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Message from the President

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 Representative Director
October 2019
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.

- Customers
  - About 10 million
  - Insurance premium
  - Insurance claims

- Shareholders

- Local communities

- Universal owner
  - Total assets: About ¥36 trillion

- Dai-ichi Life

- Investee / financing companies
  - Country, local governments
  - Companies
  - Real estate, etc.

- ESG Investments

- Engagements through Stewardship Activities

Aiming for both obtaining investment returns and solving social issues
Our Approach for Responsible Investment

**ESG investment**

- **ESG-themed investment**
  We make 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.

- **ESG integration**
  With the ESG factors systematically incorporated into the investment process, we aim for improving mid to long term investment returns.

**Stewardship Activities**

- **Engagements (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.

- **Exercising voting 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.
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.

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### Responsible Investment Committee

**Main agenda:** deliberations on responsible investment-related policies and important bills for which voting rights are exercised

- **External committee members:** 3
- **Internal committee members:** 2

### Responsible Investment Meeting

**Main agenda:** formulating responsible investment-related policies, looking back at PRI assessment, following up on the progress of individual efforts

- **Sharing global trends, etc. for responsible investment**
- **Effort results / progress report**

### Asset management department

- **ESG investment**
- **Stewardship Activities**

---

**Board of directors**

**Management meeting**

- Reporting on activities such as revising important policies, exercising voting rights, and engaging in dialogues

---

**Signatory of:**

**Principles for Responsible Investment**

Formulated in 2005. **Global standards for responsible investment.** Advocated incorporating ESG issues into investment decisions, in order to achieve a sustainable society.
The 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.

<table>
<thead>
<tr>
<th>Makeup of Committee members</th>
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</thead>
<tbody>
<tr>
<td>Name/title</td>
</tr>
<tr>
<td>Internal Committee members</td>
</tr>
<tr>
<td>Kazuyuki Shigemoto</td>
</tr>
<tr>
<td>Ichiro Okamoto</td>
</tr>
<tr>
<td>External Committee members</td>
</tr>
<tr>
<td>Tetsuya Hishida</td>
</tr>
<tr>
<td>Haruka Matsuyama</td>
</tr>
<tr>
<td>Kikuo Kuroiwa</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;July 2018 to June 2019&gt;</td>
</tr>
<tr>
<td>Period</td>
</tr>
</tbody>
</table>
| September 2018 | • Results of exercising voting rights for important bills in FY2017*  
• Policies on Stewardship Activities in FY2018  
• Efforts for improvements in 2019 based on PRI assessment results in 2018 |
| 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* |
| 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* |

* Verified that there were no problems in exercising judgment at a department responsible for managing conflicts of interest

(As of October 2019)
Our Recent Progress for Responsible Investment

- 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 of the Environment (March 2018)**

- 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 -

Balance of assets

Operating assets

About ¥36 trillion

* End of FY2018

ESG-themed investment

Balance of investment

About ¥400 billion

SDGs bond

About ¥160 billion

Project related to power generation through renewable energy/finance

About ¥120 billion

Impact investment

About ¥6.4 billion (13 cases)

* As of September 2019

Engagements

Number of companies engaged in dialogues

251 companies

Rate of interviews with officers

About 61%

* FY2018

Ratio of companies engaged in dialogues in Japanese Equities portfolio

Accumulated for 3 years

About 92%

FY2018

About 59%

(based on gained market value)
# 2019 Result of PRI assessments

## 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.)

### Future initiatives based on the results
- Enhance integration of climate change risks and opportunities
- Commence incorporating ESG elements into the research of non-Japanese Equities
- Participate in cooperative engagements inside and outside of Japan
- Formulate policies on engagements as a bond investor
- (Consider further improvements based on global trends)

### Strategy and Governance

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Assessment period: January–December 2017)</td>
<td>(Assessment period: January–December 2018)</td>
</tr>
<tr>
<td></td>
<td>Dai-ichi’s score</td>
<td>Average</td>
</tr>
<tr>
<td>Strategy and Governance</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Listed Equity Investment</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>Stewardship Activity</td>
<td>A+</td>
<td>B</td>
</tr>
<tr>
<td>Fixed Income Investment</td>
<td>B</td>
<td>B</td>
</tr>
<tr>
<td>Real Estate Investment</td>
<td>A+</td>
<td>B</td>
</tr>
</tbody>
</table>

*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:**

- **PRI**
  - 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.

