

RESPONSIBLE INVESTMENT REPORT 2019



🐺 Dai-ichi Life Group



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We aim for both obtaining investment return and solving social issues through "Dai-ichi Life's responsible investment

", in order to respond to expectations from various stakeholders including policyholders.

Asset management as a life insurer

Since the Sustainable Development Goals (SDGs) were adopted by the United Nations Summit in 2015, there have been growing expectations for "contributions to solve social issues" by companies and financial institutions both inside and outside Japan. In recent years, international conferences and symposiums have been held all over the world to support the initiatives.

Life insurance companies, as institutional investors, have provided long-term capital to contribute to solve various social issues including developing new industries and changing social structures. In the current situation where international societies are making efforts in cooperation to solve social issues for the purpose of realizing a sustainable society, the responsibility of investment in insurance companies is growing more important than before. Based on the background, our company raised a "responsible investment" with two pillars—ESG investment and Stewardship Activities—as one of our important initiatives for improving investment management, and is making efforts even more actively.

Dai-ichi Life's responsible investment

With total asset of ¥36 trillion received from 10 million policyholders throughout Japan, Dai-ichi Life, as a "universal owner" investing in variety of asset classes, acknowledges that we need to conduct investment by considering various stakeholders. Therefore, our mission is not only to obtain investment return but also to make contributions to solve local and social issues and actively promote "Dai-ichi Life's responsible investment".

As our business is conducted globally, with the base in Japan, we are also promoting our ESG investment across assets through important themes below.

- "Quality of life Improvement ": Value creation of Dai-ichi Life Group
- "Local development and revitalization": Solving local social issues
- "Mitigation of climate change": Solving global social issues

In addition, we raise "By your side, for life" as a group mission and carry out stewardship activities mainly through engagements with mid to long term viewpoints on different issues from various investee companies by each growth stage. Specifically, we help companies to create corporate value by supporting "establishment of governance system", "advancement of management strategies / capital policies" and "promotion of initiatives to solve social issues".

Together with our stakeholders

We have prepared this "Responsible Investment Report" to convey our thoughts and efforts for responsible investment through life insurance company's investment to all stakeholders including policyholders, shareholders, clients and local communities.

To realize a sustainable society, we would like to continuously make a contribution to solve social issues through our ESG investment and stewardship activities.



Seiji Inagaki, President and October 2019 Representative Director

Our Role as Responsible Investor

- With 10 million customers throughout Japan, Dai-ichi Life, as an "universal owner" which hold multi asset class in our portfolio, believes it is essential to pursue investment strategy & management for caring various stakeholders.
- We are aiming for both obtaining mid to long term investment returns and solving social issues by promoting responsible investment (ESG investment / Stewardship Activities), one of the important issues for advancements of life insurance company's investment management.



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ESC inv	vootmont	Stowardah	in Activition
ESG investment ESG-themed ESG integration		Engagements	ip Activities Exercising voting
investments in a wide variety of assets that have ESG themes leading to solving issues, to aim for both obtaining investment returns and solving social issues.	With the ESG factors systematically incorporated into the investment process, we aim for improving mid to long term investment returns	(Dialogues) Based on the Stewardship Code and Corporate Governance Code, we engage in constructive dialogues with investee companies to facilitate their sustainable growth and consequently to aim for the improvement of mid to long term investment returns.	rights We closely examine the bills of the shareholders' general meetings to make judgments for approval or disapproval based on the details of the engagements. This is also in accordance with the standards for exercising voting rights established in terms of raising the corporate value of the investee companies, and enhancing their sustainable growth.
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Our Framework for Responsible Investment



- We formulate important policies regarding our responsible investment activities through deliberations at the "Responsible Investment Committee"—of which the majority of its members are external committee members. We are promoting efforts in the entire asset management department through activities including following up progress, and having discussions in the "Responsible Investment Meeting".
- Moreover, we use the annual assessment results for the Principles of Responsible Investment (PRI) to improve the level of our efforts based on global standards.



(Reference) System of Responsible Investment : Our Responsible Investment Governance Committee



- The majority of the members of the Responsible Investment Committee are external experts with plenty of specialized knowledge regarding business strategies, governances, ESG investment, etc., enabling a system that reflects a wide variety of external opinions in the Committee.
- In addition to external experts, officers in charge of compliance are added to the committee members, and therefore deliberations and confirmations are made for important policies regarding responsible investment and important exercising of voting rights, etc. These are based on the perspectives regarding management for conflicts of interest with life insurance contracts.

