 3, Paragraph 3 of the Act Concerning Revaluation of Land

In pursuant to the Act Concerning Revaluation of Land (Law No. 34 promulgated on March 31, 1998), Taiyo Life Insurance Company revalued its land for business purposes. The amount related to the valuation difference between the previous and the revalued amount is tax effected and recognized as "deferred tax liabilities on land revaluation" within the liabilities section. The valuation difference excluding tax is recognized as "land revaluation" within the net assets section.

The method of land revaluation as stipulated in Article 3, Paragraph 3 of the Act Concerning Revaluation of Land

The amount is rationally calculated by using the land listed value as stipulated in Article 2, Item 1 of the Enforcement Regulations for the Act Concerning Revaluation of Land (Ordinance No. 119 promulgated on March 31, 1998), the standard price of the benchmark land as stipulated in its Item 2, the appraisal by real estate appraisers as stipulated in its Item 5, among other data.

Date of revaluation March 31, 2002

14. The amount of surplus on organizational change

The amount of surplus on organizational change as stipulated in Article 91 of the Insurance Business Act was 63,158 million yen for Taiyo Life Insurance Company and 10,836 million yen for Daido Life Insurance Company.

15. Stock of affiliated companies and others

Securities include the stock of affiliated companies worth 179,675 million yen.

16. Retirement benefits

Matters concerning employees' retirement benefit obligations are as follows:

(1) Summary of the retirement benefits plans adopted within the Group

Domestic consolidated subsidiaries have instituted defined benefit plans namely defined benefit corporate pension plan, retirement pension plan and retirement lump sum plan.

Meanwhile, some of the consolidated subsidiaries have instituted defined contribution plans namely defined contribution pension plans.

Also certain consolidated subsidiaries have instituted retirement benefits trust.

(2) Defined benefit plan

(i) Reconciliation of beginning and ending balances of retirement benefit obligations

Beginning balance of retirement benefit obligations	156,694 million yen
Service cost	6,589 million yen
Interest cost	621 million yen
Actuarial gain/loss	(1,771) million yen
Payment of retirement benefits	(7,308) million yen
Past service costs	— million yen
Ending balance of retirement benefit obligations	154,825 million yen

(Note) Retirement benefit cost for consolidated subsidiaries adopting a simplified method are included in "service cost."

(ii) Reconciliation of beginning and ending balances of pension assets

Beginning balance of pension assets	107,538 million yen
Expected return on assets	876 million yen
Actuarial gain/loss	1,921 million yen
Contribution by the business operator	6,433 million yen
Payment of retirement benefits	(5,858) million yen
Ending balance of pension assets	110,912 million yen

(iii) Reconciliation of ending balance of retirement benefit obligations as well as pension assets, and liabilities for retirement benefits as well as assets for retirement benefits recorded in consolidated balance sheet

Retirement benefit obligations for funded plans	128,287 million yen
Pension assets	(110,912) million yen
[Retirement benefits trust of the above]	[(63,599) million yen]
	17,375 million yen
Retirement benefits obligations for unfunded plans	26,537 million yen
Net amounts of liabilities and assets recorded in consolidated balance sheet	43,912 million yen
Net defined benefit liability	45,764 million yen
Net defined benefit asset	(1,851) million yen
Net amounts of liabilities and assets recorded in consolidated balance sheet	43,912 million yen

(iv) Retirement benefit cost and its breakdown

Service cost	6,589 million yen
Interest cost	621 million yen
Expected return on assets	(876) million yen
Amount of actuarial gain/loss treated as expenses	(3,693) million yen
Amount of past service cost as expenses	— million yen
Retirement benefits cost for defined benefit plan	2,640 million yen

(Note) Retirement benefit cost for consolidated subsidiaries adopting a simplified method is included in "service cost."

(v) Matters concerning pension assets

a. Breakdown by main items of pension assets

Corporate bonds	68.6%
Life insurance general account	11.9%
Foreign securities	10.2%
Stocks	5.5%
Cash and deposits	3.1%
Joint investment assets	0.7%
Other	0.0%
Total	100.0%

(Note) Total pension assets include retirement benefits trust that accounts for 57.3% of the total instituted for corporate pension plans.

b. Method for defining expected long-term rate of return on pension assets

In order to determine expected long-term rate of return on pension assets, the present as well as expected future allocation of pension assets, along with the present as well as expected long-term rate of return on various assets comprising pension assets are considered.

