

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 10, 2020

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 16th Ordinary General Meeting of Shareholders

You are hereby notified that the 16th Ordinary General Meeting of Shareholders of the Company will be held as described below.

Recently, the government and prefectural governors have strongly requested people to stay indoors in order to prevent the spread of COVID-19. After carefully considering this request, we have decided to hold the General Meeting of Shareholders with appropriate preventive measures in place.

In view of this call on residents to stay indoors, shareholders are kindly requested to exercise your voting rights preferably in writing or via the Internet in advance from the standpoint of preventing the spread of the infection. Shareholders are also urged to refrain from attending the Meeting in person regardless of your health condition.

Please review the Reference Materials for the General Meeting of Shareholders (pages 5-36), and exercise your voting rights according to the “Announcement on Exercise of Voting Rights” (pages 3-4) by 5:00 p.m. on Wednesday, June 24, 2020 (JST).

- 1. Date & Time:** 10:00 a.m. Thursday, June 25, 2020 (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 2019 (from April 1, 2019 to March 31, 2020), as well as the results of audits on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
- Item No.2:** Report on the Non-consolidated Financial Statements for fiscal year 2019 (from April 1, 2019 to March 31, 2020)

Matters to be resolved:

- Proposal No.1:** Appropriation of Surplus
- Proposal No.2:** Partial Amendments to the Articles of Incorporation
- Proposal No.3:** Election of Nine Directors Who Are Not Audit & Supervisory Committee Members
- Proposal No.4:** Election of Five Directors Who Are Audit & Supervisory Committee Members
- Proposal No.5:** Election of One Alternate Director Who Is an Audit & Supervisory Committee Member

- Proposal No.6:** Setting of the Amount of Compensation, etc. for Directors Who Are Not Audit & Supervisory Committee Members
- Proposal No.7:** Setting of the Amount of Compensation, etc. for Directors Who Are Audit & Supervisory Committee Members
- Proposal No.8:** Determination of the Amounts and the Details of the Stock-based Compensation for Directors Who Are Not Audit & Supervisory Committee Members

Requests to Shareholders	
<ul style="list-style-type: none"> • 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 or other means as much as possible. • Alcohol-based disinfectant will be available near the reception of the venue. (Shareholders who attend the Meeting in person are requested to 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. • The operating staff of 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/) 	

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/

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 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. Wednesday, June 24, 2020 (JST)

In the case of exercise of voting rights via the Internet

Access the voting rights exercise website ► <https://evote.tr.mufig.jp/> and follow the on-screen instructions to exercise voting rights.

Deadline for exercising voting rights By 5:00 p.m. Wednesday, June 24, 2020 (JST)

For detail, please refer to “Exercise of voting rights via the Internet” in the following page.

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

*QR Code is a registered trademark of DENSO WAVE INCORPORATED.

The exercise of voting rights via smartphone no longer requires 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) <i>Please note that the above service is only available for the call from Japan.</i>
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(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 2019 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 22 yen per share. Since the Company paid 22 yen per share as an interim dividend, annual dividend for fiscal year 2019 will amount to 44 yen per share.

This amount represents an increase of 2 yen per share, relative to the annual dividend of 42 yen per share paid in fiscal year 2018.

1. Type of property for dividend

Cash

2. Dividend and its total amount

22 yen per share (common stock) total amount 13,232,713,098 yen

3. Effective date of distribution of surplus

June 26, 2020

Common Reference for Proposals No. 2 through No. 8

Proposal No. 2 through Proposal No. 8 stated on pages 7 through 36 of the Reference Materials for the General Meeting of Shareholders are all related to the Company's transition to a Company with an Audit & Supervisory Committee. In proposing these items, we would like to provide an explanation of the reason for the transition and the characteristics of a Company with an Audit & Supervisory Committee.

◆ Reason for the transition to a Company with an Audit & Supervisory Committee

The Company has consistently worked to enhance its corporate governance with a view to achieving the sustainable growth of the Group and increasing its corporate value in the medium- and long-term. The Company will make a transition to a Company with an Audit & Supervisory Committee in order to further strengthen 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. The Company will further strengthen the corporate governance of the entire Group by using this transition to promote "separation of management/oversight and business execution" and by improving flexibility of business execution and the ability to formulate its overall strategy.

◆ A Company with an Audit & Supervisory Committee

A Company with an Audit & Supervisory Committee will have, in lieu of the Audit & Supervisory Board and Audit & Supervisory Board Members, an Audit & Supervisory Committee consisting of three or more Directors who are Audit & Supervisory Committee Members, the majority of whom are Outside Directors. Directors who are Audit & Supervisory Committee Members, unlike Audit & Supervisory Board Members, have voting rights at the Board of Directors and have the right to state their opinions at the General Meeting of Shareholders regarding the selection, dismissal, and compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members). In this way, oversight functions are expected to be strengthened through Directors who are Audit & Supervisory Committee Members and the Audit & Supervisory Committee.

Furthermore, a Company with an Audit & Supervisory Committee may delegate the decision on important business execution from the Board of Directors to Directors, by resolution of the Board of Directors, in accordance with the provisions of the Articles of Incorporation. This will allow for promoting the separation of execution and oversight, which, in turn, will further strengthen the oversight function as well as improve the flexibility and efficiency of business execution.

Proposal No.2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Proposal

The Company proposes to make necessary amendments to the existing Articles of Incorporation of the Company for the following reasons.

This proposal will become effective at the conclusion of this General Meeting of Shareholders.

(1) Amendments relating to the transition to a Company with an Audit & Supervisory Committee

- a. New provisions required for the transition to a Company with an Audit & Supervisory Committee will be established (proposed amendment: Article 4).
- b. New provisions relating to Directors who are Audit & Supervisory Committee Members will be established (proposed amendments: Article 18, Paragraph 2 and Article 20, Paragraph 2).
- c. The title of SECTION 5 will be changed from “AUDIT & SUPERVISORY BOARD MEMBER/AUDIT & SUPERVISORY BOARD” to “AUDIT & SUPERVISORY COMMITTEE” and the provisions on the “Audit & Supervisory Board” will be replaced by the provisions on the “Audit & Supervisory Committee (proposed amendment: Article 29). Additionally, while the Companies Act does not require the election of full-time Audit & Supervisory Committee Members, the Company will elect full-time Audit & Supervisory Committee Members and provisions will be established accordingly (proposed amendment: Article 30).
- d. New provisions to allow delegation of decisions on important business execution (excluding matters listed in each item of Article 399-13, Paragraph 5 of the Companies Act) to Directors in whole or in part by a resolution of the Board of Directors (proposed amendment: Article 24).
- e. In conjunction with the transition to a Company with an Audit & Supervisory Committee, provisions relating to the Audit & Supervisory Board Members will be deleted (existing Article 23, Paragraph 2; Article 27 through Article 29; Article 32; Article 33).
- f. In conjunction with the transition to a Company with an Audit & Supervisory Committee, other necessary amendments will be made to the existing Articles (proposed amendments: Article 18, Paragraph 1; Article 19, Paragraph 1; Article 20, Paragraph 1; Article 21; Article 22; Article 25; Article 26).
- g. New supplementary provisions will be established in conjunction with the deletion of existing Article 33 (proposed amendments: SUPPLEMENTARY PROVISIONS).

(2) Amendments other than (1) above

New provisions on the “Nomination and Compensation Committee” will be established to clarify the Committee’s position (proposed amendment: Article 28).

(3) Other amendments to the Articles of Incorporation in general

In conjunction with the new establishment and deletion of articles, the article numbers will be readjusted, and new paragraph numbers will be established.

2. Details of Amendment

Proposed amendments are as follows.

(Underlined parts are amended.)

Existing Articles of Incorporation	Proposed Amendments
<p>(Organ)</p> <p>Article 4 The Company shall have the following organs in addition to the General Meeting of Shareholders and Directors:</p> <p>(1) Board of Directors;</p> <p>(2) <u>Audit & Supervisory Board Members;</u></p> <p>(3) <u>Audit & Supervisory Board;</u> and</p> <p>(4) Accounting Auditor</p>	<p>(Organ)</p> <p>Article 4 The Company shall have the following organs in addition to the General Meeting of Shareholders and Directors:</p> <p>(1) Board of Directors;</p> <p>(2) <u>Audit & Supervisory Committee; and</u></p> <p><Deleted></p> <p>(3) Accounting Auditor</p>
<p>(Number of Directors)</p> <p>Article 18 The Company shall have no more than <u>twelve (12)</u> Directors.</p> <p><New></p>	<p>(Number of Directors)</p> <p>Article 18 The Company shall have no more than <u>nine (9) Directors (excluding Directors who are Audit & Supervisory Committee Members).</u></p> <p>2) <u>The Company shall have no more than five (5) Directors who are Audit & Supervisory Committee Members.</u></p>
<p>(Election of Directors)</p> <p>Article 19 Directors shall be elected by resolution of a General Meeting of Shareholders.</p> <p>2) <Omitted></p> <p>3) <Omitted></p>	<p>(Election of Directors)</p> <p>Article 19 Directors shall be elected by resolution of a General Meeting of Shareholders <u>by distinguishing Directors who are Audit & Supervisory Committee Member and other Directors.</u></p> <p>2) <Unchanged></p> <p>3) <Unchanged></p>
<p>(Term of Office of Directors)</p> <p>Article 20 The term of office of Directors shall expire upon conclusion of the Ordinary General Meeting of Shareholders held regarding the last business year ending within one (1) year after their election.</p> <p><New></p>	<p>(Term of Office of Directors)</p> <p>Article 20 The term of office of Directors <u>(excluding Directors who are Audit & Supervisory Committee Members)</u> shall expire upon conclusion of the Ordinary General Meeting of Shareholders held regarding the last business year ending within one (1) year after their election.</p> <p>2) <u>The term of office of Directors who are Audit & Supervisory Committee Members shall expire upon conclusion of the Ordinary General Meeting of Shareholders held regarding the last business year ending within two (2) years after their election.</u></p>

Existing Articles of Incorporation	Proposed Amendments
<p>(Representative Directors)</p> <p>Article 21 The Company shall elect Representative Directors by resolution of the Board of Directors.</p>	<p>(Representative Directors)</p> <p>Article 21 The Company shall elect Representative Directors by resolution of the Board of Directors <u>from among Directors who are not Audit & Supervisory Committee Members.</u></p>
<p>(Directors with Specific Titles)</p> <p>Article 22 The Company may elect, by resolution of the Board of Directors, one Director and Chairman, one Director and President and a certain number of Directors and Executive Vice Presidents.</p>	<p>(Directors with Specific Titles)</p> <p>Article 22 The Company may elect, by resolution of the Board of Directors, one Director and Chairman, one Director and President and a certain number of Directors and Executive Vice Presidents, <u>from among Directors who are not Audit & Supervisory Committee Members.</u></p>
<p>(Board of Directors)</p> <p>Article 23 <Omitted></p> <p>2) <u>Audit & Supervisory Board Members must attend meetings of the Board of Directors. In such cases, the Audit & Supervisory Board Members must express opinions where necessary.</u></p> <p>3) When convening a Board of Directors' meeting, a notice shall be given to each Director <u>and each Audit & Supervisor Board Member</u> at least three (3) days before the date of such meeting; provided, however, that such period may be shortened in case of an emergency.</p> <p>4) <Omitted></p>	<p>(Board of Directors)</p> <p>Article 23 <Unchanged> <Deleted></p> <p>2) When convening a Board of Directors' meeting, a notice shall be given to each Director at least three (3) days before the date of such meeting; provided, however, that such period may be shortened in case of an emergency.</p> <p>3) <Unchanged></p>
<p><New></p>	<p><u>(Delegation of Decisions on Business Execution)</u></p> <p>Article 24 In accordance with the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may, by resolution of the Board of Directors, <u>delegate the decision on important business execution (excluding matters listed in each item of Paragraph 5 of the same Article) to Directors in whole or in part.</u></p>

Existing Articles of Incorporation	Proposed Amendments
<p>(Omission of Resolutions of the Board of Directors)</p> <p>Article <u>24</u> The Company shall deem that a resolution was passed for a proposal to be resolved by the Board of Directors if all Directors (but limited to those who may participate in the voting for such proposal) give consent to such proposal in writing or through electromagnetic records; <u>provided, however, that this may not apply if any Audit & Supervisory Board Member expresses his or her objection thereto.</u></p>	<p>(Omission of Resolutions of the Board of Directors)</p> <p>Article <u>25</u> The Company shall deem that a resolution was passed for a proposal to be resolved by the Board of Directors if all Directors (but limited to those who may participate in the voting for such proposal) give consent to such proposal in writing or through electromagnetic records.</p>
<p>(Compensation, etc. for Directors)</p> <p>Article <u>25</u> Compensation, etc. for Directors shall be determined by resolution of a General Meeting of Shareholders.</p>	<p>(Compensation, etc. for Directors)</p> <p>Article <u>26</u> Compensation, etc. for Directors shall be determined by resolution of a General Meeting of Shareholders <u>by distinguishing the Directors who are Audit & Supervisory Committee Member and other Directors.</u></p>
<p>(Exemption from Liabilities of Directors)</p> <p>Article <u>26</u> <Omitted></p>	<p>(Exemption from Liabilities of Directors)</p> <p>Article <u>27</u> <Unchanged></p>
<p><New></p>	<p>(Nomination and Compensation Committee)</p> <p>Article <u>28</u> The Company shall establish a <u>Nomination and Compensation Committee as an advisory body to the Board of Directors.</u></p> <p>2) <u>The Board of Directors shall respect the opinions of the Nomination and Compensation Committee and determine the content of the proposals on the election, dismissal, and compensation, etc. of the Directors of the Company.</u></p> <p>3) <u>Matters related to the Nomination and Compensation Committee shall be governed by the Rules of the Nomination and Compensation Committee, as determined by the Board of Directors.</u></p>