Makeup of Committee members		'S	Achievements			
		Name/title Attendar	nce count		<july 2018="" 2019="" june="" to=""></july>	
Inte		Kazuvuki Shigomoto	3 times/ 3 times	Period	Main deliberation agenda / reported matters	
		Kazuyuki Shigemoto Chairperson Responsible Investment Center	(Including former appointment)	September 2018	 Results of exercising voting rights for important bills in FY2017* Policies on Stewardship Activities in FY2018 	
ommittee bers		Ichiro OkamotoExecutive Officer in charge of the Compliance3 times/Control Department			Efforts for improvements in 2019 based on PRI assessment results in 2018	
External		Tetsuya Hishida Partner / Auditor Industrial Growth Platform, Inc.	3 times/ 3 times	March 2019	 Policies on ESG investment in FY2019 Revision of "standards for exercising voting rights" Approval or disapproval of general shareholder meeting bills on companies that were the cause of a scandal* 	
Committee		Haruka Matsuyama Attorney at Law and Partner Hibiya Park Law Offices	3 times/ 3 times	June 2019 (Specially held)	 Approval or disapproval of general shareholder meeting bills on companies that were the cause of a scandal or had a governance-related problem* 	
e members		Kikuo Kuroiwa Former President and Representative Director Robeco Japan Company Limited	2 times*/ 3 times		at there were no problems in exercising at a department responsible for managing f interest	

(As of October 2019)

members

Written opinions delivered for deliberation agenda when an absence occurred



Since we signed on the PRI, we proceeded with developing an internal system for promoting responsible investment, and received the Minister of the Environment Award in FY2017.
 We are making efforts to promptly incorporate global trends into our system through active participation in taking international initiatives.



Award from the Minister for of the Environment (March 2018)



Seiji Inagaki, President and representative Director

Mr. Nakagawa (at that time), Minister of the Environment

The reason for our selection for the award

- We have been promoting investments based on our social responsibilities as an institutional investor, and have been systematically making efforts for ESG-themed investment and ESG integration.
- We have been making advanced efforts to develop a system for promoting responsible investment, e.g., formulating our "policies on ESG investment" every year, and newly establishing a responsible investment meeting and Responsible Investment Committee.

Highlights - As a Responsible Institutional Investor -





Result of PRI assessments

- In the 2019 PRI assessment, we gained an evaluation above the global average (*) in all fields, in 2 consecutive years.
- Based on the results, we will further improve our efforts to advance responsible investments.

* Number of PRI-signed institutions as of October 2019: 2622 companies (Total assets of signed companies are more than 80% of those of companies in the world.)

	201 (Assessmer January–Dece	nt period:	2019 (Assessment period: January–December 2018)		Future initiatives based on the results
Area	Dai-ichi's score	Average	Dai-ichi's score	Average	
Strategy and Governance	A	А	А	А	Enhance integration of climate change risks and opportunities
Listed Equity Investment	A	В	A	В	Commence incorporating ESG elements into the research of non-Japanese Equities
Stewardship Activity	A+	В	A+	В	Participate in cooperative engagements inside and outside of Japan
Fixed Income Investment	В	В	A	В	Formulate policies on engagements as a bond investor
Real Estate Investment	A+	В	A+	В	(Consider further improvements based on global trends)

*Fixed income score is the average of four areas (sovereign, corporate (financial), corporate (non-financial) and securitized products)

As a Responsible Institutional Investor



Participating in initiatives

Signatory of:

Principles for Responsible Investment

(Signed in November 2015)

Principles formulated in answer to a call from the then-United Nations Secretary General Kofi Annan in 2005. Global standards for responsible investment. Advocated incorporating ESG issues into investment decisions, in order to achieve a sustainable society.



First domestic life insurance signed

(Signed in September 2018)

Task force established in December 2015 by the Financial Stability Board (FSB) based on the request from G20. Grasped opportunities and risks related to climate changes, and released a proposal to encourage information disclosure.

access to medicine FOUNDATIO

Climate

Action 100+

The initiative of institutional investors, that engages in

constructive dialogue regarding matters such as efforts for reducing emissions and disclosing related information with

companies that emit significant amounts of green-house gas.

First domestic life insurance signed

First domestic life insurance signed

(Signed in August 2019)

FOUNDATION (Signed in September 2018)

Evaluated the top 20 global pharmaceutical companies to improve access to pharmaceuticals in developing countries (released indices). Its purpose is to facilitate improvements for access to pharmaceuticals by incorporating the indices when institutional investors make investment decisions.