(vi) Matters concerning the basis for actuarial calculation

Discount rate	0.13%-0.80%
Expected long-term rate of return on assets	0.14%-1.90%

(3) Defined contribution plans

Amount of contribution required for defined contribution plans at the Company and its consolidated subsidiaries is 274 million yen.

17. Notes to deferred tax accounting

(1) Breakdown of deferred tax assets and deferred tax liabilities by major reason

Deferred tax assets

Reserve for price fluctuation	70,303 million yen
Policy reserves	61,746 million yen
Net defined benefit liability	29,121 million yen
Devaluation losses on securities	19,067 million yen
Losses on sale, disposal and devaluation of fixed assets	6,024 million yen
Net unrealized gains (losses) on securities	2,652 million yen
Reserve for bonuses	2,455 million yen
Reserve for possible loan losses	1,046 million yen
Tax loss carried forward	836 million yen
Others	13,228 million yen
Subtotal	206,483 million yen
Valuation allowance	(18,643) million yen
Total deferred tax assets	187,840 million yen

Deferred tax liabilities

Net unrealized gains (losses) on securities	(216,450) million yen
Securities dividend receivables	(2,325) million yen
Reserve for reduction entry of real estate	(702) million yen
Others	(4,527) million yen
Total deferred tax liabilities	(224,006) million yen
Net deferred tax assets (liabilities)	(36,166) million yen

(2) Breakdown of major items that caused major differences between the normal effective statutory tax rate and the contribution ratio of corporate and other taxes after the application of the deferred tax accounting, when such discrepancies exist

Normal effective statutory tax rate	28.0%
(Adjustment)	
Valuation allowance	0.2%
Items that will never be categorized as loss, such as entertainment expenses	0.2%
Equity in earnings of affiliates	(16.5)%
Retained earnings of subsidiaries and affiliates	1.3%
Others	1.4%
Contribution percentage of corporate and other taxes after the application of deferred tax accounting	14.6%

18. The amount of assets pledged as collaterals and the amount of secured liabilities

The assets that are pledged as collaterals and the secured liabilities are as follows:

Assets pledged as collaterals:	
Securities (government bonds)	1,203,296 million yen
Securities (foreign securities)	765,700 million yen
Cash collateral paid for financial instruments	18,275 million yen
Total	1,987,271 million yen

Of these collaterals, securities are pledged mainly as collaterals for exclusive accounts for Real Time Gross Settlement (RTGS) of government bonds, securities lending transactions secured by securities and the substitutes for future trades margin.

Secured liabilities:

Payables under securities lending transactions	709,666 million yen

19. Market value of financial assets held as collateral for which the Company has free disposal rights

The market value of financial assets held as collateral for which the Company has free disposal rights is 77,815 million yen.

20. Matters concerning stock options

(1) Amount and account of expenses related to stock options

Not applicable.

(2) Details, size and status of stock options

(i) Details of stock options

	The Company new share subscription rights (1st series)
Title and number of grantees	Directors (excluding Outside Directors) and Executive Officers of the Company: 7 Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 40
Number of stock options by class (Note)	Common stock: 449,600 shares
Grant date	July 31, 2012
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable.
Exercise period	August 1, 2012 to July 31, 2042

Note: Presented in terms of the number of shares.

	The Company new share subscription rights (2nd series)
Title and number of grantees	Directors (excluding Outside Directors) and Executive Officers of the Company: 7 Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 39
Number of stock options by class (Note)	Common stock: 235,500 shares
Grant date	August 1, 2013
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable.
Exercise period	August 2, 2013 to August 1, 2043

Note: Presented in terms of the number of shares.

	The Company new share subscription rights (3rd series)
Title and number of grantees	Directors (excluding Outside Directors) and Executive Officers of the Company: 6 Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 41
Number of stock options by class (Note)	Common stock: 231,300 shares
Grant date	August 1, 2014
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable.
Exercise period	August 2, 2014 to August 1, 2044

Note: Presented in terms of the number of shares.

	The Company new share subscription rights (4th series)
Title and number of grantees	Directors (excluding Outside Directors) and Executive Officers of the Company: 15 Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 43
Number of stock options by class (Note)	Common stock: 170,700 shares
Grant date	August 3, 2015
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable.
Exercise period	August 4, 2015 to August 3, 2045

Note: Presented in terms of the number of shares.