SECTION 5 <u>AUDIT & SUPERVISORY BOARD MEMBER/AUDIT & SUPERVISORY BOARD</u>	SECTION 5 <u>AUDIT & SUPERVISORY COMMITTEE</u>
<p><u>(Number of Audit & Supervisory Board Members)</u></p> <p><u>Article 27 The Company shall have no more than six (6) Audit & Supervisory Board Members.</u></p>	<Deleted>
<p><u>(Election of Audit & Supervisory Board Members)</u></p> <p><u>Article 28 Audit & Supervisory Board Members shall be elected by resolution of a General Meeting of Shareholders.</u></p> <p>2) <u>The resolution for the election in the preceding paragraph shall be made at a General Meeting of Shareholders by a majority of the votes of attending shareholders who hold one-third (1/3) or more of the voting rights of shareholders entitled to the exercise of voting rights.</u></p>	<Deleted>
<p><u>(Term of Office of Audit & Supervisory Board Members)</u></p> <p><u>Article 29 The term of office of Audit & Supervisory Board Members shall expire upon conclusion of the Ordinary General Meeting of Shareholders held regarding the last business year ending within four (4) years after their election.</u></p>	<Deleted>
<p><u>(Audit & Supervisory Board)</u></p> <p><u>Article 31 The Audit & Supervisory Board of the Company shall comprise all Audit & Supervisory Board Members.</u></p> <p>2) When convening an <u>Audit & Supervisory Board</u> meeting, a notice shall be given to <u>each Audit & Supervisory Board Member</u> at least three (3) days before the date of such meeting; provided, however, that such period may be shortened in case of an emergency.</p> <p>3) Matters related to the <u>Audit & Supervisory Board</u> shall be governed by the <u>Rules of the Audit & Supervisory Board</u>, as determined by the <u>Audit & Supervisory Board</u>.</p>	<p><u>(Audit & Supervisory Committee)</u></p> <p><u>Article 29 The Audit & Supervisory Committee of the Company shall comprise all Audit & Supervisory Committee Members.</u></p> <p>2) When convening an <u>Audit & Supervisory Committee</u> meeting, a notice shall be given to <u>each Audit & Supervisory Committee Member</u> at least three (3) days before the date of such meeting; provided, however, that such period may be shortened in case of an emergency.</p> <p>3) Matters related to the <u>Audit & Supervisory Committee</u> shall be governed by the <u>Rules of the Audit & Supervisory Committee</u>, as determined by the <u>Audit & Supervisory Committee</u>.</p>

Existing Articles of Incorporation	Proposed Amendments
<p>(<u>Full-time Audit & Supervisory Board Members</u>)</p> <p>Article 30 The <u>Audit & Supervisory Board</u> shall elect full-time <u>Audit & Supervisory Board Members</u> from among the <u>Audit & Supervisory Board Members</u>.</p>	<p>(<u>Full-time Audit & Supervisory Committee Members</u>)</p> <p>Article 30 The <u>Audit & Supervisory Committee</u> shall elect <u>by resolution</u> full-time <u>Audit & Supervisory Committee Members</u> from among the <u>Audit & Supervisory Committee Members</u>.</p>
<p>(Compensation, etc. for Audit & Supervisory Board Members)</p> <p>Article 32 Compensation, etc. for Audit & Supervisory Board Members shall be determined by resolution of a General Meeting of Shareholders.</p>	<Deleted>
<p>(<u>Exemption from Liabilities of Audit & Supervisory Board Members</u>)</p> <p>Article 33 In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may exempt from liabilities of Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) for compensation of damages under Article 423, Paragraph 1 of the Companies Act, to the extent permitted by laws and regulations, by resolution of the Board of Directors.</p> <p>2) In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements limiting liabilities for compensation of damages with Outside Audit & Supervisory Board Members under Article 423, Paragraph 1 of the Companies Act; provided, however, that the limit for liabilities under such an agreement shall be a pre-determined amount that is ¥10 million or more or an amount stipulated by laws and regulations.</p> <p>Article 34 to Article 37 <Omitted></p>	<p><Deleted></p> <p>Article 31 to Article 34 <Unchanged></p>

Existing Articles of Incorporation	Proposed Amendments
<New>	<p data-bbox="874 221 1291 248"><u>SUPPLEMENTARY PROVISIONS</u></p> <p data-bbox="805 282 1347 376"><u>(Transitional Measures concerning Exemption from Liabilities of Audit & Supervisory Board Members)</u></p> <p data-bbox="805 392 1359 965"><u>Article 1 In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may exempt from liabilities of Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) for compensation of damages under Article 423, Paragraph 1 of the Companies Act, arising from acts conducted prior to the partial amendments to the Articles of Incorporation to be resolved at the 16th Ordinary General Meeting of Shareholders and to become effective, to the extent permitted by laws and regulations, by resolution of the Board of Directors.</u></p> <p data-bbox="805 976 1359 1552"><u>Article 2 Agreements limiting the liability of Outside Audit & Supervisory Board Members (including former Outside Audit & Supervisory Board Members) for compensation of damages under Article 423, Paragraph 1 of the Companies Act, arising from acts conducted prior to the partial amendments to the Articles of Incorporation to be resolved at the 16th Ordinary General Meeting of Shareholders and to become effective, shall be based upon the provisions of Article 33, Paragraph 2 of the Articles of Incorporation prior to the partial amendments to be resolved at the same General Meeting of Shareholders.</u></p>

Proposal No.3: Election of Nine Directors Who Are Not Audit & Supervisory Committee Members

The Company will make a transition to a Company with an Audit & Supervisory Committee subject to approval and resolution of Proposal No.2: “Partial Amendments to the Articles of Incorporation.” The term of office of the twelve current Directors of the Company will expire at the conclusion of this General Meeting of Shareholders as provided in Article 20 of the Articles of Incorporation and due to the transition to a Company with an Audit & Supervisory Committee. Accordingly, the election of nine Directors who are not Audit & Supervisory Committee Members is proposed, separately from Directors who are Audit & Supervisory Committee Members.

The resolution of this proposal shall come into force subject to the amendments to the Articles of Incorporation pertaining to Proposal No.2 taking effect.

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

No.	Name		Current positions and responsibilities at the Company	Attendance to the Board of Directors’ meetings
1	Hirohisa Uehara	Reappointment	Representative Director and President	All 24 meetings
2	Kanaya Morinaka	New	Executive Vice President and Executive Officer In charge of Group Planning Department	—
3	Mitsuhiro Nagata	Reappointment	Director and Senior Managing Executive Officer In charge of Risk Control Department	All 24 meetings
4	Yoshihisa Tanaka	Reappointment	Director and Managing Executive Officer In charge of Group Finance & Accounting Department and Public Relations Department	All 19 meetings
5	Naoki Ohgo	Reappointment Outside Independent	Director	All 24 meetings
6	Kensaku Watanabe	New Outside Independent	—	—
7	Naoki Soejima	Reappointment	Director	All 19 meetings
8	Minoru Kudo	Reappointment	Director	All 24 meetings
9	Masafumi Itasaka	Reappointment	Director	All 24 meetings

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.

Note: No conflict of interest exists between the Company and the candidates above.

1.	Hirohisa Uehara (January 25, 1962)	Number of the Company's shares held: 40,800
Reappointment	Personal history, position, responsibilities and significant concurrent positions	
Attendance to the Board of Directors' meetings: All 24 meetings	APR 1984	Entered Taiyo Mutual Life Insurance Company
	FEB 2005	Director of T&D Asset Management Co., Ltd.
	APR 2011	Executive Officer of the Company
	APR 2012	Director of T&D Financial Life Insurance Company
	APR 2014	Executive Officer of Taiyo Life Insurance Company
	JUN 2014	Director and Executive Officer of Taiyo Life Insurance Company
	APR 2015	Director and Managing Executive Officer of Taiyo Life Insurance Company
	APR 2016	Director and Senior Executive Officer of Taiyo Life Insurance Company
	APR 2017	Director of Taiyo Life Insurance Company
	APR 2017	Executive Vice President, Executive Officer of the Company
	JUN 2017	Director of T&D Financial Life Insurance Company
	JUN 2017	Representative Director and Executive Vice President of the Company
	APR 2018	Representative Director and President of the Company (present)
	(Position and responsibilities)	
		Representative Director and President
	(Significant concurrent positions)	
		—
	(Reasons for selection as a candidate for Director who is not an Audit & Supervisory Committee Member)	
		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.

2.	Kanaya Morinaka (March 17, 1962)	Number of the Company's shares held: 21,800
New	Personal history, position, responsibilities and significant concurrent positions	
	APR 1984	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 2015	Director and Managing Executive Officer of Daido Life Insurance Company
	APR 2017	Director and Senior Managing Executive Officer of Daido Life Insurance Company
	JUN 2019	Representative Director and Senior Managing Executive Officer of Daido Life Insurance Company
	APR 2020	Director of Daido Life Insurance Company (present)
	APR 2020	Executive Vice President, Executive Officer of the Company (present)
	(Position and responsibilities)	
		Executive Vice President and Executive Officer In charge of Group Planning Department
	(Significant concurrent positions)	
		Director of Daido Life Insurance Company
	(Reasons for selection as a candidate for Director who is not an Audit & Supervisory Committee Member)	
		Mr. Kanaya Morinaka has operational experience within the Group including sales, products, planning and human resources. Mr. Kanaya Morinaka 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., including his experience at the Company in Group Planning.

3.	Mitsuhiro Nagata (December 27, 1962)	Number of the Company's shares held: 19,700
Reappointment Attendance to the Board of Directors' meetings: All 24 meetings Tenure as Director: 2 years (at the conclusion of this General Meeting of Shareholders)	Personal history, position, responsibilities and significant concurrent positions	
	APR 1985	Entered Daido Mutual Life Insurance Company
	APR 2011	Executive Officer of Daido Life Insurance Company
	APR 2015	Managing Executive Officer of Daido Life Insurance Company
	JUN 2015	Director and Managing Executive Officer of Daido Life Insurance Company
	APR 2017	Managing Executive Officer of the Company
	APR 2018	Director of Daido Life Insurance Company
	APR 2018	Senior Managing Executive Officer of the Company
	JUN 2018	Director of T&D Financial Life Insurance Company (present)
	JUN 2018	Director and Senior Managing Executive Officer of the Company (present)
	JUL 2019	Director of T&D United Capital Co., Ltd.
	APR 2020	Director and Senior Managing Executive Officer of Daido Life Insurance Company (present)
	(Position and responsibilities)	
		Director and Senior Managing Executive Officer In charge of Risk Control Department
	(Significant concurrent positions)	
		Director and Senior Managing Executive Officer of Daido Life Insurance Company Director of T&D Financial Life Insurance Company
	(Reasons for selection as a candidate for Director who is not an Audit & Supervisory Committee Member)	
		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.

4.	Yoshihisa Tanaka (April 11, 1962)	Number of the Company's shares held: 5,630
Reappointment	Personal history, position, responsibilities and significant concurrent positions	
	NOV 1989	Entered Taiyo Mutual Life Insurance Company
Attendance to the Board of Directors' meetings:	APR 2014	Director of T&D Financial Life Insurance Company
All 19 meetings	APR 2014	Director of T&D Asset Management Co., Ltd.
	APR 2015	Executive Officer of the Company
	APR 2019	Managing Executive Officer of the Company
Tenure as Director:	APR 2019	Director of Pet & Family Insurance Co., Ltd.
1 year	JUN 2019	Director of T&D Financial Life Insurance Company (present)
(at the conclusion of this General Meeting of Shareholders)	JUN 2019	Director of Taiyo Life Insurance Company (present)
	JUN 2019	Director and Managing Executive Officer of the Company (present)
	JUL 2019	Director of T&D United Capital Co., Ltd. (present)
	(Position and responsibilities)	
		Director and Managing Executive Officer In charge of Group Finance & Accounting Department and Public Relations Department
	(Significant concurrent positions)	
		Director of Taiyo Life Insurance Company Director of T&D Financial Life Insurance Company Director of T&D United Capital Co., Ltd.
	(Reasons for selection as a candidate for Director who is not an Audit & Supervisory Committee Member)	
		Mr. Yoshihisa Tanaka has operational experience within the Group including asset management and public relations. Mr. Yoshihisa Tanaka 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, Group Finance & Accounting and Public Relations.

5.	Naoki Ohgo (April 27, 1962)	Number of the Company's shares held: 1,300
Reappointment Outside Independent Attendance to the Board of Directors' meetings: All 24 meetings Tenure as Director: 3 years (at the conclusion of this General Meeting of Shareholders)	Personal history, position, responsibilities and significant concurrent positions	
	APR 1985	Entered McKinsey Japan
	JUL 1999	Partner of McKinsey Japan
	JUL 2005	Executive Officer of GE Consumer Finance K.K. (current Shinsei Financial Co., Ltd.)
	AUG 2008	Representative Director of Root F Co., Ltd. (present)
	JUN 2014	Director of Orient Corporation (present)
	JUN 2017	Director of the Company (present)
	(Position and responsibilities)	
		Director
	(Significant concurrent positions)	
		Representative Director of Root F Co., Ltd. Director of Orient Corporation
	(Reasons for selection as a candidate for Outside Director who is not an Audit & Supervisory Committee Member)	
		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.

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.

6.	Kensaku Watanabe (February 17, 1971)	Number of the Company's shares held: 0
New Outside Independent	Personal history, position, responsibilities and significant concurrent positions	
	MAR 1997	Registered as an Attorney
	JUN 2016	Audit & Supervisory Board Member of T&D Financial Life Insurance Company (present)
	(Significant concurrent positions)	
		Attorney Audit & Supervisory Board Member of T&D Financial Life Insurance Company
	(Reasons for selection as a candidate for Outside Director who is not an Audit & Supervisory Committee Member)	
		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 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.

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. If his election is approved as proposed, the Company will register Mr. Kensaku Watanabe as an independent director/auditor without potential conflict of interests with general shareholders to the Tokyo Stock Exchange, Inc. In addition, Mr. Kensaku Watanabe meets the independence criteria for Outside Directors/Auditors prescribed by the Company.
2. 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 the election of Mr. Kensaku Watanabe is approved, the Company will enter into the liability limitation agreement with him.
3. Mr. Kensaku Watanabe is scheduled to retire from the office of Audit & Supervisory Board Member of T&D Financial Life Insurance Company on June 19, 2020.

7.	Naoki Soejima (November 20, 1958)	Number of the Company's shares held: 16,810
Reappointment	Personal history, position, responsibilities and significant concurrent positions	
	APR 1981	Entered Taiyo Mutual Life Insurance Company
Attendance to the Board of Directors' meetings:	APR 2009	Executive Officer of Taiyo Life Insurance Company
	APR 2011	Managing Executive Officer of Taiyo Life Insurance Company
All 19 meetings	JUN 2011	Director and Managing Executive Officer of Taiyo Life Insurance Company
	APR 2014	Representative Director and Senior Executive Officer of Taiyo Life Insurance Company
Tenure as Director:	APR 2016	Representative Director and Executive Vice President of Taiyo Life Insurance Company
1 year (at the conclusion of this General Meeting of Shareholders)	APR 2019	Representative Director and President of Taiyo Life Insurance Company (present)
	JUN 2019	Director of the Company (present)
	(Position and responsibilities)	
		Director
	(Significant concurrent positions)	
		Representative Director and President of Taiyo Life Insurance Company
	(Reasons for selection as a candidate for Director who is not an Audit & Supervisory Committee Member)	
		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.