(Participated since 2011)

"Principles for Financial Action towards a Sustainable Society". Action guidelines formulated in October 2011 for financial institutions to facilitate actions for forming a sustainable society.



ICGN International Corporate Governance Network First domestic life insurance signed

(Signed in September 2019)

An initiative that aims for the promotion of sustainable economic development and a globally-effective market through effective improvement of corporate governance and investors' stewardship.

Highlights - As a Responsible Institutional Investor -



Efforts to accelerate diffusion

✓ We are aiming to improve our profitability from ESG investments and achieve a sustainable society through contributing to market development for ESG investments.

Participating in government-led meeting bodies and research groups, etc.

♦ MoE

ESG Finance High-Level Panel (February 28, 2019)



(Seiji Inagaki, Representative Director and President)

 Nomura Institute of Capital Markets Research

Research Group on Sustainable Development of the ESG Bond Market (Eebruary 2018 to June 2019)



"The Era of Sustainable Finance - ESG/SDGs and the Bond Markets" seminar co-sponsored by Nomura Securities Co., Ltd. / Bloomberg L.P.

Report of the Research Group: "The Era of Sustainable Finance -ESG/SDGs and the Bond Markets", Kinzai Institute for Financial Affairs

信券市場

 Presented in various seminars
 "TCFD Forum" co-sponsored by the Japan Exchange Group (JPX) and PRI (June 11, 2019)



PRI in Person 2019 (September 10–12, 2019)



(Miyuki Zeniya, Executive Sustainable Finance Specialist)

Efforts of the Life Insurance Association of Japan

 The position of chairperson was appointed for WGs for the FY2018 ESG investment/financing promotion and stewardship. Issued reports as a result of actions taken.



"Initiatives by Life Insurers to Reinvigorate the Equity Market and Achieve a Sustainable Society through Asset Management"

Published in various magazines

- Disclosure & IR (August 2019 edition)
 "ESG investment entered a new stage"
- Weekly Financial Affairs (September 9, 2019 edition)
 "Impact investment of Dai-ichi Life aiming for both

investment income and social results"

AL-IN September edition (Vol. 53), separate volume "ESG2019"

"The response to climate change, focusing on positive/impact investments, is this fiscal year's theme."

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Our History for ESG Investment and 2018 Review

- Since 2015 when we signed PRI, we have been making extended efforts to continuously improve ESG investments
- In FY2018, we strengthened monitoring for ESG-themed investments and improved Japanese Equities ESG fund.

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FY2019 Policies for ESG Investment



ESG-themed investment

Boost investments and financing on three important themes

Quality of life improvement

Contribute to improve Quality of life, including extending healthy life expectancies through investments into venture companies that create innovations in the healthcare field

Investing in vaccine bonds issued by international financing facilities for vaccinations

Climate change

Contribute to solving climate change issues through project finance related to renewable energy generation, and investments/financing in green bonds



Investing and financing in project finance for wind power generation

Regional development / Regional revitalization

Contribute to improve Quality of life of policyholders through investment/financing of assets, and developing real estate, in order to contribute to regional development and revitalization



Investing in the Toranomon 2-chome redevelopment project

ESG integration

Early development of organization responding to market movements

• Strengthen responses to climate change issues

 Introduce analysis of climate change risks and opportunities to incorporate ESG elements into research (Stock/Credit)



 Start to encourage investee companies to disclose their information based on TCFD through engagements

Extend efforts

 Start in-house ESD fund investment in non-Japanese Equities, in addition Japanese Equities



• Start to incorporate ESG elements into research of non-Japanese Equities

(Reference) Our Definitions of ESG Investment Method

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E	SG Investment Method	Definitions
ES	G-Themed Investment	Investment in fields that help resolve social issues premised on secure investment returns
	Impact Investment	An investment method in which decisions for investments are made while intending to both obtain income from investments and create a social impact (structural changes to society, etc.)
	Other	Investing in SDGs bonds, project finance related to power generation through renewable energy, investing and financing to contribute to regional development / regional revitalization
ESG Integration Systematic integration of ESG factors into the investme		Systematic integration of ESG factors into the investment process
	Integration into Research	Systematic integration of ESG factors into analysis and evaluation performed by the Company
	Positive Screening	Building a portfolio comprised of companies with high ESG ratings
	Negative Screening	Excluding certain uses of funds and industries, etc. from the portfolio
	Dialogue on ESG	Dialogue activities related to ESG issues

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Our ESG-themed Investment

PRI



About

¥160 billion

2019

About

¥180 billion

Renewable energy business:

About ¥120 billion

- ESG-themed investment has accumulated the assets and reached to ca. ¥400 billion.
- Mainly, we actively invested/financed in SDGs bonds and SDGs business (social infrastructure development and environment preservation. etc.).