	The Company new share subscription rights (5th series)
Title and number of grantees	Directors (excluding Outside Directors) and Executive Officers of the Company: 10 Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 48
Number of stock options by class (Note)	Common stock: 379,800 shares
Grant date	August 1, 2016
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable.
Exercise period	August 2, 2016 to August 1, 2046

Note: Presented in terms of the number of shares.

	The Company new share subscription rights (6th series)
Title and number of grantees	Directors (excluding Outside Directors) and Executive Officers of the Company: 10 Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 47
Number of stock options by class (Note)	Common stock: 208,200 shares
Grant date	August 1, 2017
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable.
Exercise period	August 2, 2017 to August 1, 2047

Note: Presented in terms of the number of shares.

(ii) Size and status of stock options

For stock options existed during the consolidated fiscal year under review, the number of stock options is presented in terms of the number of shares.

a. Number of stock options

	The Company new share subscription rights (1st series)	The Company new share subscription rights (2nd series)	The Company new share subscription rights (3rd series)
Before vesting			
At the end of previous fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vesting			
At the end of previous fiscal year	126,300 shares	78,500 shares	95,600 shares
Vested	—	—	—
Exercised	38,500 shares	22,000 shares	25,200 shares
Forfeited	—	—	—
Exercisable	87,800 shares	56,500 shares	70,400 shares

	The Company new share subscription rights (4th series)	The Company new share subscription rights (5th series)	The Company new share subscription rights (6th series)
Before vesting			
At the end of previous fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vesting			
At the end of previous fiscal year	88,200 shares	221,000 shares	159,200 shares
Vested	—	—	—
Exercised	18,500 shares	40,800 shares	25,200 shares
Forfeited	—	—	—
Exercisable	69,700 shares	180,200 shares	134,000 shares

b. Unit price information

	The Company new share subscription rights (1st series)	The Company new share subscription rights (2nd series)	The Company new share subscription rights (3rd series)
Exercise price	1 yen	1 yen	1 yen
Average exercise price	981 yen	981 yen	960 yen
Fair value at grant date	685 yen	1,143 yen	1,153 yen

	The Company new share subscription rights (4th series)	The Company new share subscription rights (5th series)	The Company new share subscription rights (6th series)
Exercise price	1 yen	1 yen	1 yen
Average exercise price	940 yen	943 yen	934 yen
Fair value at grant date	1,708 yen	918 yen	1,485 yen

(3) Method to estimate number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

Notes to the Consolidated Statement of Operations

1. Net gain per share

Net gain per share in the consolidated fiscal year under review was 271.55 yen.

Note: The shares held by the Company remaining in the BIP which are accounted for as treasury stock in shareholders' equity are included in the number of treasury stock deducted in calculating the average number of shares during the period.

As a result, the average number of treasury stock during the period deducted in calculating net income per share is 763,295 shares.

2. Matters concerning impairment loss

Matters concerning impairment loss of the fixed assets in the consolidated fiscal year under review are as follows.

(1) Method of asset grouping

Whole of the real estate used by the Three Life Insurance Companies for the purpose of insurance sales and related operations is classified as one asset group, while each property in the category of the real estate that are used for other purposes or underutilized is classified into individual asset group on its own.

Each party namely the Company and consolidated subsidiaries other than the Three Life Insurance Companies, has its own asset group each containing the real estate used by respective party for business purpose.

(2) Reason for the recognition of impairment loss

Some real estate for rent and other assets saw declines in profitability due partly to a significant fall in market prices and stagnant rents, and as a result their book values were reduced to recoverable amounts where such reduced amounts are recorded as impairment loss under extraordinary losses.

(3) Asset groups that recognized impairment loss and the amount of such impairment loss by type of fixed assets

(Millions of yen)

Use	Location	Type		Total
		Land	Building etc.	
Real estate for rent	12 properties including properties in Edogawa-ku, Tokyo	2,331	584	2,915

(4) Method of calculating recoverable amount

The recoverable amount is based on net sales value.

The net sales value for real estate for rent is, in principle, calculated based on appraisal value based on the real estate appraisal standard less estimated cost of disposal.