- **Climate Action 100+**
  - (Signed in August 2019)
  - 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.

- **TCFD**
  - 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.
  - (Signed in September 2018)

- **ICGN**
  - International Corporate Governance Network
  - (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.

**21世紀金融行動原則**

- "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.
  - (Participated since 2011)

- **Access to Medicine Foundation**
  - 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.
  - (Signed in September 2018)

**First domestic life insurance signed**

- First domestic life insurance signed
- First domestic life insurance signed
- First domestic life insurance signed
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 (February 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.


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"

Presented in various seminars

- "TCFD Forum" co-sponsored by the Japan Exchange Group (JPX) and PRI (June 11, 2019)
  (Miyuki Zeniya, Executive Sustainable Finance Specialist)

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

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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     - Results of exercising voting rights
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.

<table>
<thead>
<tr>
<th>FY</th>
<th>FY2010</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESG-themed investment</td>
<td></td>
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<tr>
<td>Renewable energy power plant-related investments and loans</td>
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<tr>
<td>Investments in SDGs bonds issued by multilateral development banks, etc</td>
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<td></td>
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<td></td>
<td></td>
<td>Started monitoring the use of funds, etc.</td>
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<tr>
<td>Impact investment</td>
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<tr>
<td>Regional revitalization investment and loans</td>
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<tr>
<td>Japanese Equities ESG funds managed in-house</td>
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<td></td>
<td>Improve portfolio utilizing ESG research</td>
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<tr>
<td>Incorporation ESG factors into research process</td>
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<tr>
<td>ESG engagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Started engagements as a bond investor</td>
</tr>
<tr>
<td>Negative Screening</td>
<td></td>
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<tr>
<td>Promote use of ESG Investment</td>
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</table>

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.
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.

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

◆ 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.

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 to Japanese Equities
- Start to incorporate ESG elements into research of non-Japanese Equities
(Reference) Our Definitions of ESG Investment Method

<table>
<thead>
<tr>
<th>ESG Investment Method</th>
<th>Definitions</th>
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<tbody>
<tr>
<td><strong>ESG-Themed Investment</strong></td>
<td>Investment in fields that help resolve social issues premised on secure investment returns</td>
</tr>
<tr>
<td>Impact Investment</td>
<td>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.)</td>
</tr>
<tr>
<td>Other</td>
<td>Investing in SDGs bonds, project finance related to power generation through renewable energy, investing and financing to contribute to regional development / regional revitalization</td>
</tr>
<tr>
<td><strong>ESG Integration</strong></td>
<td>Systematic integration of ESG factors into the investment process</td>
</tr>
<tr>
<td>Integration into Research</td>
<td>Systematic integration of ESG factors into analysis and evaluation performed by the Company</td>
</tr>
<tr>
<td>Positive Screening</td>
<td>Building a portfolio comprised of companies with high ESG ratings</td>
</tr>
<tr>
<td>Negative Screening</td>
<td>Excluding certain uses of funds and industries, etc. from the portfolio</td>
</tr>
<tr>
<td>Dialogue on ESG</td>
<td>Dialogue activities related to ESG issues</td>
</tr>
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<td>1. Message from the President</td>
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<td>2. Our Role as Responsible Investor</td>
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<td>3. Approach for Responsible Investment</td>
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<tr>
<td>✓ Looking back on past efforts and actions</td>
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<td>✓ 2019 effort policies</td>
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<tr>
<td>✓ ESG-themed investment results</td>
<td></td>
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<tr>
<td>✓ Examples of efforts for ESG integration</td>
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<tr>
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<td>✓ 2019 effort policies</td>
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<td>✓ Reference materials</td>
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<td>- Situations responding to Stewardship Code</td>
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<tr>
<td>- Standards for exercising voting rights</td>
<td></td>
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<tr>
<td>- Results of exercising voting rights</td>
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</tbody>
</table>
Our ESG-themed Investment

- 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.).