2015 2016 2017 2018 2019 * In addition to the above, ESG-themed investments include impact investments and real estate investments that contribute to regional development and revitalization.

ESG-themed investment for SDGs bonds



18



* Described cases issued by multilateral development banks and the government, etc.

ESG-themed Investment 2019 Highlights: for SDGs bonds



Project title • summary	Investment amount	Focused theme	
Green Bond (IBRD) —Support for climate mitigation and adaptation activities	¥10.8 billion June 2019	Climate change	13 CLIMATE
Environmental Sustainability Bond (EBRD) —Support for renewable energy projects in East/Control European	¥10.8 billion	Climate change	13 CLIMATE
projects in East/Central European countries	June 2019		
Sustainable Development Bond (IBRD) —Support for food loss and waste	¥10.8 billion	Quality of life improvement	2 ZERO LUNGER
issues	July 2019		
Vaccine Bond (IFFIm) —Support for development of new vaccines	¥5.2 billion July 2019	Quality of life improvement	3 GOOD HEALTH AND WELL-BEING

ESG-themed Investment: Investment & Financing for SDGs Business





ESG-themed Investment: Investment and Financing for Renewable Energy



Total investment balance: About ¥120 billion

Renewable energy division	Balance of investmen	t Focused theme	9
Project finance for solar power generation business	About ¥51 billion Domestic: Oversea About About ¥44 billion ¥7 billion	Climate ^{s:} change	7 AFORMARE AND CLEAN ENTREP CLEAN ENTREP
Project finance for wind power generation business	About ¥42 billion Domestic: Oversea About About ¥11 billion ¥31 billion	Climate s: change	7 OFFORMABLE AND CONTRACTOR OF OFFICE CONTRACTOR OFFICE
Project finance for biomass power generation business	About ¥27 billion Domestic: Oversea About About ¥21 billion ¥60 billi	Climate s: change	7 AFTORDABLE AND 10 CLEAN EN KRBY 13 ACTION 13 ACTION

ESG-themed Investment: Impact Investment



Total	investment asse	ets: About ¥6.4 billion (13 investments)			th obtain investment return a iety's structural change, etc.)	
	Company	Business summary	Investment amount	Company	Business summary	Investment amount
	ScureApp 🕉	Research and development of "treatment applications" for nicotine dependency	¥1000 million	QD LASER	Develop and provide the eyewear for low-vision patients	¥300 million
Improvi ng	SUSMED Sustainable Medicine	Research and development of mobile application for insomnia treatment	¥100 million	Neurotrack	Develop apps measuring cognitive functions by eye tracking	¥800 million
Quality of life	MELTIN	Research and development of world's first avatar robot, which has the closest performance to human hands	¥300 million	Integral Geometry Science	Develop a visualizing system for the early detection of breast cancer	¥200 million
	MOLCURE	Develop and provide an antibody/peptide drug discovery platform that uses AI	¥100 million	🚱 UniFa	Develop and provide solutions utilizing IoT and AI toward realizing smart nursery care centers	¥300 million
Climate	Spiber	Development of next- generation bio materials	¥1000 million	KT KT Katatt環境エネルギー投資 Katatt	Venture fund focusing on the energy and resource related sectors	¥1000 million
Change	Challenergy	Development of wind turbines capable of generating electricity even in typhoons	¥200 million			
Other	Gojo & Company, Inc.	Micro-finance business in developing countries	¥1000 million	CROWD	Provide financing-type crowd funding services	¥100 million

ESG-themed Investment: 2019 Highlights of Impact Investment



Company · Business summary	Social Impacts	Investment amount	Focused theme	
Challenergy Inc. —Development of wind turbines capable of generating electricity even in typhoons	Reduce CO2 emissions by replacing fossil fuel power generation	¥200 million February 2019	Climate change	7 AFFORDABLE AND CLEAN ENERGY
NeuroTrack Technologies, Inc. —Develop apps such as "NeuroTrack Cognitive Function Test," which measures cognitive functions by eye tracking	Extending healthy life expectancy by preventig of Dementia	¥800 million July 2019	Quality of life improv ement	Restricted of the second secon
Integral Geometry Science —Develop a visualizing system for the early detection of breast cancer	Reduction in the breast cancer fatality rate through the early detection of breast cancer	¥200 million September 2019	Quality of life improv ement	3 GOOD HEALTH AND WELL-BEING
UniFa Co., Ltd. —Developing solutions utilizing IoT and AI toward realizing smart nursery care centers that are comfortable workplaces for nursery care workers	Resolving the lengthy nursery care waiting list problem	¥200 million September 2019	Quality of life improv ement	5 BENNERY S DECENT WORK AND B DECENT WORK AND B DECENT WORK AND COMMON CROWTH



• Aim of impact investment



Viewpoints for case selection

1 The management should have clear visions for solving social issues.

(2) A certain feasibility should be present.