Notes to the Consolidated Statement of Changes in Net Assets

1. Matters concerning class and number of issued shares, and class and number of treasury stock

	Number of shares at the beginning of the consolidated fiscal year under review (shares)	Increase in the consolidated fiscal year under review (shares)	Decrease in the consolidated fiscal year under review (shares)	Number of shares at the end of the consolidated fiscal year under review (shares)
Total number of shares issued: Common shares	633,000,000	—	—	633,000,000
Treasury stock: Common shares	32,311,441	10,552,455	225,790	42,638,106

Notes: 1. The increase in the number of treasury stock of common shares are due to the reason as follows.
Acquisition of treasury stock in accordance with the resolution at the Board of Directors' Meeting on November 13, 2020: 10,540,600 shares
Purchase of fractional shares: 11,855 shares
2. The decrease in the number of treasury stock of common shares are due to the reasons as follows.
The exercise of stock option: 170,200 shares
The Company's sales of fractional shares upon shareholder' request: 90 shares
A decrease due to the BIP trust: 55,500 shares
3. The number of treasury stocks of common shares at the end of the consolidated fiscal year under review includes 742,900 shares (798,400 shares at the beginning of the consolidated fiscal year under review) of the Company held by the BIP.

2. Matters concerning dividends
(1) Dividend payment

	Class of shares	Total dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2020	Common stock	13,232 million yen	22.0 yen	March 31, 2020	June 26, 2020
Board of Directors' Meeting on November 13, 2020	Common stock	13,236 million yen	22.0 yen	September 30, 2020	December 4, 2020

Note:
1. The total dividends resolved at the Ordinary General Meeting of Shareholders held on June 25, 2020 include 17 million yen of dividends on treasury stock held by the BIP.
2. The total dividends resolved at the Board of Directors' Meeting held on November 13, 2020 include 16 million yen of dividends on treasury stock held by the BIP.

(2) Of the dividends whose record date is within the consolidated fiscal year under review, and whose effective date is the following consolidated fiscal year

	Class of shares	Total dividends	Source of dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2021	Common stock	14,186 million yen	Retained earnings	24.0 yen	March 31, 2021	June 28, 2021

Note: 1. This proposal is scheduled to be voted on June 25, 2021, at the Ordinary General Meeting of Shareholders for approval.
2. Total dividends include 17 million yen of dividends on treasury stock held by the BIP.

3. Matters concerning new share subscription rights

Category	Breakdown of new share subscription rights	Balance at the end of the consolidated fiscal year under review (Millions of yen)
The Company	New share subscription rights as stock options	689

Significant subsequent events

(Profit and loss of affiliates over which the equity method is applied, when those affiliates have different settlement dates)

Of the amount of equity in earnings of affiliates for the consolidated fiscal year under review, the profit of Fortitude Group Holdings, LLC (hereinafter referred to as "Fortitude") was derived from the Fortitude's financial statements for its fiscal period from January 1, 2020 to December 31, 2020.
For the first consolidated quarter period ending June 30, 2021, the Company will report the loss of Fortitude for its quarter period from January 1, 2021 to March 31, 2021 in the amount of approximately (57,000) million yen as equity in earnings (losses) of affiliates.

(Acquisition of treasury stock)

The Company resolved at the Board of Directors' meeting held on May 14, 2021, the acquisition of treasury stock under the provision of Article 156 of the Companies Act of Japan, as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the same Act.

1. Reason for the acquisition of treasury stock
To enhance shareholder return and improve capital efficiency
2. Details of the acquisition

(1) Type of shares to be acquired	Shares of common stock
(2) Number of shares to be acquired	Up to 14,000,000 shares
(3) Total amount of acquisition	Up to 10,000 million yen
(4) Period of acquisition	From May 17, 2021 to July 30, 2021
(5) Method of acquisition	Open-market repurchase by the trust method

The amounts listed in this financial statement are rounded down to the nearest displayed unit.