8.	Minoru Kudo (May 18, 1955)	Number of the Company's shares held: 47,400
Reappointment	Personal history, position, responsibilities and significant concurrent positions	
Attendance to the Board of Directors' meetings: All 24 meetings	APR 1978	Entered Daido Mutual Life Insurance Company
	JUN 2005	Director of Daido Life Insurance Company
	JUN 2006	Executive Officer of Daido Life Insurance Company
	APR 2008	Managing Executive Officer of Daido Life Insurance Company
	JUN 2009	Director and Managing Executive Officer of Daido Life Insurance Company
	APR 2011	Director and Senior Executive Officer of Daido Life Insurance Company
	APR 2014	Representative Director and Executive Vice President of Daido Life Insurance Company
	APR 2015	President and Representative Director of Daido Life Insurance Company (present)
	JUN 2015	Director of the Company (present)
	(Position and responsibilities)	
Tenure as Director: 5 years (at the conclusion of this General Meeting of Shareholders)		Director
	(Significant concurrent positions)	
		President and Representative Director of Daido Life Insurance Company Corporate Auditor of Ezaki Glico Co., Ltd.
	(Reasons for selection as a candidate for Director who is not an Audit & Supervisory Committee Member)	
		Mr. Minoru Kudo has operational experience within the Group including products, sales and planning. He currently serves as Representative Director and President of Daido Life Insurance Company. In addition, he currently assumes the office of Director of the Company. Mr. Minoru Kudo 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.

9.	Masafumi Itasaka (October 25, 1963)	Number of the Company's shares held: 5,000
Reappointment	Personal history, position, responsibilities and significant concurrent positions	
Attendance to the Board of Directors' meetings: All 24 meetings	JUN 2004	Entered Daido Life Insurance Company
	APR 2011	Executive Officer of T&D Financial Life Insurance Company
	APR 2015	Managing Executive Officer of T&D Financial Life Insurance Company
	JUN 2015	Director and Managing Executive Officer of T&D Financial Life Insurance Company
	APR 2017	Representative Director and President of T&D Financial Life Insurance Company (present)
Tenure as Director: 3 years (at the conclusion of this General Meeting of Shareholders)	JUN 2017	Director of the Company (present)
	(Position and responsibilities)	
		Director
	(Significant concurrent positions)	
		Representative Director and President of T&D Financial Life Insurance Company
	(Reasons for selection as a candidate for Director who is not an Audit & Supervisory Committee Member)	
		Mr. Masafumi Itasaka has operational experience within the Group including products and sales. He is currently serving as Representative Director and President of T&D Financial Life Insurance Company. Also, he currently assumes the office of Director of the Company. Mr. Masafumi Itasaka 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.

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Proposal No.4: Election of Five Directors Who Are Audit & Supervisory Committee Members

The Company will make a transition to a Company with an Audit & Supervisory Committee subject to approval and resolution of Proposal No.2: “Partial Amendments to the Articles of Incorporation.” Accordingly, the election of five Directors who are Audit & Supervisory Committee Members is proposed, separately from Directors who are not Audit & Supervisory Committee Members.

The resolution of this proposal shall come into force subject to the amendments to the Articles of Incorporation pertaining to Proposal No.2 taking effect.

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

The candidates for Director who are Audit & Supervisory Committee Members are as follows:

No.	Name		Current positions and responsibilities at the Company	Attendance to the Board of Directors' meetings	Attendance to the Audit & Supervisory Board meetings
1	Junichi Yanai	New	Full-time Audit & Supervisory Board Member	All 24 meetings	All 19 meetings
2	Yasuo Teraoka	New	Full-time Audit & Supervisory Board Member	All 24 meetings	All 19 meetings
3*	Haruka Matsuyama	New Outside Independent	Director	23 of 24 meetings	—
4	Seiji Higaki	New Outside Independent	Director	All 24 meetings	—
5	Shinnosuke Yamada	New Outside Independent	—	—	—

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.

*Female candidate for Director

Note: No conflict of interest exists between the Company and the candidates above.

1.	Junichi Yanai (March 3, 1961)	Number of the Company's shares held: 5,600
New	Personal history, position, responsibilities and significant concurrent positions	
Attendance to the Board of Directors' meetings:	APR 1984	Entered Taiyo Mutual Life Insurance Company
	JUN 2017	Audit & Supervisory Board Member of Taiyo Life Insurance Company (present)
All 24 meetings	JUN 2017	Full-time Audit & Supervisory Board Member of the Company (present)
	(Position and responsibilities)	
	Full-time Audit & Supervisory Board Member	
Attendance to the Audit & Supervisory Board meetings:	(Significant concurrent positions)	
All 19 meetings	Audit & Supervisory Board Member of Taiyo Life Insurance Company	
	(Reasons for selection as a candidate for Director who is an Audit & Supervisory Committee Member)	
Tenure as Audit & Supervisory Board Member: 3 years (at the conclusion of this General Meeting of Shareholders)	Mr. Junichi Yanai has considerable expertise in finance and accounting, along with his operational experience in asset management and planning, etc., at a life insurance subsidiary of the Group. Mr. Junichi Yanai is proposed as a candidate for Director who is an Audit & Supervisory Committee Member, as he is expected 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, leveraging his wealth of knowledge and experience relating to the operations of insurance holding companies, insurance companies, etc., including audit work as a full-time Audit & Supervisory Board Member at the Company.	

2.	Yasuo Teraoka (July 6, 1960)	Number of the Company's shares held: 20,600
New	Personal history, position, responsibilities and significant concurrent positions	
Attendance to the Board of Directors' meetings: All 24 meetings	OCT 2000	Entered Daido Mutual Life Insurance Company
	APR 2013	Executive Officer of Daido Life Insurance Company
	APR 2015	Executive Officer of the Company
	JUN 2018	Audit & Supervisory Board Member of Daido Life Insurance Company (present)
	JUN 2018	Full-time Audit & Supervisory Board Member of the Company (present)
Attendance to the Audit & Supervisory Board meetings: All 19 meetings	JUL 2019	Audit & Supervisory Board Member of T&D United Capital Co., Ltd. (present)
	(Position and responsibilities)	
		Full-time Audit & Supervisory Board Member
Tenure as Audit & Supervisory Board Member: 2 years (at the conclusion of this General Meeting of Shareholders)	(Significant concurrent positions)	
		Audit & Supervisory Board Member of Daido Life Insurance Company Audit & Supervisory Board Member of T&D United Capital Co., Ltd.
	(Reasons for selection as a candidate for Director who is an Audit & Supervisory Committee Member)	
		Mr. Yasuo Teraoka has considerable expertise in finance and accounting, along with his operational experience in asset management and business investment, etc., at a life insurance subsidiary of the Group. Mr. Yasuo Teraoka is proposed as a candidate for Director who is an Audit & Supervisory Committee Member, as he is expected 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, leveraging his wealth of knowledge and experience relating to the operations of insurance holding companies, insurance companies, etc., including experience in Business Investment and audit work as a full-time Audit & Supervisory Board Member at the Company.

3.	Haruka Matsuyama (August 22, 1967) *Ms. Matsuyama uses this name as a matter of duty. Ms. Haruka Kato is her name in the family registers.	Number of the Company's shares held: 2,800
New Outside Independent Attendance to the Board of Directors' meetings: 23/24 Tenure as Director: 7 years (at the conclusion of this General Meeting of Shareholders)	Personal history, position, responsibilities and significant concurrent positions	
	APR 1995	Assistant Judge to the Tokyo District Court
	JUL 2000	Registered as an Attorney
	JUN 2013	Director of the Company (present)
	(Position and responsibilities)	
		Director
	(Significant concurrent positions)	
		Attorney Audit & Supervisory Board Member of MITSUI & CO., LTD. Director of Mitsubishi UFJ Financial Group, Inc. Director of Restar Holdings Corporation
	(Reasons for selection as a candidate for Outside Director who is an Audit & Supervisory Committee Member)	
		Ms. Haruka Matsuyama has sophisticated expertise and extensive insight as an attorney at law specialized in corporate legal affairs. Ms. Haruka Matsuyama is proposed as a candidate for Outside Director who is an Audit & Supervisory Committee Member because she can be expected to capitalize on this knowledge and experience to serve her 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 Ms. Haruka Matsuyama has not been engaged in corporate management other than as an outside director or outside audit & supervisory board member, the Company believes that she can perform her duties appropriately as an Outside Director who is an Audit & Supervisory Committee Member for the reasons above.

Notes:

- Ms. Haruka Matsuyama 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, Ms. Haruka Matsuyama meets the independence criteria for Outside Directors/Auditors prescribed by the Company.
The Company was in a contractual relationship from November 29, 2011 to June 30, 2012 based on a legal consultant services agreement with HIBIYA PARK LAW OFFICES, in which Ms. Haruka Matsuyama currently serves as a partner, and paid an amount less than ¥5 million thereto as compensation according to the agreement. However, such transaction does not have any impact on her independence as an Outside Director, since she meets the independence criteria of the Company.
- The Company now has an agreement with Ms. Haruka Matsuyama that liabilities which may be claimed against 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 the election of Ms. Haruka Matsuyama is approved, the Company will continue the liability limitation agreement with her.

4.	Seiji Higaki (May 25, 1951)	Number of the Company's shares held: 700
New Outside Independent Attendance to the Board of Directors' meetings: All 24 meetings Tenure as Director: 2 years (at the conclusion of this General Meeting of Shareholders)	Personal history, position, responsibilities and significant concurrent positions	
	APR 1975	Entered The Daiwa Bank, Ltd.
	JUN 2003	Executive Officer of Resona Bank, Ltd.
	JUN 2005	Executive Officer of Resona Holdings, Inc.
	JUN 2006	Director of Resona Holdings, Inc.
	JUN 2007	Director, President and Representative Executive Officer of Resona Holdings, Inc.
	APR 2009	Representative Director and Executive Officer of Resona Bank, Ltd.
	JUN 2011	Deputy Chairman and Director of Resona Bank, Ltd. (Retired in March 2013)
	APR 2013	Director of Resona Holdings, Inc. (Retired in June 2013)
	JUN 2013	Chairman of Resona Research Institute Co., Ltd. (Retired in June 2015)
	JUN 2018	Director of the Company (present)
	(Position and responsibilities)	
		Director
	(Significant concurrent positions)	
		—
	(Reasons for selection as a candidate for Outside Director who is an Audit & Supervisory Committee Member)	
		Having served as Director, President and Representative Executive Officer of a bank holding company and Representative Director and Executive Officer of a bank, Mr. Seiji Higaki has a wealth of knowledge and experience in corporate management. Mr. Seiji Higaki is proposed as a candidate for Outside 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.

Notes:

1. Mr. Seiji Higaki 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. Seiji Higaki meets the independence criteria for Outside Directors/Auditors prescribed by the Company.
2. The Company has an agreement with Mr. Seiji Higaki 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 the election of Mr. Seiji Higaki is approved, the Company will continue the liability limitation agreement with him.

5.	Shinnosuke Yamada (February 20, 1956)	Number of the Company's shares held: 0
New Outside Independent	Personal history, position, responsibilities and significant concurrent positions	
	MAR 1987	Registered as a certified public accountant
	JUL 2010	Partner of KPMG AZSA LLC
	JUL 2010	Executive Board Member of the Japanese Institute of Certified Public Accountant
	(Significant concurrent positions)	
		Certified public accountant
	(Reasons for selection as a candidate for Outside Director who is an Audit & Supervisory Committee Member)	
	<p>Mr. Shinnosuke Yamada has sophisticated expertise and extensive insight as a certified public accountant. Mr. Shinnosuke Yamada is proposed as a candidate for Outside 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.</p> <p>Although Mr. Shinnosuke Yamada has not been engaged in corporate management, the Company believes that he can perform his duties appropriately as an Outside Director who is an Audit & Supervisory Committee Member for the reasons above.</p>	

Notes:

1. Mr. Shinnosuke Yamada 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 election is approved as proposed, 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. Shinnosuke Yamada meets the independence criteria for Outside Directors/Auditors prescribed by the Company.
2. 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 the election of Mr. Shinnosuke Yamada is approved, the Company will enter into the liability limitation agreement with him.

Proposal No.5: Election of One Alternate Director Who Is an Audit & Supervisory Committee Member

The Company will make a transition to a Company with an Audit & Supervisory Committee subject to approval and resolution of Proposal No.2: “Partial Amendments to the Articles of Incorporation.” Accordingly, 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 resolution of this proposal shall come into force subject to the amendments to the Articles of Incorporation pertaining to Proposal No.2 taking effect. 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 Board has previously given its approval to this proposal.

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

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		
(Significant concurrent positions)			
	Attorney		
(Reasons for selection as a candidate for Alternate Outside Director who is an Audit & Supervisory Committee Member)			
	<p>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 Outside 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.</p> <p>Although Mr. Yuichiro Shimma has not been engaged in corporate management, 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.</p>		

Notes:

1. No conflict of 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 election 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 the election of Mr. Yuichiro Shimma is approved and he assumes office of Director who is an Audit & Supervisory Committee Member, the Company will enter into the liability limitation agreement with him.
4. Mr. Yuichiro Shimma is scheduled to assume office of Audit & Supervisory Board Member of T&D Financial Life Insurance Company on June 19, 2020.

(Reference)

In making a transition to a Company with an Audit & Supervisory Committee, the following policy and criteria shall apply mutatis mutandis with replacement of terms* for election of the candidates who are proposed to be elected in Proposals No.3, No.4 and No.5.

* “Director” will be replaced with “Director who is not an Audit & Supervisory Committee Member” and “Audit & Supervisory Board Member” will be replaced with “Director who is an Audit & Supervisory Committee Member.”

Basic Policy on Corporate Governance of T&D Holdings, Inc. (as of March 31, 2020)

(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 Board Members)

Article 11

The Board of Directors shall discuss candidates for audit & supervisory board members in the Nomination and Compensation Committee. After obtaining the consent of the Audit & Supervisory Board, 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 board 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 and Audit & Supervisory Board Members)

Article 13

The Company shall appoint candidates for outside director and outside audit & supervisory board member 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 or audit & supervisory board member.