(* Comprehensively determined, concerning the viewpoints below)

Business innovation

Market share

ESG-themed Investment: Regional Development / Regional Revitalization

Comprehensive partnership agreement with the Institute for Advanced **Biosciences, Keio University**

Signed in August 2018

Investment

Metcela

メトセラ

(Eradicate heart failure

- We invested in ventures and demonstration experiments as a part of the partnership agreement to support social implementation of innovations created by the Institute.

Dai-ichi Life Group

Comprehensive

partnership agreement

Institute for Advanced **Biosciences**, **Keio University**

Spiber (Develop next-generation biomaterials)

Investment

シクノロジーズ

diagnosing depression)

(Develop a kit for

モルキュア (Accelerate drug development utilizing AI)

Tsuruoka Bioscience Park

Toranomon 2-chome redevelopment project

- We will utilize our knowhow of improving Quality of life obtained in the life insurance business to redevelopment planning, and will contribute to regional revitalization.





Made investment

decision in March 2019

By your side, for life DAI-ICHI LIFE

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Incorporating into research (equities/credit)





Positive screening (Japanese Equities)

ESG fund construction method for Japanese Equities



Framework of ESG Integration



Positive screening (non-Japanese Equities)

 ESG fund construction method for non-Japanese Equities

Composition of MSCI-ACWI

(MSCI World Index)

[Company Profile]



- ESG vendor established in 2017 / Headquarters in Germany
- Main customers are European, American, and Asian banks, and insurance, pension fund, and ranking companies. Their scores were utilized in custody operations in State Street Corporation and JPMorgan Chase & Co., and in the S&P index.

[ESG scores]

Collecting the ESG-related data of more than 7000 globally-listed companies on a daily basis, and calculating ESG scores using AI

Screening using ESG scores of the ESG vendor (Arabesque)

Investment target universe

Portfolio

Optimizing so as to neutralize various risk factors of countries, currencies, and industries etc.

Confirming ESG score changes, replacing brands, and adjusting weights

Negative Screening

Negative screening

 The fields below are subject to prohibition of investment and financing in terms of characteristics and sustainability of life insurance operations.

(The targets of negative screening are to be continuously considered for additions, based on domestic and foreign social situations, etc.)

• Target of negative screening

Fields subject to be screened	Targeted assets		
Manufacturing cluster munitions	 Stock investments Bond investments Corporate financing Project finance Real estate investments 		
Coal-fired power generation	 Project finance 		

• Process of negative screening

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Our Basic Policies for Stewardship Activities



- As the Stewardship Activities in the "Dai-ichi Life way" with "By your side, for life" raised as our group mission, we are making efforts to support raising corporate values in the mid to long term, and deal with different issues of various investee companies, by their growth stage.
- We are actively promoting the advancement of our efforts based on both the Stewardship Code and the Corporate Governance Code, in order to provide our own added values as a listed institutional investor.



Our Framework of Stewardship Activities



We are aiming to facilitate raising the corporate values of companies and improve our mid to long term investment returns through our Stewardship Activities with the focus on engagements.



How We Follow Engagements with Companies

We are regularly following up on the progress of issues based on engagements, and supporting solving issues of companies through providing related information.

4-step milestone management



Examples of issues for each theme

Governance

- Independent outside directors
- Board of directors
- Cross-shareholdings
- Nomination/remuneration

Environmental / social issues

- Identifying ESG issues
- Identifying and disclosing materiality
- Dealing with TCFD
- Diversity and human rights

Management strategies

- Formulating and disclosing mid-term management plan
- Formulating and disclosing KPI
- Reconstructing business
- Improving business performance

Financial strategies

- Formulating and disclosing shareholder return policies
- Formulating and disclosing the policies of utilizing treasury shares
- Improving the total return ratio
- Formulating and disclosing capital policies



History of Our Stewardship Activities



- We have been continuously raising the level of the Stewardship Activities, focusing on engagements through increasing the number of engagement companies. This has been handled by strengthening organization and through diversifying themes, along with improving transparency by enhancing disclosure regarding the execution of voting rights.
- We have started full-scale engagements with the "environmental and social issues" as the main themes since 2018, based on environmental changes surrounding companies.