Non-consolidated Balance Sheet for Fiscal Year 2020

(as of March 31, 2021)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	40,134	Current liabilities	55,584
Cash and deposits	8,471	Short-term loans payable to subsidiaries	43,500
Prepaid expenses	45	Lease obligations	4
Accounts receivable	17,983	Accounts payable	4,725
Short-term loans receivable from subsidiaries	13,500	Accrued expenses	350
Other current assets	133	Income tax payable	6,468
Fixed assets	873,164	Consumption tax payable	97
Tangible fixed assets	219	Deposits received	347
Buildings	191	Reserve for bonus to directors and audit & supervisory board members	77
Machinery and equipment	12		
Lease assets	16	Other	13
Investments and other assets	872,945	Fixed liabilities	121,369
Investments in subsidiaries	756,477	Subordinated bonds	120,000
Long-term loans receivable from subsidiaries	115,900	Lease obligations	13
Deferred tax assets	262	Long-term accounts payable-other	249
Deposit for rent	305	Provision for share-based remuneration	898
		Deposits received	208
		Total liabilities	176,953
		(Net assets)	
		Stockholders' equity	735,656
		Common stock	207,111
		Capital surplus	469,991
		Additional paid-in capital	89,420
		Other capital surplus	380,571
		Retained earnings	117,435
		Other retained earnings	117,435
		Retained earnings brought forward	117,435
		Treasury stock	(58,882)
		New share subscription rights	689
		Total net assets	736,345
Total assets	913,299	Total liabilities and net assets	913,299

Non-consolidated Statement of Operations for Fiscal Year 2020

(from April 1, 2020 to March 31, 2021)

(Millions of yen)

Account	Amount
Operating income	44,136
Dividends on investments in affiliate companies	39,048
Fees and commissions received from affiliate companies	3,788
Interest on loans receivable from affiliate companies	1,299
Operating expenses	3,617
General and administrative expenses	3,617
Operating profit	40,518
Non-operating income	141
Interest income	5
Gains on expired dividends payable	121
Other income	15
Non-operating expenses	1,236
Interest expenses	1,227
Other expenses	8
Ordinary profit	39,424
Income before income taxes	39,424
Income taxes-current	146
Income taxes-deferred	0
Total income taxes	147
Net income	39,277

Non-consolidated Statement of Changes in Net Assets for Fiscal Year 2020

(from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Stockholders' equity					
		Capital surplus			Retained earnings	
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance as of April 1, 2020	207,111	89,420	380,626	470,046	104,626	104,626
Changes in the period						
Dividends					(26,469)	(26,469)
Net income					39,277	39,277
Acquisition of treasury stock						
Disposal of treasury stock			(55)	(55)		
Net changes of items other than stockholders' equity						
Total changes in the period			(55)	(55)	12,808	12,808
Balance as of March 31, 2021	207,111	89,420	380,571	469,991	117,435	117,435

(Millions of yen)

	Stockholders' equity		New share subscription rights	Total net assets
	Treasury stock	Total stockholders' equity		
Balance as of April 1, 2020	(46,200)	735,585	876	736,461
Changes in the period				
Dividends		(26,469)		(26,469)
Net income		39,277		39,277
Acquisition of treasury stock	(13,013)	(13,013)		(13,013)
Disposal of treasury stock	331	275		275
Net changes of items other than stockholders' equity			(187)	(187)
Total changes in the period	(12,682)	70	(187)	(116)
Balance as of March 31, 2021	(58,882)	735,656	689	736,345

Individual notes to non-consolidated financial statements

Notes to matters concerning important accounting policies

1. Appraisal standard and appraisal method for securities
   Appraisal of subsidiary stocks is stated at cost determined by the moving average method.
   In addition, securities with market value are valued by using the market value on the end of the fiscal year under review (valuation differences are reported as a component of shareholders' equity while cost of sales/disposal is valued by the moving average method).

2. Depreciation method for fixed assets
   (1) Tangible fixed assets (excluding lease assets)
   The Japanese declining balance method is adopted for tangible fixed assets (provided, however, that the straight-line method is adopted for buildings (excluding attached facilities) and for attached facilities acquired on or after April 1, 2016).
   The service life ranges of major types of assets are as follows:
   Buildings and attached facilities: 8 to 38 years
   Equipment and furniture: 3 to 15 years
   (2) Lease assets
   With regard to the lease assets concerning finance lease transactions that do not involve transfer of ownership, the lease periods are considered their service life, and the straight-line method is used.

3. Posting standard for reserves
   (1) Reserve for bonus to directors and audit & supervisory board members
   To provide for the payment of directors' and audit & supervisory board members' bonuses, the Company has posted an allowance for an estimated amount of bonus payment during the fiscal year under review.
   (2) Provision for share-based remuneration
   To provide for the grant of the Company's shares to directors and audit & supervisory board members, the estimated provision of share-based remuneration obligations is recorded based on the internal rules of the Company and the Three Life Insurance Companies.