Proposal No.6: Setting of the Amount of Compensation, etc. for Directors Who Are Not Audit & Supervisory Committee Members

Amount of compensation, etc. for Directors of the Company was approved at ¥500 million or less per annum (including ¥40 million or less for Outside Directors) at the 13th Ordinary General Meeting of Shareholders held on June 28, 2017.

Meanwhile, the Company will make a transition to a Company with an Audit & Supervisory Committee, subject to approval and resolution of Proposal No.2: “Partial Amendments to the Articles of Incorporation.”

Accordingly, the Company proposes to replace the current amount of compensation, etc. for Directors with the amount of compensation, etc. for Directors who are not Audit & Supervisory Committee Members at ¥450 million or less per annum (including ¥40 million or less per annum for Outside Directors), in consideration of duties of Directors who are not Audit & Supervisory Committee Members and various circumstances including recent economic conditions.

The amount of compensation, etc. for Directors who are not Audit & Supervisory Committee Members will not include the portion of the employee salaries for Directors concurrently serving as employees, as before.

Currently, the Company has twelve Directors (including three Outside Directors). If Proposals No.2 and No.3 are approved and resolved as proposed, there will be nine Directors who are not Audit & Supervisory Committee Members (including two Outside Directors).

Resolution of this proposal shall come into force subject to the Proposal No.2 taking effect.

Proposal No.7: Setting of the Amount of Compensation, etc. for Directors Who Are Audit & Supervisory Committee Members

The Company will make a transition to a Company with an Audit & Supervisory Committee, subject to approval and resolution of Proposal No.2: “Partial Amendments to the Articles of Incorporation.”

Accordingly, the Company proposes to set the amount of compensation, etc. for Directors who are Audit & Supervisory Committee Members at ¥150 million or less per annum, in consideration of duties of Directors who are Audit & Supervisory Committee Members and various circumstances including recent economic conditions.

There will be five Directors who are Audit & Supervisory Committee Members with respect to this proposal if Proposal No.2 and Proposal No.4: “Election of Five Directors Who Are Audit & Supervisory Committee Members” are approved and resolved as proposed.

Resolution of this proposal shall come into force subject to Proposal No.2 taking effect.

Proposal No.8: Determination of the Amounts and the Details of the Stock-based Compensation for Directors Who Are Not Audit & Supervisory Committee Members

In conjunction with the Company's transition to a Company with an Audit & Supervisory Committee, the Company proposes to establish a stock-based compensation system for Directors who are not Audit & Supervisory Committee Members and executive officers. The system is, in effect, the same as the stock-based compensation system, which was approved at the 14th Ordinary General Meeting of Shareholders held on June 27, 2018.

1. Reason for the proposal

The Company will make a transition to a Company with an Audit & Supervisory Committee on the condition that Proposal No.2: "Partial Amendments to the Articles of Incorporation" is approved and becomes effective. This proposal asks for approval to replace the current stock-based compensation system that applies to Directors (excluding those who are part-time, and non-residents in Japan, including Outside Directors) and executive officers (excluding those who are non-residents in Japan) of the Company with a new stock-based compensation system (the "System"), which will apply to Directors who are not Audit & Supervisory Committee Members (excluding those who are part-time, and non-residents in Japan, including Outside Directors; hereinafter the same shall apply throughout this proposal) and executive officers (excluding those who are non-residents in Japan; referred to as "Executive Officers"; together with Directors who are not Audit & Supervisory Committee Members, referred to as "Executives") of the Company.

If Proposal No.3, "Election of Nine Directors Who Are Not Audit & Supervisory Committee Members," is approved and resolved as proposed, the number of Directors who are not Audit & Supervisory Committee Members applicable under the System will be four (there are six other Executive Officers not serving concurrently as directors).

The proposal asks for approval for the payment of stock-based compensation, separately from the compensation limit as proposed in Proposal No.6, "Setting of the Amount of Compensation, etc. for Directors Who Are Not Audit & Supervisory Committee Members."

The resolution of this proposal shall come into force subject to the amendments to the Articles of Incorporation pertaining to Proposal No.2 taking effect.

2. Amounts and details of compensation, etc. under the System

(1) Overview of the System

The System is a stock-based compensation system under which the Company's shares will be obtained through a trust using the compensation amounts of Executives contributed by the Company, and grants/provides ("Delivery") the Company's shares and cash equivalent to the amount obtained by converting a part of the shares into cash ("Stock Compensation") to Executives (See (2) onward for the details.)

(i) Persons eligible for the Delivery of the Stock Compensation under the System	· Directors who are not Audit & Supervisory Committee Members (excluding those who are part-time, and non-residents in Japan, including Outside Directors) and Executive Officers (excluding those who are non-residents in Japan) of the Company
(ii) The effect of the Company's shares covered by the System on the total number of the Company's shares issued	
Upper limit of the funds to be contributed by the Company (as specified in (2) below)	· Total of ¥500 million over a period of three fiscal years
Method of acquisition of the Company's shares (as specified in (2) below) and the upper limit of the number of the Stock Compensation to be acquired by Executives (as specified in (3) below)	<ul style="list-style-type: none"> · Acquisition of the Company's shares from the Company (disposal of treasury shares) or from the stock market is planned · The upper limit of the number of points to be awarded to Executives will be 215,000 points per fiscal year · The number of the shares equivalent to the upper limit of the number of points to be awarded to Executives per fiscal year accounts for approximately 0.04% of the total number of the Company's shares issued (as of March 31, 2020, after deducting treasury shares)
(iii) Timing of the Delivery of the Stock Compensation to Executives (as specified in (4) below)	· At the time of retirement of Executives

(2) Upper limit of the funds to be contributed by the Company and method of acquisition of the Company's shares

The period covered by the System will be three consecutive fiscal years (initially from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021, and the subsequent three fiscal years, if the trust period is extended in the following manner; referred to as the "Applicable Period").

The Company will contribute funds up to a total of ¥500 million for each Applicable Period as compensation for Executives and establish a trust (referred to as the "Trust") with a trust period of three years (including the extension of the trust period, as specified in the third paragraph of (2); hereinafter the same shall apply) wherein Directors who meet the beneficiary requirements will be the beneficiaries. The Trust will acquire the Company's shares from the Company (disposal of treasury shares) or the stock market using the trust funds in accordance with the instructions of the Trust administrator. During the trust period, the Company will award points to Executives (as specified in (3) below), and the Trust will conduct Delivery of the Stock Compensation.

If the Trust is extended by modifying the Trust Agreement and entrusting additional funds, in lieu of creating a new Trust, at the expiry of the trust period, its extension shall be resolved by the Board of Directors within the range approved by the General Meeting of Shareholders. In such case, the trust period will be extended for the same period as the initial trust period, and the three fiscal years after the extension of the trust period will be the Applicable Period. For each extended trust period, the Company will contribute additional funds up to a total of ¥500 million. During the extended trust period, the Company will continue to award points to Executives and during the extended trust period, the Trust will continue to make Delivery of the Stock Compensation. Note, however, that, in making such additional contribution, if there

are the Company's shares acquired by the funds contributed by the Company remaining in the Trust assets on the last date of the trust period before the extension (excluding the shares applicable to points given to Executives but are yet to be used for Delivery) and cash (collectively "Remaining Shares"), the combined total of the value of the Remaining Shares and funds additionally contributed to the Trust will not exceed the upper limit of ¥500 million.

If, at the expiry of the trust period, Executives who may satisfy the beneficiary requirements are still in office, no points will be awarded to Executives from that time onward. However, the trust period may be extended until such time that the Delivery of the Stock Compensation to such Executives is complete, up to 10 years.

(3) Calculation formula and the upper limit of the Company's shares to be acquired by the Executives

The Company, in principle, will award, every June during the trust period, persons who served as Executives between July 1 of the previous year and the end of June of the same year (referred to as "Applicable Service Period"), specified numbers of points according to the number of months of service during the Applicable Service Period and their respective ranks. Delivery of Stock Compensation will be made to Executives at the time they retire (retirement includes loss of eligibility due to overseas posting of Executives; hereinafter the same shall apply), according to the total points they have earned up to that point (referred to as "Accumulated Points").

One point will correspond to a single share in the Company. However, if an event occurs for which adjustment in the point system is necessary to maintain fairness, such as a stock split or reverse split, during the trust period, the number of shares corresponding to one point will be adjusted reflecting the ratio of the split or reverse split.

The upper limit for the total number of points to be awarded to Executives per fiscal year will be 215,000.

(4) Timing of the Delivery of the Stock Compensation to Executives

Executives who fulfill the beneficiary requirements will, at the time of their retirement, receive the Delivery of the number of the Stock Compensation as calculated based on (3) above. At that time, such Executives will receive the delivery of the number of the stock compensation corresponding to 70% of the Accumulated Points they earned (shares of less than one trading unit will be rounded down) and cash in the amount the Trust obtains by converting the rest of the shares into cash.

If an Executive dies during the trust period, the heir to such an Executive will receive cash in the amount of the Company's shares corresponding to all of the Accumulated Points until that point after being converted from all applicable shares into cash within the Trust upon the person's death. If an Executive becomes a non-resident in Japan during the trust period as he/she is assigned overseas, such Executive will receive from the Trust the cash equivalent of the Company's shares corresponding to the number of total points earned up to that point after being converted from all applicable shares into cash.

(5) Exercise of voting rights for the Company's shares within the Trust

Voting rights for the Company's shares within the Trust will not be exercised over the trust period in order to maintain the System's neutrality to management.

(6) Handling of dividends from surplus on the Company's shares in the Trust

Dividends from surplus on the Company's shares in the Trust will be received by the Trust and used to pay trust management fees and expenses. If there are residual assets at the expiry of the Trust after they have been used to pay trust management fees and expenses, the amounts of such assets exceeding the reserve for trust expenses will be donated to entities in which the Company or Executives have no interest.

(7) Other details of the System

Other details concerning the System will be determined at a meeting of the Board of Directors when establishing the Trust, when modifying the trust contract, and when making additional contributions to the Trust.

[Reference] Stock-based compensation system for Executives of the three subsidiaries of the Company

A system similar has also been introduced in the three subsidiaries of the Company (Taiyo Life Insurance Company, Daido Life Insurance Company and T&D Financial Life Insurance Company; collectively referred to as "Applicable Subsidiaries") to compensate their directors (excluding those who are part-time, and non-residents in Japan, including outside directors) and executive officers (excluding non-residents in Japan; and together with directors of the Applicable Subsidiaries, referred to as "Applicable Subsidiary Executives.").

The upper limit of the funds to be contributed by the Applicable Subsidiaries as compensation to Applicable Subsidiary Executives will be a total ¥1,340 million for the three companies over a period of three fiscal years.

Furthermore, the upper limit of the number of points to be awarded to Applicable Subsidiary Executives will be a total of 575,000 points for the three companies per fiscal year.

(Attached Documents)

Business Report for Fiscal Year 2019

(From April 1, 2019 to March 31, 2020)

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 18 subsidiaries and 4 affiliated entities, and operates life insurance business as its core business.

Financial and economic environment

In fiscal 2019, the Japanese economy followed a mild recovery trend, backed by the effects of various economic measures and monetary policies, as seen in a moderate increase in personal consumption and a high level of corporate earnings, amid improvement in the employment and income environments. However, the Japanese economy took a steep downward turn in January due to the spread of COVID-19.

In the life insurance industry, performance of new policies fell year on year due to such factors as the discontinuation of some products after revisions to the tax handling of corporate policies in February 2019, and a decline in sales of foreign currency-denominated insurance due to lower interest rates overseas. In the asset management environment, stock prices rose in domestic markets backed by improvements to domestic corporate earnings, but fell dramatically towards the end of the fiscal year affected by COVID-19, and overseas interest rates also fell sharply due to an emergency interest-rate cut by the U.S. Federal Reserve Board (FRB). With regard to domestic interest rates, 10-year long-term government bond yields hovered extremely 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.

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 2019.

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) [note 1] 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 a challenging business environment in which super long-term interest rates have fallen significantly.

As a new initiative in fiscal 2019, in June 2019 the Group established the investment subsidiary T&D United Capital Co., Ltd. in order to build an effective and efficient investment structure aimed at diversifying the business portfolio for the entire Group. Through this company, in November we agreed to acquire a 25% stake in Fortitude Group Holdings, LLC, an insurance company specializing in closed book [note 2] business, from U.S.-based American International Group, Inc. (AIG). Through this deal, the Company positions the closed book business, where growth is expected, as a new business domain, and it will gain investment income as well as acquire and accumulate business expertise and pursue synergies with its domestic life insurance business.

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 11.47 million shares (roughly ¥13.0 billion) from May to June 2019. Additionally, in November 2019 the Company retired 22.0 million shares of treasury stock.

The Company gave due respect to the "Corporate Governance Code," 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.

We promote contributions to the Sustainable Development Goals (SDGs) as an initiative related to environment, society, and governance (ESG). In April 2019, we became a supporter of the TCFD [note 3] recommendations, and in September 2019 we disclosed climate-related financial information based on TCFD.

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 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, 2020)

Led by the Group-wide, customer-oriented philosophy, the Company has defined the "T&D Insurance Group's Basic Policies 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, based on their individual, unique business models, worked on various measures including the enhancement of their product lineups, the improvement of their customer services, and support for promotion of health.

(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. Taiyo Life and Daido Life 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. One of the Company's mainstay products is "Himawari Dementia Prevention Insurance," which not only provides security against dementia, but also supports customers from the prevention stage to avoid dementia in the first place. This product has broad support, especially among seniors. As of March 31, 2020, the Company has sold more than 560,000 policies for its dementia-related products ("Himawari Dementia Treatment Insurance," "Dementia Treatment Insurance," "Himawari Dementia Prevention Insurance," and "Whole Life Insurance with Increasing Dementia Treatment Benefit").

In July 2019, Daido Life responded to revisions to the tax handling of term insurance and other corporate policies by the National Tax Agency by launching "L-Type α " non-participating age maturity term insurance in which customers can designate reduction rate of surrender value, "J-Type α " non-participating critical illness insurance, and "T-Type α " non-participating disability protection insurance in order to further strengthen its "total coverage" which combines a death benefit and a benefit for incapacity to work, which we had been implementing. These are the industry's first "made-to-order" products, enabling customers to freely set the insurance amounts, insurance periods, and balance between insurance premiums and surrender value, in order to more flexibly respond to the increasingly diverse insurance needs of small- and medium-sized enterprises (SMEs).

T&D Financial Life is expanding its lineup of asset- and coverage-oriented products treated by financial institutions and insurance shop agents. In July 2019, the Company launched "Shogai Premium World 5," single premium whole life insurance that uses overseas interest and foreign exchange to prepare money to leave to one's family while also receiving money for one's own use. In October 2019, the Company launched "Five Ten World 2," a single premium individual annuity insurance that also provides the option of a "Nursing Care and Dementia Coverage Plan."