2018 Stewardship Activities

(Target period: July 2018 to June 2019)

- Based on the viewpoints of importance such as investing amounts and the ranking of shareholding percentages, etc., we have selected 251 companies for engagement in 2018 in accordance with ESGs (including regional development) and growth strategy themes.
- In commencing engagement in full-scale ESG dialogues, the ratio of dialogue regarding environmental and social issues increased to nearly 40%.



Our achievement of Engagements with Companies



- We made progress in the issues presented to the companies in FY2015 in the order of governance, management, and financial strategies.
 - ✓ 70% of the governance-related issues were solved with the support of an external environment.
 - \checkmark We took more time to solve financial strategy related issues such as use of funds.

<Status of the issues presented for each fiscal year as of the end of June 2019>



3 Efforts on dealing with issues: Companies starting to make efforts on issues

4 Issue solution: Confirming that the issues are solved

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Case of Engagements (1)

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Case of Engagements (2)



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一生涯のパートナー

Case of Engagements (3)

😈 Dai-ichi Life Group



Participating in Collaborative Engagements

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- To strengthen our own engagement activities and to enhance effects, we have participated in the cooperative engagements being conducted by the Working Group for Stewardship Activities of the Life Insurance Association of Japan, with the company taking the role of chairperson of the Working Group.
- In FY2018, we have carried out engagements with the themes of "enhancing shareholder returns" (for 48 companies) and "enhancing the disclosure of ESG information" (for 64 companies)—for 107 companies in total—based on the acknowledgement of issues shared by the participating companies. We have made certain results.

Themes for dialogues



Working Group for Stewardship Activities of the Life Insurance Association of Japan (10 life insurance companies including our company)

Letter sent under joint signatures of 10 life insurance companies Explaining the purpose through dialogues, etc.



Results of dialogues

<Reactions of companies we engaged in dialogues with>

Enhancing shareholder returns

Targeting a payout ratio of more than 30%	Negative for raising the dividend level	Uncommitted	
33%	33%	33%	

Enhancing the disclosure of ESG information

Considering enhancements for disclosure 47%	Negative for enhancing disclosure 6%	Uncommitted 47%	
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Created based on the source "Initiatives by Life Insurers to Reinvigorate the Equity Market and Achieve a Sustainable Society through Asset Management"

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2019 Policies for Stewardship Activities



(Target period: July 2019 to June 2020)

Engagements

Strengthening the ability to respond to various issues of companies through the expansion and deepening of our efforts

• Strengthening dialogues on climate change

Supporting corporate responses to climate change through dialogues on the state of disclosure, based on the suggestions offered by TCFD and others



TCFD

• Participating in collaborative engagements

Showing influence beyond that of a single company for solving issues common to investor, and for developing a market environment through participating in the domestic and overseas collaborative engagements



The Life Insurance Association of Japan

Starting full-scale bond engagements

Starting full-scale engagement activities for domestic bond issuers, advancing financial strategies of the issuers, and contributing to revitalizing the bond market



Enhancing disclosure of reasons for decisions on exercising voting rights

Disclosing our company's policies clearly regarding the execution of voting rights through ingenuities, etc. for the description of reasons regarding individual judgements, and further facilitating constructive dialogues



ESG integration

Developing/systematizing evaluation standards

Integrating ESG activities to evaluation

Systematizing evaluation standards regarding corporate efforts for ESG, and incorporating them into corporation evaluations to appropriately reflect them through investment decisions