4. Other important fundamental matters for preparation of financial statements
   (1) Accounting for consumption and other taxes
   Accounts are processed exclusive of national and local consumption taxes.

   (2) Adoption of the consolidated tax payment system
   The consolidated tax payment system is adopted with the Company serving as the consolidated tax-paying parent company.

   (3) Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System
   For items which transitioned to the group tax sharing system and for which the non-consolidated taxation system is reviewed in line with the transition to the group tax sharing system established under the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020), the Company reports the amounts of deferred tax assets and deferred tax liabilities pursuant to the provision of tax laws prior to the amendment, and do not apply the provision of Item 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), under the treatment prescribed in Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020).

5. Additional information
   Notes to the BIP is omitted as the same information is stated in "Additional information" under "Notes to Consolidated Financial Statements."

Notes to the Non-consolidated Balance Sheet

1. Monetary claims and liabilities toward affiliated companies

Short-term monetary claims	31,589 million yen
Short-term monetary liabilities	46,862 million yen
Long-term monetary claims	115,991 million yen
Long-term monetary liabilities	208 million yen

2. Accumulated depreciation of tangible fixed assets 193 million yen

Notes to the Non-consolidated Statement of Operations

Volume of transactions with affiliated companies

Volume of transactions by operating transaction	
Operating income	44,136 million yen
Operating expenses	332 million yen
Volume of transactions other than operating transaction	
Non-operating expenses	86 million yen

Notes to the Non-consolidated Statement of Changes in Net Assets

Class and number of treasury stock shares at the end of the fiscal year under review

Common stock	42,638,106 shares

Note: The number of treasury stocks of common shares at the end of the fiscal year under review includes 742,900 shares of the Company held by the BIP.

Notes to deferred tax accounting

1. Breakdown of deferred tax assets by major reason

(Deferred tax assets)	
Losses on valuation of investment in subsidiaries	652 million
Long-term accounts payable-other	76 million
Share-based compensation expenses	73 million
Reserve for bonuses	48 million
Others	80 million
Subtotal of deferred tax assets	931 million
Valuation reserve	(669) million
Total of deferred tax assets	262 million

2. Breakdown of major items that caused major differences between the normal effective statutory tax rate and the contribution ratio of corporate and other taxes after the application of the deferred tax accounting, when such discrepancies exist

The effective tax rate stipulated by the law	30.6 %
(Adjustment)	
Non-calculation of proceeds such as received dividend	(30.3) %
Valuation reserve	0.0 %
Others	0.1 %
The contribution ratio of corporate and other taxes after the application of the deferred tax accounting	0.4 %

Notes to transactions with related parties

Subsidiaries and affiliated companies

Type	Name of company, etc.	Ratio of ownership of voting rights, etc.	Relationship with related parties	Description of transactions	Amounts of transactions (Millions of Yen)	Account title	Balance at end of the fiscal year (Millions of Yen)
Subsidiary	Taiyo Life Insurance Company	Direct ownership 100%	Major subsidiary engaged in the insurance business	-	-	Long-term loans receivable from subsidiaries (Note*)	50,000
				Receipt of interest (Note*)	599	Other	9
Subsidiary	Daido Life Insurance Company	Direct ownership 100%	Major subsidiary engaged in the insurance business	Borrowing of funds (Note**)	45,000	Short-term loans payable to subsidiaries (Note**)	43,500
				Repayment of loans payable	1,500	-	-
				Payment of interests (Note**)	86	Accrued expenses	34
Subsidiary	T&D United Capital Co., Ltd.	Direct ownership 100%	Major subsidiary engaged in the investment business	Lending of funds (Note ***)	13,500	Short-term loans receivable from subsidiaries (Note***)	13,500
				-	-	Long-term loans receivable from subsidiaries (Note***)	65,900
				Receipt of interests (Note***)	700	Other	123

Terms and conditions for the transactions and the decision policy thereof

Note:

* The interest rate on long-term loans receivable from subsidiaries, which is an unsecured loan with lump-sum repayment at maturity, is reasonably determined by taking into account market interest rate, etc. Additionally, the entire loan is a subordinated loan.