(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 "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. Additionally, utilizing the Dementia Supporter training course promoted by the Ministry of Health, Labour and Welfare, "Dementia Supporters" have been allocated on a company-wide basis to provide assistance to local dementia sufferers and their families based on accurate knowledge and understanding of dementia.

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. This initiative has been highly evaluated, and in November 2019, the call center staff won the "Minister of Internal Affairs and Communications Award" at the "58th National Convention for Telephone Response Contest" hosted by the Japan Telecom Users Association. The Company will continue its efforts to improve customer satisfaction, including developing and enhancing its call center response readiness.

In April 2019, T&D Financial Life signed an agreement with Legal-Support Adult Guardian Center ("Legal Support"), and launched the "Adult Guardianship Referral Service," which refers judicial scriveners recommended by Legal Support, who acts as legal-support intermediaries for customers wanting to consult regarding the adult guardian program or to use the program. It also launched the "Medical Certificate Acquisition Service," in which the company acquires medical

certificates as a proxy for customers who cannot visit medical institutions for health or other reasons, to ensure customers are able to claim insurance payments and benefits.

The Three Life Insurance Companies and Pet & Family Insurance Co., Ltd. are providing special handling of various policy procedures, in consideration of the status of the spread of COVID-19. Daido Life also offers telephone consultations and labor and social security attorney referrals relating to employment adjustment subsidies, which aim to support stable employment at SMEs. See the website of each company for details. Please refer to the contact information of each company with questions and specific procedures.

(Support for promotion of health)

Against the backdrop of social conditions in which the population is increasingly aging, 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 September 2019, it formed an alliance with Ajinomoto Co., Inc., SRL, Inc., and Selmesta Co., Ltd. for the prevention of the three major diseases, in order to contribute to the health of even more people. The partnership will conduct joint research aimed at developing new solutions that contribute to prevention, such as developing a new unified system of testing and insurance products from the perspective of prevention. Additionally, in April 2020 Taiyo Life established the Taiyo Life Aging Society Institute. The institute will conduct joint research on such topics as health and medical care with academic institutions and others, and will strive to contribute to society by broadly publishing its results.

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 4]” 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 5],” 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 “2020 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 were ¥104.8 billion (34.0% decrease year-on-year), mainly due to the discontinuation of some products after revisions to the tax handling of corporate policies. Third Sector annualized premiums of new policies were ¥30.4 billion (48.4% decrease year-on-year).

Annualized premiums of total policies combining individual insurance and individual annuities at the end of this fiscal year were ¥1,538.6 billion (0.7% decrease year-on-year).

New policy amount for the current fiscal year was ¥3,489.2 billion (38.6% decrease year-on-year). Policy amount in force as at year-end was ¥57,821.3 billion (4.0% decrease year-on-year).

Income from insurance premiums increased by 4.6% year-on-year to ¥1,753.5 billion, due primarily to increased sales of foreign currency-denominated single premium products. Income from interests and dividends increased by 1.3% year-on-year, to ¥299.7 billion. As a result,

ordinary revenues increased by 2.7% year-on-year, to ¥2,197.9 billion.

Ordinary expenses increased by 4.0% year-on-year to ¥2,072.5 billion, due primarily to an increase in investment expenses resulting from an increase in foreign exchange losses and devaluation losses on securities.

As a result, ordinary profit decreased by 14.6% year-on-year, to ¥125.4 billion.

Profit attributable to owners of parent decreased by 7.9% year on year, to ¥67.1 billion.

Combined total core profit for this fiscal year at the Three Life Insurance Companies increased by 11.1% year-on-year, to ¥166.2 billion. Positive spread increased by 11.8% year-on-year to ¥60.7 billion, due primarily to an increase in interest and dividend income.

Information on solvency margin ratios [note 6], a criterion subject to government supervision, indicating management soundness of an insurance holding company (consolidated) and an insurance company was 1,107.0% (1,093.1% at the end of the previous fiscal year).

Solvency margin ratios of the Group's Three Life Insurance Companies were 805.5% for Taiyo Life Insurance Company (849.7% at the end of the previous fiscal year), 1,335.3% for Daido Life Insurance Company (1,271.9% at the end of the previous fiscal year) and 1,033.6% for T&D Financial Life Insurance Company (1,101.7% 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)

Categories	FY2018	FY2019 (year under review)
Annualized premiums of new policies (Third Sector products)	1,588 (589)	1,048 (304)
Taiyo Life Insurance Company	386 (163)	316 (154)
Daido Life Insurance Company	1,086 (423)	467 (145)
T&D Financial Life Insurance Company	115 (2)	264 (3)
Annualized premiums of total policies (Third Sector products)	15,495 (2,510)	15,386 (2,585)
Taiyo Life Insurance Company	6,139 (1,107)	6,004 (1,142)
Daido Life Insurance Company	8,203 (1,376)	8,065 (1,414)
T&D Financial Life Insurance Company	1,152 (25)	1,316 (27)
New policy amount	56,812	34,892
Taiyo Life Insurance Company	11,966	5,405
Daido Life Insurance Company	41,704	25,018
T&D Financial Life Insurance Company	3,141	4,468
Policy amount in force as at the end of the year	602,497	578,213
Taiyo Life Insurance Company	199,456	180,232
Daido Life Insurance Company	381,311	374,055
T&D Financial Life Insurance Company	21,729	23,925

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 severe circumstances, due to the global stagnation of economic activity and the impact on the lives of the Japanese people from the spread of COVID-19.

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.

Under this operational environment, the Group continues to work toward the “T&D Insurance Group medium-term management plan; Try & Discover 2021—Creation of Shared Value—” as it strives 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. The Group will also work to steadily increase EV [note 7] and earnings, as we continue to work to expand our corporate value through the creation of shared value.

(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 develop and revise savings-type products differentiated primarily by type of benefit and value-added services, based on the attributes and needs of its customers. It

will also continue to work to expand its sales network, as well as enhance its agent support system and improve sales promotion efficiency and productivity, by advancing the cultivation of financial institutions and insurance shop agent channels.

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) [note 8] under Enterprise Risk Management (ERM), and increasing the sophistication of their asset management, including investing in growth fields and advancing their investment methods.

(Capital policies)

The foundation of the Group's capital policies is to increase its capital efficiency by working to improve profitability through further utilization of ERM, while ensuring capital adequacy. We will strive to maintain fiscal soundness, responding accurately to fluctuations in financial markets and other effects of COVID-19. The Group will strive to enhance its returns to shareholders, while securing the internal reserves needed for the proper management of the life insurance business.

Through the above efforts, we will steadily and continuously increase our corporate value through efforts aimed at achieving the targets of the Group's medium-term management plan for fiscal year 2020.

COVID-19 has thrown the entire world into an unprecedented state of 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 your continued support.

- (Notes) [1] 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.
- [2] "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.
- [3] 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.
- [4] The term "health and productivity management" is a registered trademark of the Workshop for the Management of Health on Company and Employee.
- [5] 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 promotion of health.
- [6] The solvency margin ratio is a criterion subject to government supervision, which determines whether or not an insurance company has sufficient "insurance claims payment ability" to deal with the occurrence of risks exceeding normal estimates. A solvency margin ratio of 200% or more indicates that the company meets one of the

standards for soundness.

- [7] Embedded Value (EV) is one of the indicators that evaluate corporate value of a life insurance company. It is the sum of “adjusted net asset,” which is calculated from the balance sheet and is deemed to be attributable to shareholders, and “value of the policy amount in force,” which is calculated from the insurance policies in force.
- [8] ALM refers to the method of keeping track of, and managing assets and liabilities comprehensively, while taking into account each of their characteristics.

(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	FY2016	FY2017	FY2018	FY2019 (year under review)
Ordinary revenues	1,975,784	1,928,359	2,140,162	2,197,928
Ordinary profit	157,227	156,475	146,949	125,422
Profit attributable to owners of parent	75,187	77,577	72,825	67,103
Comprehensive income	(69,598)	93,236	48,596	2,341
Net assets	1,096,772	1,153,036	1,159,588	1,123,149
Total assets	14,891,167	15,262,398	15,794,711	16,520,137

Note: Financial results for FY2019 are as stated in (1) Development and performance, etc. of the business of the corporate group.

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

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

Categories	FY2016	FY2017	FY2018	FY2019 (year under review)
Operating revenues	52,607	49,497	38,976	45,809
Dividend received	49,204	46,030	34,925	41,234
Insurance operating subsidiaries	49,204	46,030	34,925	41,234
Other subsidiaries	-	-	-	-
Net income	49,562	46,300	34,983	41,272
Net income per share (¥)	77.66	74.14	56.92	68.46
Total assets	768,697	783,804	826,843	896,719
Stocks, etc. of insurance operating subsidiaries	732,227	732,227	734,827	734,827
Stocks, etc. of other subsidiaries	10,649	10,649	10,649	21,649

(3) Principal offices of the corporate group (as of March 31, 2020)**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 FY2018	At the end of FY2019	Change during FY2019	At the end of the current fiscal year		
				Average age	Average service years	Average monthly salary
T&D Holdings, Inc.	107	114	7	46.7 years	22.8 years	¥599 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 2020 (including overtime payment), excluding bonus payment.

Employees of the consolidated companies

Divisions	At the end of FY2018	At the end of FY2019	Change during FY2019
Insurance and insurance-related businesses	18,275	17,827	(448)
Investment-related businesses	435	450	15
Administration-related businesses	779	781	2
Total	19,489	19,058	(431)

(5) The Group's main source of debt

Not applicable.

(6) Financing of the corporate group

(New establishment and capital increase)

On June 11, 2019, the Company established subsidiary T&D United Capital Co., Ltd. and provided capital and capital increases as follows.

Date of issue	Total	Purpose of funds	Issue price per share
June 11, 2019	100 million yen	Working capital, etc.	50,000 yen
September 2, 2019	4,200 million yen	Investment in asset management business, etc.	50,000 yen
January 31, 2020	6,700 million yen	Investment in closed book business, etc.	50,000 yen

On December 11, 2019, the Company's subsidiary T&D United Capital Co., Ltd. established subsidiary T&D United Capital North America Inc., and provided capital as follows.

Date of issue	Total	Purpose of funds	Issue price per share
January 7, 2020	1 million USD	Working capital, etc.	10,000 USD

(Issuance of bonds)

The Company has issued the following subordinated bonds to fund investment and subordinated loans to its subsidiary T&D United Capital Co., Ltd.

(Millions of yen)

Date of issue	Maturity date	Amount (face value)
January 30, 2020	February 4, 2050	70,000
Total amount issued in FY2019 (Balance at the end of FY2019)		70,000 (70,000)

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 21, 2019	August 21, 2019	3,000
June 21, 2019	September 24, 2019	3,000
August 21, 2019	November 22, 2019	3,000
September 24, 2019	December 24, 2019	3,000
November 22, 2019	February 21, 2020	3,000
December 24, 2019	March 24, 2020	3,000
February 21, 2020	May 22, 2020	3,000
March 24, 2020	June 24, 2020	3,000
Total amount issued in FY2019 (Balance at the end of FY2019)		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	34,766
Investment-related businesses	27
Administration-related businesses	566
Total	35,360

B. New construction of material equipment, etc.

Company name	Description	Amount
Daido Life Insurance Company	Purchase of investment real estate (Sapporo)	5,353 million yen
Daido Life Insurance Company	Purchase of investment real estate (Minato-ku, Tokyo)	Less than 15,000 million yen

(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.	Bunkyo-ku, Tokyo	Non-life Insurance Business	August 8, 2003	2,806	100.0	
Capital Taiyo Life Insurance Ltd.	Yangon, Myanmar	Life Insurance Business	October 12, 2012	MMK 9,230 million	35.0 (35.0)	
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)	
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)	

Notes:

1. The Company's material consolidated subsidiaries and affiliated entities accounted for under the equity method are listed above.
2. Shares of voting right 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. Incidentally 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. Taiyo Life Aging Society Institute was established on April 1, 2020.
7. 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 ¥717 million.
8. 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 ¥182 million.
9. Development and performance of significant business combination
The Group comprises 18 subsidiaries and 4 affiliated entities, where the consolidated ordinary revenues and profit attributable to owners of parent of the Group including the Company for fiscal year 2019 were ¥2,197.9 billion and ¥67.1 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, 2020)

Name	Positions/ Responsibilities	Significant concurrent positions held	Remarks
Tetsuhiro Kida	Representative Director and Chairman	Director, Daido Life Insurance Company	
Hirohisa Uehara	Representative Director and President	—	
Koichi Seike	Director and Senior Managing Executive Officer (in charge of Risk Control Department)	Director and Senior Executive Officer, Daido 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.
Mitsuhiro Nagata	Director and Senior Managing Executive Officer (in charge of Group Planning Department and Business Development Department)	Director, Daido Life Insurance Company Director, T&D Financial Life Insurance Company Director, T&D United Capital Co., Ltd.	
Yasuro Tamura	Director and Managing Executive Officer (in charge of General Affairs Department and Internal Auditing Department)	Director and Managing Executive Officer, Taiyo 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.	
Haruka Kato	Director (Outside Officer)	Attorney Audit & Supervisory Board Member, MITSUI & CO., LTD. Director, Mitsubishi UFJ Financial Group, Inc. Director, Restar Holdings Corporation	
Naoki Ohgo	Director (Outside Officer)	Representative Director, Root F Co., Ltd. Director, Orient Corporation	
Seiji Higaki	Director (Outside Officer)	—	
Naoki Soejima	Director	Representative Director and President, Taiyo Life Insurance Company	

Name	Positions/ Responsibilities	Significant concurrent positions held	Remarks
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	Full-time Audit & Supervisory Board 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.
Yasuo Teraoka	Full-time Audit & Supervisory Board 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.
Shigekazu Iwai	Audit & Supervisory Board Member (Outside Officer)	Attorney	As an attorney familiar with corporate legal affairs, he has considerable expertise in finance and accounting.
Yuichi Ozawa	Audit & Supervisory Board Member (Outside Officer)	Attorney	As an attorney familiar with corporate legal affairs, he has considerable expertise in finance and accounting.