2019 Focused Engagement Themes



		Focused themes for engagements	(Reference) Efforts for Dai-ichi Life HD	
	1.	Strengthning the governance system Advancing the governance based on the Corporate Governance Code	 Continuously reviewing the governance system based on the Corporate Governance Code as a company listed on the stock exchange 	
	2.	Responding to climate change Developing and disclosing the governance system based on the suggestions by TCFD	 ✓ Supporting TCFD and joining in RE100 TCFD TASK FORCE on CLIMATE - RELATED FINANCIAL DISCLOSURES RE 100 	
ESG	3.	Enhancing integrated disclosure Disclosing integrated financial and non-financial information through the integrated report, etc.	 Creating the integrated report, and announcing our company's value creation process 	
	4.	Identifying and incorporating materiality into management strategies Identifying important issues (materiality) in the sustainability of a business model, and reflecting them into the management	By your side for life ✓ Setting "contributions to the improvement of QOL" as the important field of our value	
Mana; strat	5.	strategies (risks and growth opportunities) Strategical investment for sustainable growth	creation	
<i>Management</i> strategies		Strategical investment policies for growth (M&A, capital investment, R&D investment, human resources investment, etc.)	 Promoting efforts for InsTech and overseas deployment of life insurance business 	
Financial strategies	6.	Mid- to long-term financial strategies Appropriate balance between growth investment, shareholder returns, and internal reserves	 ✓ Setting the targets below as the financial strategies [Capital efficiency] 8% or more of ROEV 	

Appropriate balance between growth investment, shareholder returns, and internal reserves

[Capital achievement rate] 170 - 200% of ESR [Shareholder return] 40% of total return ratio

2019 Targeted Companies for Engagements

 In FY2019, based on viewpoints of importance such as investing amounts and the ranking of shareholding percentages, we select 250 companies, for which "climate change" may become an important management issue for engagements.



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🐨 Dai-ichi Life Group

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- ✓ Basic concepts and processes
- ✓ Looking back on past efforts and actions
- ✓ Example of engagements
- ✓ 2019 effort policies
- ✓ Reference materials
 - Situations responding to Stewardship Code
 - Standards for exercising voting rights
 - Results of exercising voting rights

(Reference) How We Respond to Japan Stewardship Code



• Situation of efforts for each principle and self-evaluation

Principle	Situation of efforts	Self-evaluation	
Principle 1 Formulating and announcing policies	 In April 2019, we revised and announced the "Policies for Stewardship Activities" as follows. Based on the PRI assessment results and the British movement related to the Stewardship Code, we clearly stated that the domestic bond invesees were subject to the Stewardship Activities, in order to fulfill our responsibilities for the stewardship on our own initiative. Since FY2018, we started engaging in full-scale dialogues for ESG as the main theme. We will continuously deal with ESG in the future. In addition, climate change is an important theme yielding serious impacts on the improvement of our future corporate value. Therefore, we clearly stated the "issues on the governance, environment, and society including climate change" as the main dialogue themes. 	• We evaluate that we are appropriately dealing with these points through revising and announcing our policies based on the domestic and overseas movements.	
 Principle 2 Managing conflicts of interest For the purpose for strengthening the governance system related to the Stewardship activities and other purposes, we established a Responsible Investment Committee in April 2017. In April 2018, for the committee, we appointed three external committee members (accounting for the majority in the committee) and two internal committee members (one of the two is the executive officer of the Compliance Control Department in charge of managing conflicts of interest). The Responsible Investment Committee deliberates and decides on especially important executions of voting rights for companies that have a large amount of holdings, and other companies and agenda items, etc. with extremely high attention. Simultaneously, we report all important executions of voting rights to the Responsible Investment Committee. 		• We evaluate that we are appropriately exercising voting rights through establishing and operating, etc. the Responsible Investment Committee.	
Principle 3 Precisely grasping companies	 We are quantitatively grasping the business results and financial status, etc. Moreover, we are making efforts for collecting and analyzing non-financial information including the governance, environmental and social issues to evaluate the mid- to long-term profit growth of the companies. 	 We have been evaluating the profit growth and utilizing the cooperative engagements, etc. based on collected and analyzed non- 	
Principle 4 Dialogues with companies	 We engaged in dialogues with companies having 90% or more market capitalization of the domestic share portfolio as a three-year accumulation from FY2016 to FY2018. As for 61% of the companies with which we engaged in dialogues in FY2018, the dialogues led to having interviews with the officers of those companies. We presented and shared the issues we considered with the management of said companies. We have participated in the cooperative engagements being conducted by the Working Group for Stewardship Activities of the Life Insurance Association of Japan as the company taking the role of the chairperson of the Working Group. 	financial information. We consider that <u>future issues will be the</u> <u>more systematic incorporation</u> <u>of non-financial information and</u> <u>the improvement of the</u> <u>effectiveness of cooperative</u> <u>engagements.</u> 48	