** The interest rate on short-term loans payable to subsidiaries, which is an unsecured loan with lump-sum repayment at maturity, is reasonably determined by taking into account market interest rate, etc. Additionally, 1.5 billion yen out of the balance has been repaid.

*** The interest rate on short-term and long-term loans receivable from subsidiaries, which is an unsecured loan with lump-sum repayment at maturity, is reasonably determined by taking into account market interest rate, etc. Additionally, 65.9 billion yen of the balance of long-term loans receivable from subsidiaries as of the fiscal year end is a subordinated loan.

Notes on information per share

Net assets per share 1,246.11yen

Net income per share 65.71 yen

Note: The shares held by the Company remaining in the BIP which are accounted for as treasury stock in shareholders' equity are included in the number of treasury stocks deducted from the total number of shares issued at the end of the fiscal year under review to calculate net assets per share, and also included in the number of treasury stocks deducted in calculating the average number of shares during the period.

As a result, the number of treasury stocks at the end of the fiscal year under review deducted in calculating net assets per share is 742,900 shares, and the average number of

shares during the period for the treasury shares deducted in calculating net income per share is 763,295 shares.

Significant subsequent events

The Company resolved at the Board of Directors' meeting held on May 14, 2021, the acquisition of treasury stock under the provision of Article 156 of the Companies Act of Japan, as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the same Act.

1. Reason for the acquisition of treasury stock
   To enhance shareholder return and improve capital efficiency
2. Details of the acquisition

(1) Type of shares to be acquired	Shares of common stock
(2) Number of shares to be acquired	Up to 14,000,000 shares
(3) Total amount of acquisition	Up to 10,000 million yen
(4) Period of acquisition	From May 17, 2021 to July 30, 2021
(5) Method of acquisition	Open-market repurchase by the trust method

The amounts listed in this financial statement are rounded down to the nearest displayed unit.

Audit Report of the Accounting Auditor Concerning Consolidated Financial Statements (Copy)

Audit Report of Independent Auditor

May 18, 2021

To the Board of Directors
T&D Holdings, Inc.

Kenji Usukura
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Norio Hashiba
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Masato Takezawa
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Tokyo, Japan
Ernst & Young ShinNihon LLC

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of T&D Holdings, Inc. (the "Company") for the fiscal year from April 1, 2020 through March 31, 2021.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to

express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

· Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

· In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.

· Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

· Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

· Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.

· Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Accounting Auditor (Copy)

Audit Report of the Independent Auditor

May 18, 2021

To the Board of Directors
T&D Holdings, Inc.

Kenji Usukura
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Norio Hashiba
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Masato Takezawa
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Tokyo, Japan
Ernst & Young ShinNihon LLC

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of T&D Holdings, Inc. (the "Company") for the 17th fiscal year from April 1, 2020 through March 31, 2021.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, the Audit & Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements

and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

· Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

· In making those risk assessments, the auditor considers internal control relevant to the entity′ s audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.

· Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

· The auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report if it is not appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern, and if there is a significant uncertainty in regard to events that may cast significant doubt on the entity's ability to continue as a going concern based on the audit evidence obtained. Or the auditor is required to issue a modified opinion on the financial statements and the accompanying supplementary schedules if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

· Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Report of the Audit & Supervisory Committee Members' Audit (Copy)

Report of Audit

We performed our audit of the execution of duties by the Directors of T&D Holdings, Inc. (the "Company") during the 17th fiscal year from April 1, 2020 to March 31, 2021, and herein submit our report concerning the method and result of our audit.

Based on the conclusion of the 16th Ordinary General Meeting of Shareholders held on June 25, 2020, the Company made a transition from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee effective the same date. As to the audit from April 1, 2020 to the date of transition, we took over the audit performed by the former Audit & Supervisory Board and prepared our audit report for the current fiscal year after reviewing the method and result of their audit.

1. The Method and Content of the Audit

   Regarding the system (internal control system) established based on the content and conclusion of the Board of Directors' meeting concerning the matters stipulated in Article 399-13, Paragraph 1, Item (i), (a) and (b) of the Japanese Companies Act, we periodically received reports from the Directors, employees and others about the establishment and the status of operation, requested explanations as necessary, expressed our opinion and performed our audit by the method stated below.