Notes:

- Executive officers (excluding directors concurrently serving as executive officers) as of March 31, 2020 are as follows;

Name	Positions/Responsibilities
Mutsuro Kitahara	Senior Managing Executive Officer (vice in charge of Risk Management Department and Internal Auditing Department) (Retired from the post due to the expiration of term of office on March 31, 2020)
Chikahiro Tsuboi	Senior Managing Executive Officer (vice in charge of Business Development Department)
Tomoyasu Isobe	Executive Officer, General Manager of Business Development Department
Shuichi Nakamura	Executive Officer, General Manager of Risk Control Department

2. Apart from the above, change in executive officers (excluding directors concurrently serving as executive officers) as of April 1, 2020 is as follows;

Executive Vice President	Kanaya Morinaka
Managing Executive Officer	Takashi Ikawa
Managing Executive Officer	Tomoyasu Isobe
Executive Officer	Shigeharu Arai
3. Ms. Haruka Kato, Messrs. Naoki Ohgo, Seiji Higaki, Shigekazu Iwai and Yuichi Ozawa have been registered with Tokyo Stock Exchange, Inc. as independent directors/auditors without potential conflict of interests with general shareholders.
4. Ms. Haruka Kato's maiden name was Haruka Matsuyama.

(2) Executive compensation, etc.

(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 (excluding Outside Directors)	11	190	6	62	6	62	11	315
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	54	0	-	0	-	2	54
Outside Directors	3	28	0	-	0	-	3	28
Outside Audit & Supervisory Board Members	2	19	0	-	0	-	2	19
Total	18	292	6	62	6	62	18	418

Notes:

1. Compensation limit stipulated at shareholders meeting is ¥500 million per annum for Directors and ¥130 million per annum for Audit & Supervisory Board Members. 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 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).
2. The number of persons paid and the amount of compensation, etc. above include those for two Directors who retired as of the conclusion of the 15th Ordinary General Meeting of Shareholders held on June 26, 2019. As of the end of the current fiscal year, the Company had twelve Directors and four Audit & Supervisory Board Members as its corporate officers.
3. 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) 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 who are independent from operational functions, and Audit & Supervisory Board Members. Therefore, a fixed amount of compensation is paid.

<Monthly compensation and bonus>

Individual evaluations for each executive, which are applicable to monthly compensation and bonus evaluation ranks, are performed in accordance with the evaluation criteria established by the Board of Directors, based on an assessment of the Company's performance and the performance of the division of which the executive is in charge. Individual evaluations for each executive are deliberated on by the Nomination and Compensation Committee and then determined by the Representative Director and President upon consultation with the Representative Directors. Compensation amounts are determined in accordance with individual evaluations for each executive based on the compensation table determined by the Board of Directors.

<Trust-type stock compensation>

Trust-type stock compensation is a compensation system which allows the sharing of incentives to enhance the corporate value of the Company and interests with shareholders by linking Director compensation with the Company's share price. Shares and money are delivered to Directors (excluding those who are part-time and non-residents in Japan, including Outside Directors) within the scope of the amount determined by the resolution of the General Meeting of Shareholders based on points awarded according to position.

4. 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 selection or dismissal and compensation, with a view to ensuring management transparency and clarified accountability. 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 deliberated on by the Nomination and Compensation Committee and then determined in accordance with the evaluation criteria established by the Board of Directors after individual evaluations are conducted based on an assessment of the company's performance and the performance of the division of which the Director is in charge.
5. The limit per annum of compensation, etc. to Directors was determined by resolution of the 13th Ordinary General Meeting of Shareholders held on June 28, 2017, of which the limit per annum of the total amount of bonuses to Directors was determined by resolution of the Board of Directors. Additionally, apart from the compensation limit set for Directors described above, the upper limit of the trust money to be contributed to the trust relating to trust-type stock compensation (over three fiscal years) was determined by resolution of the 14th Ordinary General Meeting of Shareholders held on June 27, 2018. Compensation, etc. to Audit & Supervisory Board Members is determined upon mutual consultation by the Audit & Supervisory Board Members within the scope of the compensation limit per annum determined by resolution of the 8th Ordinary General Meeting of Shareholders held on June 27, 2012.

(3) Liability limitation agreement

Name	Outline of the liability limitation agreement
Haruka Kato	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.
Naoki Ohgo	Same as above
Seiji Higaki	Same as above
Shigekazu Iwai	Same as above
Yuichi Ozawa	Same as above

Notes:

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

3. Matters concerning outside officers

(1) Concurrent positions held by outside officers

Name	Concurrent positions, etc.	
Haruka Kato	MITSUI & CO., LTD.	Outside Audit & Supervisory Board Member
	Mitsubishi UFJ Financial Group, Inc.	Outside Director
	Restar Holdings Corporation	Outside Director
Naoki Ohgo	Root F Co., Ltd.	Representative Director
	Orient Corporation	Outside Director
Seiji Higaki	—	
Shigekazu Iwai	—	
Yuichi Ozawa	—	

Notes:

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

(2) Main activities of outside corporate officers

Name	Term of office	Attendance to Board of Directors' Meetings and Audit & Supervisory Board Meetings	Remarks made at Board of Directors' Meetings and other activities
Haruka Kato	6 years 9 months (assumed office in June 2013)	Board of Directors' Meeting: attended 23 of 24 meetings	At the Board of Directors' 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 selection/dismissal of corporate officers of the Company and its main subsidiaries, their compensation, etc.
Naoki Ohgo	2 years 9 months (assumed office in June 2017)	Board of Directors' Meeting: attended all 24 meetings	At the Board or Directors' Meeting, 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 selection/dismissal of corporate officers of the Company and its main subsidiaries, their compensation, etc.

Name	Term of office	Attendance to Board of Directors' Meetings and Audit & Supervisory Board Meetings	Remarks made at Board of Directors' Meetings and other activities
Seiji Higaki	1 year 9 months (assumed office in June 2018)	Board of Directors' Meeting: attended all 24 meetings	At the Board of Directors' 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. 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 selection/dismissal of corporate officers of the Company and its main subsidiaries, their compensation, etc.
Shigekazu Iwai	7 years 9 months (assumed office in June 2012)	Board of Directors' Meeting: attended all 24 meetings Audit & Supervisory Board Meeting: attended all 19 meetings	At the Board of Directors' Meetings and Audit & Supervisory Board Meetings, he has presented his views as an attorney as necessary mainly from a professional perspective of corporate legal affairs.
Yuichi Ozawa	6 years 9 months (assumed office in June 2013)	Board of Directors' Meeting: attended 23 of 24 meetings Audit & Supervisory Board Meeting: attended all 19 meetings	At the Board of Directors' Meetings and Audit & Supervisory Board Meetings, he has presented his views as an attorney as necessary mainly from a professional perspective of corporate legal affairs.

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

(Other activities)

In addition to the above, each Outside Director and each Audit & Supervisory Board Member carries out other activities, including regular exchanges of views with the Representative Directors, regular exchanges of views with the Accounting Auditor, regular exchanges of views with the heads of the departments under their supervision, regular exchanges of views with the directors and executive officers of major subsidiaries, regular exchanges of views with outside directors and audit & supervisory board members of major subsidiaries, and regular visits to the business locations of major subsidiaries.

(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, 2020) 220,668

(3) Major shareholders

Name	Status of equity participation	
	Shares held (Thousand shares)	Percentage of ownership (%)
The Master Trust Bank of Japan Ltd. (Trust Account)	46,342	7.70
Japan Trustee Services Bank, Ltd. (Trust Account)	35,235	5.86
Japan Trustee Services Bank, Ltd. (Trust Account 9)	21,360	3.55
Japan Trustee Services Bank, Ltd. (Trust Account 7)	15,938	2.65
Japan Trustee Services Bank, Ltd. (Trust Account 5)	12,008	2.00
MUFG Bank, Ltd.	10,325	1.72
JPMorgan Securities Japan Co., Ltd.	10,223	1.70
JP MORGAN CHASE BANK 385151	9,635	1.60
STATE STREET BANK WEST CLIENT — TREATY 505234	8,456	1.41
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	7,695	1.28

Note: The Company owns treasury stock of 31,513 thousand shares but is excluded from the list of major shareholders shown above. Percentage of ownership is calculated after deducting treasury stock.

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 /Auditors)	<p>T&D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012)</p> <ul style="list-style-type: none"> • 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
	<p>T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013)</p> <ul style="list-style-type: none"> • 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
	<p>T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014)</p> <ul style="list-style-type: none"> • Total number of new share subscription rights issued: 28 • Class and number underlying the new share subscription rights: 2,800 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) 	1
	<p>T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015)</p> <ul style="list-style-type: none"> • Total number of new share subscription rights issued: 77 • Class and number underlying the new share subscription rights: 7,700 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) 	2

	Summary of the new share subscription rights, etc.	Number of holders of new share subscription rights, etc.
	<p>T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016)</p> <ul style="list-style-type: none"> • Total number of new share subscription rights issued: 253 • Class and number underlying the new share subscription rights: 25,300 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) 	3
	<p>T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017)</p> <ul style="list-style-type: none"> • Total number of new share subscription rights issued: 223 • Class and number underlying the new share subscription rights: 22,300 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) 	4
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):	1
T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015):	2
T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016):	2
T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017):	2

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):	1
T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013):	1
T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014):	1
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):	286
	(28,600 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013):	164
	(16,400 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014):	189
	(18,900 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015):	181
	(18,100 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016):	380
	(38,000 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017):	281
	(28,100 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	¥188 million	i) Reason for consent to remuneration by Audit & Supervisory Board under Article 399, Paragraph 1 of the Japanese Companies Act <ul style="list-style-type: none"> 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. As a result, it consented to the remuneration of the Accounting Auditor. ii) Non-audit related duties <ul style="list-style-type: none"> The amount of remuneration paid in addition to the remuneration for audit work, etc. stated on the left was ¥16 million for advisory work, etc. related to the International Financial Reporting Standards.

Notes:

- 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.
- Total amount of money and other property benefits payable by the Company and its subsidiary entities is ¥445 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 Board shall dismiss the Accounting Auditor based on the consent of all Audit & Supervisory Board 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 Board holistically assesses the capability, organization and structure, audit quality, independence and other characteristics of the Accounting Auditor in accordance with the assessment criterion for an accounting auditor defined by the Audit & Supervisory Board. Based on this assessment, the Audit & Supervisory Board 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

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 under Article 362, Paragraph 4, Item 6 of 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) Outside Directors are to be appointed on the basis that they have no stake in the Company, as they are expected to provide check and balance to ensure that Directors fulfill their duties lawfully.
- 4) 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.
- 5) 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.
- 6) A whistle-blowing procedure is to be developed and made available to Directors, Audit & Supervisory Board Members, Executive Officers and employees of the Group, 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.
- 7) 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 Board Members' audits

[Structures for ensuring independence of the employees of Audit & Supervisory Board Members' Office]

- 1) Audit & Supervisory Board Members' Office is in place in which employees are placed to assist Audit & Supervisory Board Members' work and to do the day-to-day running of the Audit & Supervisory Board. Personnel matters such as merit rating and transfer, etc. of the employees of the Audit & Supervisory Board Members' Office shall require approval of full-time Audit & Supervisory Board Members, to ensure their independence from Directors.
- 2) Command authority over the employees shall belong to Audit & Supervisory Board Members, and the authority for access to the information required in the work to be done under the instruction of Audit & Supervisory Board 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 Board Members or the Audit & Supervisory Board on staffing of Audit & Supervisory Board Members' Office and related issues.

[Structures for the reporting to Audit & Supervisory Board Members]

- 1) Directors and Executive Officers shall report to Audit & Supervisory Board Members on the status of their business execution through the key meetings including those of the Board of Directors and Executive Committee.
- 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 Board Members, if such explanation is found necessary or requested by Audit & Supervisory Board Members.
- 3) Directors, Executive Officers and employees shall report promptly to Audit & Supervisory Board Members 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 Audit & Supervisory Board Members' 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 Audit & Supervisory Board Members of the Company.
- 5) Provisions shall be established in the relevant internal rules to the effect that persons having reported to Audit & Supervisory Board Members regarding the above 1) to 4) shall not be subjected to any disadvantageous treatment.

[Other structures for ensuring the effectiveness of Audit & Supervisory Board Members' audits]

- 1) Directors and the Board of Directors endeavor to develop a basic framework for smooth and effective implementation of Audit & Supervisory Board Members' audits.
- 2) Guidelines on the expenses or obligations arising from the execution of duties of Audit & Supervisory Board 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 Board Members for the purpose of audits.
- 3) Representative Directors are to have regular meetings with Audit & Supervisory Board Members to exchange opinions on the important audit agenda, development of the framework for Audit & Supervisory Board Members' audits, along with the matters to be addressed by the Company.
 - 4) Internal Audit Department and other departments responsible for compliance with laws and regulations shall have regular meetings with Audit & Supervisory Board Members to exchange opinions on the matters to be addressed.

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 2019.

(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.
- The system to prevent money laundering and terrorist financing is addressed by strengthening it Group-wide.
- The "T&D Insurance Group Helpline," the Group's whistle-blowing contact, is established externally whereby the reported cases are dealt with in conformity with the rules of the whistle-blowing system including the prohibition of disadvantageous treatment for whistleblowers.

(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 quarterly.

(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 Committee, 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 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 “Group Measures against Cyber Security (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 Committee 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 Committee 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.

(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 Internal Auditing Department, which is independent from the business execution departments, verifies and evaluates the adequacy and effectiveness of the internal control system within the Group through on-site audits and the off-site monitoring of all departments as well as the internal auditing departments of its direct subsidiaries conducted based on the “Internal Audit Rules” and the annual internal audit plan resolved by the Board of Directors, and the Company reports the results to the Board of Directors.

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

- The Company has established the Audit & Supervisory Board Member’s Office, which is independent from the chain of command of the Directors, and assigns staff who assists the Audit & Supervisory Board Members in performing their duties.
- The Company ensures opportunities for Audit & Supervisory Board Members to attend the Executive Committee and other key meetings, in addition to the Board of Directors’ 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 Board Members so that Directors, Executive Officers and employees may report to the Audit & Supervisory Board Members 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 Board Members.
- Regular meetings were arranged between Audit & Supervisory Board Members and the Representative Director and President in order to exchange opinions on matters to be addressed by the Company, important audit agenda, development of the framework for Audit & Supervisory Board Members’ audits.
- The Internal Audit Department and the Risk Management Department regularly organized liaison meetings, to ensure effective audits by the Audit & Supervisory Board Members. They reported on the matters requested by the Audit & Supervisory Board Members and exchanged opinions regarding the issues to be addressed, etc., during the meetings.