**<ESG-themed investment assets change>**

**Total**
- About ¥400 billion

**Breakdown**

- **<Investment/financing in SDGs bonds, etc.>**
  - Funding for international institutions and companies that promote business contributing to achieving SDGs
  - About ¥160 billion

- **<Investment/financing in SDGs business, etc.>**
  - Funding for business (social infrastructure development, environment preservation, etc.) contributing to achieving SDGs
  - About ¥180 billion

- **Renewable energy business:** About ¥120 billion

* 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

Total investment assets: About ¥160 billion

Europe

Microfinance Bond (EBRD)
- Financial support to SMEs and micro-enterprises in developing countries

Health Bond (EBRD)
- Support for improvement of medical services in East/Central European countries

Environmental Sustainability Bond (EBRD)
- Support for renewable energy projects in East/Central European countries

Asia-Pacific

Health Bond (ADB)
- Support for health projects in the Asia-Pacific

Gender Bond (ADB)
- Promote women's empowerment in the Asia-Pacific

Africa

Feed Africa Bond (AfDB)
- Support for agricultural businesses in Africa

Light Up and Power Africa Bond (AfDB)
- Support for electricity and energy infrastructure development in Africa

Japan

Tokyo Green Bond (Tokyo Pref.)
- Support for smart city projects in Tokyo

Latin America/Caribbean

EYE Bond (IADB)
- Finance EYE(Education, Youth and Employment) projects

World Bank Group

Inclusive Business Bond (IFC)
- Support for companies that actively integrate low-income communities into their value chain

Green Bond (IBRD)
- Support for climate mitigation and adaptation activities

Vaccine Bond (IFFIm)
- Support for development of new vaccines

Sustainable Development Bond (IBRD)
- Support for food loss and waste issues

* Described cases issued by multilateral development banks and the government, etc.
## ESG-themed Investment 2019 Highlights: for SDGs bonds

<table>
<thead>
<tr>
<th>Project title summary</th>
<th>Investment amount</th>
<th>Focused theme</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Green Bond</strong> (IBRD)</td>
<td>¥10.8 billion</td>
<td>Climate change</td>
</tr>
<tr>
<td>—Support for climate mitigation and adaptation activities</td>
<td>June 2019</td>
<td></td>
</tr>
<tr>
<td><strong>Environmental Sustainability Bond</strong> (EBRD)</td>
<td>¥10.8 billion</td>
<td>Climate change</td>
</tr>
<tr>
<td>—Support for renewable energy projects in East/Central European countries</td>
<td>June 2019</td>
<td></td>
</tr>
<tr>
<td><strong>Sustainable Development Bond</strong> (IBRD)</td>
<td>¥10.8 billion</td>
<td>Quality of life improvement</td>
</tr>
<tr>
<td>—Support for food loss and waste issues</td>
<td>July 2019</td>
<td></td>
</tr>
<tr>
<td><strong>Vaccine Bond</strong> (IFFIm)</td>
<td>¥5.2 billion</td>
<td>Quality of life improvement</td>
</tr>
<tr>
<td>—Support for development of new vaccines</td>
<td>July 2019</td>
<td></td>
</tr>
</tbody>
</table>
ESG-themed Investment: Investment & Financing for SDGs

Business

Total investment assets: About ¥180 billion

Funding for business (social infrastructure development, environment preservation, etc.) contributing to achieving SDGs

Europe

Renewable Energy
- About ¥24 billion

Other
- About ¥19 billion

Asia-Pacific

Renewable Energy
- About ¥7.1 billion

Other
- About ¥29 billion

Africa

Other
- About ¥6 billion

Côte d'Ivoire: Support government for infrastructure development (June 2019)

North America

Renewable Energy
- About ¥12 billion

USA: Energy-efficient LNG power generation (April 2015)

Japan

Other
- About ¥7.5 billion

Renewable Energy
- About ¥74 billion

Germany: Offshore wind power generation (January 2017)

Fukushima Prefecture: Solar power generation (August 2015)

Turkey: Hospital development/operation (July 2017)

South America

Renewable Energy
- About ¥2.7 billion

Peru: Railway development (March 2019)
## ESG-themed Investment: Investment and Financing for Renewable Energy