   In addition, cooperating with the Accounting Auditor and the Internal Audit Department, we made efforts to improve the audit by periodically holding trilateral meetings, reporting the audit status and exchanging information to enhance the effectiveness of the audit. Further, regarding the internal control of financial reporting based on the Financial Instruments and Exchange Act, we received reports from Directors, etc. and Ernst & Young ShinNihon LLC, and requested explanations as necessary, about the conditions concerning evaluation and audit of such internal control.

(1) We conformed to the Audit & Supervisory Committee's auditing standards, etc. stipulated by the Audit & Supervisory Committee and followed the audit policy for the fiscal year, the audit plan and division of duties. We attended the meetings of the Board of Directors and other important meetings by also using the telephone lines, the internet and other means with cooperation of the Internal Control Department, received business reports from the Directors and other employees concerning the execution of their duties, and requested explanations as necessary. We read important documents concerning decision-making, and investigated the conditions of the business and financial standing at the Company. With regard to subsidiaries, we attempted to communicate and exchange information with the subsidiaries' directors, audit & supervisory board members, and others, and received reports from subsidiaries on their business as necessary.

(2) We monitored and verified whether the Accounting Auditors maintained independent positions and executed appropriate audits. In addition, we received from the Accounting Auditor a report concerning the execution of their duties and requested explanations as necessity arose. In addition, we received a notice from the Accounting Auditor that the "that business duties are appropriately executed" (matters listed in each Item of system to ensure Article 131 of the Ordinance on the Accounting of Companies) has been developed in accordance with the "standard for quality control of audit" (October 28, 2005, Business Accounting Council) and other documents, and requested explanations as necessary from the Accounting Auditor. Furthermore, we discussed major audit issues (KAM: Key Audit Matters) with Ernst & Young ShinNihon LLC, received the audit status report, and requested explanations as necessary.

Based on the method described above, we reviewed the Business Report and its Supporting Schedules, Financial Statements for the fiscal year (the Balance Sheet, the Statement of Operations, the Statement of Changes in Net Assets, and the Individual Notes to Financial

Statements) and their Supporting Schedules, as well as Consolidated Financial Statements (the Consolidated Balance Sheet, the Consolidated Statement of Operations, the Consolidated Statement of Changes in Net Assets, and the Individual Notes to Consolidated Financial Statements).

2. The Result of Audit

(1) Result of Audit of Business Report and other documents

1) In our opinion, the Business Report and its Supporting Schedules fairly represent the condition of the Company in compliance with applicable laws and regulations as well as the Articles of Incorporation of the Company.
2) We have determined that there were no serious occurrences of dishonest or false activity or violations of any laws and regulations or the Company's Articles of Incorporation by any of the Directors in carrying out the duties and responsibilities of their offices, including those regarding subsidiaries.
3) We have determined that the resolution of the Board of Directors regarding the internal control system is appropriate. In addition, we have determined that there are no matters that should be highlighted as a concern regarding the contents of the Business Report and the Directors' execution of duties in relation to such internal control system, including the internal controls of financial reporting based on the Financial Instruments and Exchange Act. Further, the arrangements for the COVID-19 pandemic have been also appropriately made by the Directors and we have determined that there are no matters that should be highlighted as a concern.

(2) Result of Audit of Financial Statements and Supporting Schedules

In our opinion, the method and result of audit received from the Accounting Auditor, Ernst & Young ShinNihon LLC., are appropriate.

(3) Result of Audit of Consolidated Financial Statements

In our opinion, the method and result of audit received from the Accounting Auditor, Ernst & Young ShinNihon LLC., are appropriate.

May 19, 2021

Seiji Higaki, Head of Audit & Supervisory Committee Member
Junichi Yanai, Full-Time Audit & Supervisory Committee Member
Yasuo Teraoka, Full-Time Audit & Supervisory Committee Member
Haruka Matsuyama, Audit & Supervisory Committee Member
Shinnosuke Yamada, Audit & Supervisory Committee Member

The Audit & Supervisory Committee
T&D Holdings, Inc.

(Note) Audit & Supervisory Committee Members Seiji Higaki, Haruka Matsuyama and Shinnosuke Yamada are Outside Directors stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Japanese Companies Act. Regarding Audit & Supervisory Committee Member Haruka Matsuyama, her registered name is Haruka Kato and Haruka Matsuyama is the name for the business purposes.