9. Matters concerning specific wholly owned subsidiaries

Name	Address	Total book value	Total asset of the Company
Taiyo Life Insurance Company	7-1 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan	¥275,240 million	¥896,719 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]

Assessment of Effectiveness of the Board of Directors and Approach to Cross-held Stocks

(Assessment of effectiveness of the Board of Directors)

In fiscal year 2019, the Board of Directors of the Company conducted analysis and assessment on the effectiveness of the Board of Directors as a whole (including non-statutory Nomination and Compensation Committee), based on the self-assessment (questionnaire) and interviews, etc., from Directors and Audit & Supervisory Board Members.

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

- (1) Function 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/Auditors
- (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 recognized as issues to be addressed in the fiscal year 2018 assessment (e.g. strengthening the Company's monitoring functions in Group management in order to enhance governance, and further improving and innovating documentation and briefings to increase the depth and vigor of briefings relating to the contents discussed at the Nomination and Compensation Committee and discussions by the Board of Directors) 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, from the perspective of unified Group management, the Company will strive to further enhance discussions for example on Group management strategy, for the Nomination and Compensation Committee to consider agenda items in depth, create simple and easy-to-understand materials, and improve briefings.

Based on the assessment of effectiveness and the Company's transition to a Company with an Audit & Supervisory Committee*, the Company is working to further improve the supervisory functions and decision-making processes of the Board of Directors.

* Subject to resolution by the General Meeting of Shareholders on Thursday, June 25.

(Approach to Cross-held Stocks)

The Group is working to reduce its cross-held stocks in an ongoing manner upon creating a plan. Reduction efforts will continue based on the status of the stock markets and other factors.

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

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 determining whether the purpose for holding is appropriate, 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.

Consolidated Balance Sheet for Fiscal Year 2019

(as of March 31, 2020)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Cash and deposits	861,770	Policy reserves	14,282,219
Call loans	35,669	Reserve for outstanding claims	67,765
Monetary claims purchased	135,313	Policy reserve	14,137,872
Monetary trusts	970,622	Reserve for policyholder dividends	76,581
Securities	12,021,505	Due to agencies	1,136
Loans	1,697,539	Due to reinsurers	7,462
Tangible fixed assets	380,633	Short-term bonds	5,999
Land	214,604	Subordinated bonds	187,005
Buildings	158,460	Other liabilities	615,062
Lease assets	1,232	Reserve for bonus to directors and audit & supervisory board members	281
Construction in progress	1,737	Provision for share-based remuneration	633
Other tangible fixed assets	4,597	Net defined benefit liability	49,156
Intangible fixed assets	30,789	Reserve for directors' and audit & supervisory board members' retirement benefits	59
Software	29,447	Reserve for price fluctuations	243,014
Lease assets	172	Deferred tax liabilities	56
Other intangible fixed assets	1,169	Deferred tax liabilities on land revaluation	4,899
Due from agencies	666	Total liabilities	15,396,987
Due from reinsurers	12,310	(Net assets)	
Other assets	297,373	Common stock	207,111
Deferred tax assets	78,022	Capital surplus	125,316
Reserve for possible loan losses	(2,079)	Retained earnings	603,589
		Treasury stock	(46,200)
		Total stockholders' equity	889,817
		Net unrealized gains on securities	262,593
		Deferred gains on hedging instruments	(2,381)
		Land revaluation	(34,125)
		Foreign currency translation adjustments	37
		Total accumulated other comprehensive income	226,124
		New share subscription rights	876
		Non-controlling interests	6,332
		Total net assets	1,123,149
Total assets	16,520,137	Total liabilities and net assets	16,520,137

Consolidated Statement of Operations for Fiscal Year 2019

(from April 1, 2019 to March 31, 2020)

(Millions of yen)

Account	Amount
Ordinary revenues	2,197,928
Income from insurance premiums	1,753,508
Investment income	369,419
Interests, dividends and income from real estate for rent	299,763
Gains on sales of securities	67,162
Other investment income	2,492
Other ordinary income	75,001
Ordinary expenses	2,072,506
Insurance claims and other payments	1,193,510
Insurance claims	363,062
Annuity payments	273,580
Insurance benefits	150,066
Surrender payments	339,448
Other payments	67,352
Provision for policy and other reserves	431,011
Provision for policy reserve	430,993
Interest portion of reserve for policyholder dividends	18
Investment expenses	164,819
Interest expenses	1,027
Losses from monetary trusts, net	21,386
Losses on investment in trading securities, net	257
Losses on sales of securities	27,507
Devaluation losses on securities	14,880
Net derivative financial instruments loss	58,172
Foreign exchange losses, net	17,343
Provision for reserve for possible loan losses	481
Write-off of loans	34
Depreciation of real estate for rent	6,149
Other investment expenses	17,020
Losses on separate accounts, net	557
Operating expenses	212,453
Other ordinary expenses	70,424
Equity in losses of affiliates	287
Ordinary profit	125,422

(Millions of yen)

Account	Amount
Extraordinary gains	4,038
Gains on sale of fixed assets	3,392
State subsidy	646
Extraordinary losses	10,093
Losses on sale, disposal and devaluation of fixed assets	672
Impairment loss	803
Provision for reserve for price fluctuations	7,916
Other extraordinary losses	701
Provision for reserve for policyholder dividends	21,883
Income before income taxes	97,483
Income taxes-current	31,768
Income taxes-deferred	(1,425)
Total income taxes	30,343
Net income	67,139
Profit attributable to non-controlling interests	36
Profit attributable to owners of parent	67,103

Consolidated Statement of Changes in Net Assets for Fiscal Year 2019

(from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of April 1, 2019	207,111	156,740	564,944	(64,863)	863,933
Changes in the period					
Dividends			(26,714)		(26,714)
Profit attributable to owners of parent			67,103		67,103
Acquisition of treasury stock				(13,014)	(13,014)
Disposal of treasury stock		(60)		313	252
Retirement of treasury stock		(31,363)		31,363	-
Reversal of land revaluation			(1,743)		(1,743)
Net changes of items other than stockholders' equity					
Total changes in the period	-	(31,424)	38,645	18,663	25,883
Balance as of March 31, 2020	207,111	125,316	603,589	(46,200)	889,817

(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, 2019	328,020	(2,987)	(35,869)	18	289,181
Changes in the period					
Dividends					
Profit attributable to owners of parent					
Acquisition of treasury stock					
Disposal of treasury stock					
Retirement of treasury stock					
Reversal of land revaluation					
Net changes of items other than stockholders' equity	(65,426)	606	1,743	18	(63,057)
Total changes in the period	(65,426)	606	1,743	18	(63,057)
Balance as of March 31, 2020	262,593	(2,381)	(34,125)	37	226,124

(Millions of yen)

	New share subscription rights	Non-controlling interests	Total net assets
Balance as of April 1, 2019	1,081	5,391	1,159,588
Changes in the period			
Dividends			(26,714)
Profit attributable to owners of parent			67,103
Acquisition of treasury stock			(13,014)
Disposal of treasury stock			252
Retirement of treasury stock			-
Reversal of land revaluation			(1,743)
Net changes of items other than stockholders' equity	(204)	940	(62,322)
Total changes in the period	(204)	940	(36,438)
Balance as of March 31, 2020	876	6,332	1,123,149

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: 18

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.

Zenkoku Business Center Co., Ltd.

Nihon System Shuno, Inc.

Daido Management Service Co., Ltd.

and two other companies

T&D United Capital Co., Ltd. is established during the consolidated fiscal year under review, and it established T&D United Capital North America Inc. during the consolidated fiscal year under review. Consequently, they are included in the scope of consolidation.

Pet & Family Small-amount Short-term Insurance Company changed from small-amount and short-term insurance provider to non-life insurance company, and changed its trade name to Pet & Family Insurance Co., Ltd. on April 1, 2019.

(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: 4

The names of the companies: Alternative Investment Capital, Ltd.

Thuriya Ace Technology Co., Ltd., Capital Taiyo Life Insurance, Ltd., and 1 other company

On August 22, 2019, Taiyo Life Insurance Company received shares issued by Capital Taiyo Life Insurance, Ltd. by capital increase through third-party allocation. Consequently, Capital Taiyo Life Insurance, Ltd. is included among 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

(Additional Information)

With regard to policies for the following insurance products launched during the consolidated fiscal year under review, the following sub-categories have been set in order to manage risk in accordance with the cash-flow characteristics of liabilities.

- With regard to special endowment insurance with non-participating designated currency-type survivor benefit, sub-categories are set by currency, included in sub-categories for existing

- non-participating designated currency-type single premium individual annuity insurance.
 - With regard to non-participating variable-interest single-premium whole life nursing-care coverage annuity insurance, a new sub-category has been provided.
- These changes have no effect on the consolidated balance sheet or consolidated statement of operations for the consolidated fiscal year under review.

(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) Treatment method for deferred assets

Bond issuance cost is treated in full as expenses when incurred.

(5) 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 365million 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.

(6) 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.

(7) 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.

(8) 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.

(9) 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.

C. Hedge accounting method of T&D United Capital Co., Ltd.

(i) Hedge accounting method

T&D United Capital Co., Ltd. applies deferral hedge accounting. Deferred designation is applied as transactions meet deferred designation requirements.

- (ii) Hedging instruments and hedged assets
T&D United Capital employs exchange contract transactions as a hedging instrument, with the hedged assets of foreign currency-denominated stock (forecasted transactions).
 - (iii) Hedging policy
Based on a resolution at the Board of Directors concerning the acquisition of foreign currency-denominated stock, exchange fluctuation risks of hedged assets are hedged within a certain scope.
 - (iv) Evaluation of the effectiveness of hedging activities
Evaluation of hedging effectiveness is omitted as important conditions for the hedged assets and hedging instruments are identical and hedging is highly effective.
- (10) 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) Funding method for policy reserves
A policy reserve is a reserve set forth at the Three Life Insurance Companies in accordance with Article 116 of the Insurance Business Act. A policy reserve is recognized by performing a calculation based on the following methodology:
 - 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).
 - Reserves for other contracts are computed based on the net level premium method.
 Pursuant to the provisions in Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, Daido Life Insurance Company provides additional policy reserve for a certain portion of individual annuity insurance having commenced annuity payment.
 - (iii) 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.
 - (iv) 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).

5. 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 31, 2020)

(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
The effect of the application is under evaluation at the time of preparing these consolidated financial statements.

(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
The effect of the application is under evaluation at the time of preparing these consolidated financial statements.

(Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections)

- “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, March 31, 2020)

(1) Summary

The Accounting Standards are to set forth the outline of principals and procedures of the adopted accounting treatment given the absence of clarity in the provision of related accounting standards, etc.

- (2) Scheduled date of application
Scheduled to be adopted from the consolidated fiscal year commencing on or after March 31, 2021.

(Accounting Standard for Disclosure of Accounting Estimates)

- “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020)

(1) Summary

The Accounting Standards are set forth for the disclosure of information to benefit the user of financial statements, on the contents of accounting estimates applied for items which are recorded in the financial statements for the fiscal year under review with risks of imposing material effects on the financial statements for the following fiscal year.

- (2) Scheduled date of application
Scheduled to be adopted from the consolidated fiscal year commencing on or after March 31, 2021.

6. Additional information

The Company has introduced 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 and the Three Life Insurance Companies (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, referred to as “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 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 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 1,275 million yen and the number of shares is 798,400 shares.

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 pursue 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, 2020 are as follows:

(Millions of yen)			
	Consolidated balance sheet amounts	Fair market values	Difference
(i) Cash and deposits	861,770	861,770	—
a. Those treated as securities	65,500	65,500	—
- Other securities	65,500	65,500	—
b. Other than above	796,270	796,270	—
(ii) Call loans	35,669	35,669	—
(iii) Monetary claims purchased	135,313	137,600	2,286
a. Those treated as securities	131,756	133,905	2,148
- Held-to-maturity debt securities	49,186	51,335	2,148
- Other securities	82,570	82,570	—
b. Other than above	3,557	3,694	137
(iv) Monetary trusts	970,622	1,059,719	89,096
a. Monetary trusts for investment	5,173	5,173	—
b. Held-to-maturity monetary trusts	30,022	31,767	1,745
c. Policy-reserve-matching monetary trusts	615,739	703,090	87,351
d. Other monetary trusts	319,687	319,687	—
(v) Securities	11,800,219	12,520,770	720,550
a. Trading securities	26,419	26,419	—
b. Held-to-maturity debt securities	1,048,128	1,251,165	203,036
c. Policy-reserve-matching securities	3,674,053	4,191,567	517,514
d. Other securities	7,051,617	7,051,617	—
(vi) Loans	1,696,347	1,738,682	42,334
a. Policy loans (*1)	126,925	140,550	13,633
b. Commercial loans (*1)	1,570,613	1,598,132	28,701
c. Reserve for possible loan losses (*2)	(1,191)	—	—
Total assets	15,499,943	16,354,212	854,269
(i) Short-term bonds	5,999	5,999	—
(ii) Subordinated bonds	187,005	186,467	(537)
(iii) Payables under securities lending transactions	389,338	389,338	—
(iv) Borrowings as part of Other liabilities	48,957	48,986	29
Total liabilities	631,300	630,792	(508)
Derivatives (*3)			
(i) Those outside the scope of hedge accounting	16,997	16,997	—
(ii) Those subject to hedge accounting	(8,141)	(7,494)	646
Total derivatives	8,856	9,502	646

(*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, 176,102 million yen in foreign securities, 27,023 million yen in unlisted shares (excluding those of affiliates), 17,071 million yen in other securities, and 1,087 million yen in shares 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 basically 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 (excluding hedges for forecasted transactions) 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 269,492 million yen while their market value is 366,328 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 50 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 2,336 million yen, with the breakdown as follows:

- (1) The balances of loans of bankrupt borrowers and delinquent loans are 118 million yen and 449 million yen, respectively. Of the above, direct write-off for estimated uncollectable amount is 72 million yen for bankrupt borrowers and 120 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 1,747 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 241,486 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 27,022 million yen, and the amount of separate account liabilities was also 27,022 million yen.