(Reference) How We Respond to Japan Stewardship Code



Principle	Situation of efforts	Self-evaluation	
Principle 5 Exercising voting rights	 In FY2018, the Responsible Investment Center exercised all voting rights for 1,907 companies listed on the domestic stock exchange. We revised the standards for exercising voting rights and announced the details in April 2019 based on the deliberations in the Responsible Investment Committee. Note that, as for the timing of adopting the revised standards, we set a considered period where companies can appropriately respond to the details of the revised standards, one by one. We had disclosed the aggregated results of each agenda type in exercising voting rights and the results of the approvals and disapprovals on the results of each company and agenda item every quarter. For those starting from January 2019, we have started disclosing them including individual reasons for opposing. 	 We evaluate that we have appropriately exercised the voting rights through reviewing the standards for exercising voting rights and announcing their results, including disclosing reasons for opposing. 	
Principle 6 Regular reporting	 The situation of efforts for all of the Stewardship activities is available for each fiscal year as the "Stewardship Activities Report" ("Report of Actions for Responsible Investment" since FY2018) on our website. As for the execution of voting rights, the entire standards for exercising voting rights, scheduled revision of the standards, and the results of exercising voting rights every quarter are also available on our website. 	• We evaluate that we are appropriately making announcements through disclosure on the website related to responsible investment including Stewardship Activities.	
Principle 7 Acquiring competency	 We opened the Responsible Investment Center in April 2017 to gather personnel and functions related to the Stewardship Activities. The Center is making advancements for efforts pertaining to the Stewardship Activities and accumulating knowhow, and developing human resources. Inviting external experts as lecturers, we have regularly held internal study sessions for improving dialogue skills and obtaining knowledge related to environmental and social issues surrounding companies. We shared the efforts of companies that participated in the Working Group for Stewardship Activities of the Life Insurance Association of Japan, and participated in an information exchange meeting, inviting external investors. 	 We evaluate that we have appropriately acquired competency through efforts such as gathering personnel and functions by establishing the Responsible Investment Center, sharing examples of individual companies' efforts in the Working Group of the Life Insurance Association, and participating in the information exchange meeting inviting external investors. 	

(Reference) Our Voting Policy (main points)

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- We have decided on the standards for exercising voting rights in terms of improving the corporate value of our companies and facilitating their sustainable growth.
- We review the standards as needed based on the social and economic situations, etc. surrounding the companies.

Agenda item	Targets	Standard as of April 2019	Scheduled revision from April 2020		Targets
Selecting directors/auditors	Representative director	Deficit in three straight fiscal years, under 3% of ROE in five straight fiscal years (when being continuously present as the representative director during the applicable term)			All listed companies
	Representative director	No independent outside directors	One independent outside director	To be applied from April 2021	Companies listed on TSE First Section
		-	No independent outside directors	To be applied from April 2021	Companies listed other than TSE First Section
	Independent outside directors/auditors	 Relatives within the third degree Originally from major shareholders with 15% or more holding ratio 	[Elements below added in the current standard Long appointment period (up to a total of 1 directors/auditors, etc. (including committee m	2 years) as outside	Companies listed on TSE First Section
	Outside directors/auditors	Under 75% attendance rate for the board of directors and the board of auditors			Companies listed on TSE First Section
	Auditors/directors who are committee members for auditing, etc.	Long appointment period (12 years or more)			Companies listed on TSE First Section
Officer compensation, stock-based compensation Issuing and granting stock options		Granting stock-based compensation and stock options for auditors, etc. (including committee members for auditing, etc.)			All listed companies
		Granting stock-based compensation and stock options that may cause over 10% dilution			All listed companies
Appropriation of the surplus (Representative director is reappointed as a director when there is no applicable agenda item.)		Under 15% of the total return ratio for three-fiscal year accumulation and the most recent fiscal year (Representative director is reappointed as a director when there is no applicable agenda item.)	Under 20% of the total return ratio for three-fiscal year accumulation and the most recent fiscal year		All listed companies
Introducing and updating takeover defense measures		(One applicable) Under 5% of ROE in three straight fiscal years; one independent outside director; providing economic consideration			All listed companies
Providing retirement allowances		Providing retirement allowances for auditors, etc. (including committee members for auditing, etc.)			Companies listed on TSE First Section

* See materials disclosed on our website for details of the standards for exercising voting rights.

(Reference) Results of Voting Records (July 2018-June 2019)



- Focusing on mid- to long-term engagements with companies and making efforts to spread the policies for our opposing standards, ratio of votes against for the agenda items proposed by companies is staying relatively in the low levels.
- As for the agenda items proposed by the shareholders, we voted in favor of two items that we determined to contribute to improving corporate value.



* See materials disclosed on our website for results of the execution of individual voting rights.

https://www.dai-ichi-life.co.jp/english/dsr/investment/ssc2.html