6. Net assets per share

Net assets per share was 1,857.77 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 798,400 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	82,663 million yen
Policyholder dividend payment in the consolidated fiscal year under review	28,009 million yen
Increase due to interest, etc.	18 million yen
Increase due to other reasons	25 million yen
Provision for reserve for policyholder dividends	21,883 million yen
Balance at the end of the consolidated fiscal year under review	76,581 million yen

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

Total loan commitments	52,144 million yen
Loans carried out	13,737 million yen
Balance	38,407 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 1,541,284 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 20,771 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 1,087 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	157,101 million yen
Service cost	6,551 million yen
Interest cost	633 million yen
Actuarial gain/loss	(840) million yen
Payment of retirement benefits	(6,833) million yen
Past service costs	83 million yen
Ending balance of retirement benefit obligations	156,694 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	106,062 million yen
Expected return on assets	903 million yen
Actuarial gain/loss	(1,508) million yen
Contribution by the business operator	7,281 million yen
Payment of retirement benefits	(5,200) million yen
Ending balance of pension assets	107,538 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	129,894 million yen
Pension assets	(107,538) million yen
[Retirement benefits trust of the above]	[(64,580) million yen]
	22,355 million yen
Retirement benefits obligations for unfunded plans	26,800 million yen
Net amounts of liabilities and assets recorded in consolidated balance sheet	49,156 million yen
Net defined benefit liability	49,156 million yen
Net defined benefit asset	—
Net amounts of liabilities and assets recorded in consolidated balance sheet	49,156 million yen

(iv) Retirement benefit cost and its breakdown

Service cost	6,551 million yen
Interest cost	633 million yen
Expected return on assets	(903) million yen
Amount of actuarial gain/loss treated as expenses	668 million yen
Amount of past service cost as expenses	83 million yen
Retirement benefits cost for defined benefit plan	7,032 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	71.9%
Life insurance general account	11.9%
Foreign securities	8.3%
Cash and deposits	3.9%
Stocks	3.3%
Joint investment assets	0.7%
Other	0.0%
Total	100.0%

(Note) Total pension assets include retirement benefits trust that accounts for 60.1% 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	0.07%-0.80%
Expected long-term rate of return on assets	0.10%-2.13%

(3) Defined contribution plans

Amount of contribution required for defined contribution plans at the Company and its consolidated subsidiaries is 272 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	67,950 million yen
Policy reserves	62,278 million yen
Net defined benefit liability	29,915 million yen
Devaluation losses on securities	17,911 million yen
Losses on sale, disposal and devaluation of fixed assets	5,361 million yen
Reserve for bonuses	2,243 million yen
Tax loss carried forward	754 million yen
Reserve for possible loan losses	609 million yen
Others	12,757 million yen
Subtotal	199,781 million yen
Valuation allowance	(18,262) million yen
Total deferred tax assets	181,519 million yen

Deferred tax liabilities

Net unrealized gains (losses) on securities	(99,076) million yen
Securities dividend receivables	(2,617) million yen
Reserve for reduction entry of real estate	(709) million yen
Others	(1,150) million yen
Total deferred tax liabilities	(103,553) million yen
Net deferred tax assets (liabilities)	77,965 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	2.6%
Items that will never be categorized as loss, such as entertainment expenses	0.5%
Others	0.0%
Contribution percentage of corporate and other taxes after the application of deferred tax accounting	31.1%

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)	788,254 million yen
Securities (foreign securities)	783,493 million yen
Cash collateral paid for financial instruments	1,516 million yen
Total	1,573,263 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	389,338 million yen
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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 130,643 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	157,200 shares	102,600 shares	123,800 shares
Vested	—	—	—
Exercised	30,900 shares	24,100 shares	28,200 shares
Forfeited	—	—	—
Exercisable	126,300 shares	78,500 shares	95,600 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	109,300 shares	270,400 shares	187,700 shares
Vested	—	—	—
Exercised	21,100 shares	49,400 shares	28,500 shares
Forfeited	—	—	—
Exercisable	88,200 shares	221,000 shares	159,200 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	1,148 yen	1,150 yen	1,149 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	1,151 yen	1,149 yen	1,157 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 111.31 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 807,343 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	15 properties including one in Niigata-shi, Niigata	449	353	803

(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	655,000,000	—	22,000,000	633,000,000
Treasury stock: Common shares	43,041,691	11,481,980	22,212,230	32,311,441

Notes: 1. The decrease in the number of shares issued of common shares is due to the reason as follows.

Retirement of treasury stock in accordance with the resolution at the Board of Directors' Meeting on November 14, 2019: 22,000,000 shares

2. 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 May 15, 2019: 11,469,900 shares

Purchase of fractional shares: 12,080 shares

3. The decrease in the number of treasury stock of common shares are due to the reasons as follows.

Retirement of treasury stock in accordance with the resolution at the Board of Directors' Meeting on November 14, 2019: 22,000,000 shares

The exercise of stock option: 182,200 shares

The Company's sales of fractional shares upon shareholder's request: 530 shares

A decrease due to the BIP trust: 29,500 shares

4. The number of treasury stocks of common shares at the end of the consolidated fiscal year under review includes the 798,400 shares (827,900 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 26, 2019	Common stock	13,481 million yen	22.0 yen	March 31, 2019	June 27, 2019
Board of Directors' Meeting on November 14, 2019	Common stock	13,232 million yen	22.0 yen	September 30, 2019	December 6, 2019

Note:

- The total dividends resolved at the Ordinary General Meeting of Shareholders held on June 26, 2019 include 18 million yen of dividends on treasury stock held by the BIP.
- The total dividends resolved at the Board of Directors' Meeting held on November 14, 2019 include 17 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, 2020	Common stock	13,232 million yen	Retained earnings	22.0 yen	March 31, 2020	June 26, 2020

Note: 1. This proposal is scheduled to be voted on June 25, 2020, 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	876

Significant subsequent events

Not applicable.

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

Non-consolidated Balance Sheet for Fiscal Year 2019

(as of March 31, 2020)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	23,537	Current liabilities	39,096
Cash and deposits	7,087	Lease obligations	3
Prepaid expenses	26	Accounts payable	4,278
Accounts receivable	15,519	Accrued expenses	289
Other current assets	904	Income tax payable	3,743
Fixed assets	873,182	Consumption tax payable	94
Tangible fixed assets	235	Deposits received	592
Buildings	210	Reserve for bonus to directors and audit & supervisory board members	85
Machinery and equipment	16	Current portion of bonds payable	30,005
Lease assets	8	Other	4
Investments and other assets	872,946	Fixed liabilities	121,162
Investments in subsidiaries	756,477	Subordinated bonds	120,000
Long-term loans receivable from subsidiaries	115,900	Lease obligations	5
Deferred tax assets	263	Long-term accounts payable-other	313
Deposit for rent	306	Provision for share-based remuneration	633
		Deposits received	208
		Total liabilities	160,258
		(Net assets)	
		Stockholders' equity	735,585
		Common stock	207,111
		Capital surplus	470,046
		Additional paid-in capital	89,420
		Other capital surplus	380,626
		Retained earnings	104,626
		Other retained earnings	104,626
		Retained earnings brought forward	104,626
		Treasury stock	(46,200)
		New share subscription rights	876
		Total net assets	736,461
Total assets	896,719	Total liabilities and net assets	896,719

Non-consolidated Statement of Operations for Fiscal Year 2019

(from April 1, 2019 to March 31, 2020)

(Millions of yen)

Account	Amount
Operating income	45,809
Dividends on investments in affiliate companies	41,234
Fees and commissions received from affiliate companies	3,863
Interest on loans receivable from affiliate companies	711
Operating expenses	3,501
General and administrative expenses	3,501
Operating profit	42,308
Non-operating income	160
Interest income	30
Gains on expired dividends payable	124
Other income	5
Non-operating expenses	1,136
Interest expenses	657
Bond issuance costs	474
Other expenses	5
Ordinary profit	41,332
Income before income taxes	41,332
Income taxes-current	79
Income taxes-deferred	(19)
Total income taxes	59
Net income	41,272

Non-consolidated Statement of Changes in Net Assets for Fiscal Year 2019

(from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Stockholders' equity					
	Common stock	Capital surplus			Retained earnings	
		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, 2019	207,111	89,420	412,051	501,471	90,068	90,068
Changes in the period						
Dividends					(26,714)	(26,714)
Net income					41,272	41,272
Acquisition of treasury stock						
Disposal of treasury stock			(60)	(60)		
Retirement of treasury stock			(31,363)	(31,363)		
Net changes of items other than stockholders' equity						
Total changes in the period			(31,424)	(31,424)	14,558	14,558
Balance as of March 31, 2020	207,111	89,420	380,626	470,046	104,626	104,626

(Millions of yen)

	Stockholders' equity		New share subscription rights	Total net assets
	Treasury stock	Total stockholders' equity		
Balance as of April 1, 2019	(64,863)	733,788	1,081	734,869
Changes in the period				
Dividends		(26,714)		(26,714)
Net income		41,272		41,272
Acquisition of treasury stock	(13,014)	(13,014)		(13,014)
Retirement of treasury stock	313	252		252
Retirement of treasury stock	31,363	-		-
Net changes of items other than stockholders' equity			(204)	(204)
Total changes in the period	18,663	1,796	(204)	1,591
Balance as of March 31, 2020	(46,200)	735,585	876	736,461

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. Treatment method for deferred assets
Bond issuance costs are treated in full as expenses when incurred.
4. 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.
5. 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).
6. 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	15,639 million yen
Short-term monetary liabilities	3,266 million yen
Long-term monetary claims	115,992 million yen
Long-term monetary liabilities	208 million yen

2. Accumulated depreciation of tangible fixed assets 172 million yen

Notes to the Non-consolidated Statement of Operations

Volume of transactions with affiliated companies

Volume of transactions by operating transaction

Operating income	45,809 million yen
Operating expenses	287 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 32,311,441 shares

Note: The number of treasury stocks of common shares at the end of the fiscal year under review includes 798,400 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 yen
Long-term accounts payable-other	95 million yen
Share-based compensation expenses	80 million yen
Reserve for bonuses	42 million yen
Others	50 million yen
Subtotal of deferred tax assets	921 million yen
Valuation reserve	(658 million yen)
Total of deferred tax assets	263 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

The effective tax rate stipulated by the law 30.6%

(Adjustment)

Non-calculation of proceeds such as received dividend	(30.5%)
Valuation reserve	0.0%
Others	0.1%

The contribution ratio of corporate and other taxes after the application of the deferred tax accounting 0.1%

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*)	601	Other	9
Subsidiary	T&D United Capital Co., Ltd.	Direct ownership 100%	Major subsidiary engaged in the investment business	Establishment and the underwriting of capital increase	11,000	-	-
				Lending of funds (Note**)	68,100	Long-term loans receivable from subsidiaries (Note**)	65,900
				Receipt of interests (Note**)	110	Other	110

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 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, of the loans, 2.2 billion yen has been collected, and the entire ending balance of the loans is a subordinated loan.

Notes on information per share

Net assets per share 1,224.57 yen

Net income per share 68.46 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 798,400 shares, and the average number of shares during the period for the treasury shares deducted in calculating net income per share is 807,343 shares.

Significant subsequent events

Borrowing of a large amount of funds

The Company resolved at its board of directors meeting held on April 28, 2020, to borrow funds. Its summary is as follows.

- (1) Usage of the funds: Working capital, etc.
- (2) Lender: Daido Life Insurance Company
- (3) Borrowed amount: 45,000 million yen
- (4) Interest on the loan: Reasonably determined in consideration of market interest rates, etc.
- (5) Term of the loan: From May 2020 through to June 2021

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

Audit Report of Independent Auditor

May 18, 2020

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, 2019 through March 31, 2020.

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, Audit & Supervisory Board Members and the Audit & Supervisory Board 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.

Audit & Supervisory Board Members and the Audit & Supervisory Board are 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 Audit & Supervisory Board Members and the Audit & Supervisory Board 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 Audit & Supervisory Board Members and the Audit & Supervisory Board 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, 2020

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 16th fiscal year from April 1, 2019 through March 31, 2020.

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, Audit & Supervisory Board Members and the Audit & Supervisory Board 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.

Audit & Supervisory Board Members and the Audit & Supervisory Board are 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.

- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules 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 financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. 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 Audit & Supervisory Board Members and the Audit & Supervisory Board 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 Audit & Supervisory Board Members and the Audit & Supervisory Board 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.

Audit Report of the Audit & Supervisory Board Members (Copy)

Audit Report

The Audit & Supervisory Board is pleased to submit our audit report, which is based on the review of the audit reports prepared by each of the Audit & Supervisory Board Members concerning the execution of duties by the Directors of T&D Holdings, Inc. (the “Company”) during the 16th fiscal year from April 1, 2019 to March 31, 2020.

1. The Method and Content of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) The Audit & Supervisory Board established the policy and plan of audit, as well as division of duties, among other matters, and received reports from each Audit & Supervisory Board Member regarding the circumstances of audit implementation and audit results. In addition, the Audit & Supervisory Board received reports from the Board of Directors and the Accounting Auditor regarding the execution of their duties, and requested explanations as necessary.

(2) Each Audit & Supervisory Board Member, in compliance with the standards of audit & supervisory board member’s audit, which was established by the Audit & Supervisory Board, attempted to communicate with Directors, the Internal Audit Department, other employees, etc. in order to collect information and develop an appropriate audit environment in accordance with the audit policy, the audit plans, and the division of duties, and at the same time, executed audits using the following methods.

1) The Audit & Supervisory Board Members attended the meetings of the Board of Directors and other important meetings, received business reports from the Directors and other employees concerning the execution of their duties, and requested explanations as necessary. Each Audit & Supervisory Board Member read important documents concerning decision-making, and investigated the conditions of the business and financial standing at the Company. With regard to subsidiaries, the Audit & Supervisory Board Members 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) Each of the Audit & Supervisory Board Members received reports periodically from the Directors, employees and others, and requested explanations as necessary, about the content of the Board of Directors resolution on the development of systems necessary to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, which are provided in the Business Report, and other systems stipulated in the Enforcement Regulations of the Japanese Companies Act, Article 100, Paragraphs 1 and 3 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, and about systems developed based on such resolution (internal control system), in order to monitor and verify the conditions concerning the establishment and operation of such systems. For internal controls of financial reporting, Audit & Supervisory Board Members 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.

3) 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 received a report from the Accounting Auditor on responses to the “Principles for Effective Management of Audit Firms” (The Audit Firm Governance Code), etc., and requested explanations about specific measures to ensure the quality of their audits, including the strengthening of their audit system.

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.

(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, 2020

Junichi Yanai, Full-Time Audit & Supervisory Board Member [Seal]
Yasuo Teraoka, Full-Time Audit & Supervisory Board Member [Seal]
Shigekazu Iwai, Audit & Supervisory Board Member [Seal]
Yuichi Ozawa, Audit & Supervisory Board Member [Seal]

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

(Note) Audit & Supervisory Board Members Shigekazu Iwai and Yuichi Ozawa are outside audit & supervisory board members stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Japanese Companies Act.