### Total investment balance: About ¥120 billion

<table>
<thead>
<tr>
<th>Renewable energy division</th>
<th>Balance of investment</th>
<th>Focused theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project finance for solar power generation business</td>
<td>About ¥51 billion</td>
<td>Climate change</td>
</tr>
<tr>
<td></td>
<td>Domestic: About ¥44 billion</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Overseas: About ¥7 billion</td>
<td></td>
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<tr>
<td>Project finance for wind power generation business</td>
<td>About ¥42 billion</td>
<td>Climate change</td>
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<tr>
<td></td>
<td>Domestic: About ¥11 billion</td>
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<tr>
<td></td>
<td>Overseas: About ¥31 billion</td>
<td></td>
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<tr>
<td>Project finance for biomass power generation business</td>
<td>About ¥27 billion</td>
<td>Climate change</td>
</tr>
<tr>
<td></td>
<td>Domestic: About ¥21 billion</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Overseas: About ¥60 billion</td>
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</tbody>
</table>

Renewable energy division: Focus theme on climate change.
## ESG-themed Investment: Impact Investment

**Total investment assets:** About ¥6.4 billion (13 investments)

Investment intended to both obtain investment return and create social impacts (society's structural change, etc.)

<table>
<thead>
<tr>
<th>Company</th>
<th>Business summary</th>
<th>Investment amount</th>
<th>Company</th>
<th>Business summary</th>
<th>Investment amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improving Quality of life</strong></td>
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</tr>
<tr>
<td>CureApp</td>
<td>Research and development of “treatment applications” for nicotine dependency</td>
<td>¥1000 million</td>
<td>QD LASER</td>
<td>Develop and provide the eyewear for low-vision patients</td>
<td>¥300 million</td>
</tr>
<tr>
<td>SUSMED Sustainable Medicine</td>
<td>Research and development of mobile application for insomnia treatment</td>
<td>¥100 million</td>
<td>Neurotrack</td>
<td>Develop apps measuring cognitive functions by eye tracking</td>
<td>¥800 million</td>
</tr>
<tr>
<td>MELTIN</td>
<td>Research and development of world’s first avatar robot, which has the closest performance to human hands</td>
<td>¥300 million</td>
<td>Integral Geometry Science</td>
<td>Develop a visualizing system for the early detection of breast cancer</td>
<td>¥200 million</td>
</tr>
<tr>
<td>MOLCURE</td>
<td>Develop and provide an antibody/peptide drug discovery platform that uses AI</td>
<td>¥100 million</td>
<td>UniFa</td>
<td>Develop and provide solutions utilizing IoT and AI toward realizing smart nursery care centers</td>
<td>¥300 million</td>
</tr>
<tr>
<td><strong>Climate Change</strong></td>
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<tr>
<td>Spiber</td>
<td>Development of next-generation bio materials</td>
<td>¥1000 million</td>
<td>株式会社 環境エネルギー投資</td>
<td>Venture fund focusing on the energy and resource related sectors</td>
<td>¥1000 million</td>
</tr>
<tr>
<td>Challenergy</td>
<td>Development of wind turbines capable of generating electricity even in typhoons</td>
<td>¥200 million</td>
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<tr>
<td><strong>Other</strong></td>
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<tr>
<td>Gojo &amp; Company, Inc.</td>
<td>Micro-finance business in developing countries</td>
<td>¥1000 million</td>
<td>CROWD CREDIT</td>
<td>Provide financing-type crowd funding services</td>
<td>¥100 million</td>
</tr>
</tbody>
</table>
## ESG-themed Investment: 2019 Highlights of Impact Investment

<table>
<thead>
<tr>
<th>Company·Business summary</th>
<th>Social Impacts</th>
<th>Investment amount</th>
<th>Focused theme</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Challenergy Inc.</strong></td>
<td>Reduce CO2 emissions by replacing fossil fuel power generation</td>
<td>¥200 million February 2019</td>
<td>Climate change</td>
</tr>
<tr>
<td>— Development of wind turbines capable of generating electricity even in typhoons</td>
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</tr>
<tr>
<td><strong>NeuroTrack Technologies, Inc.</strong></td>
<td>Extending healthy life expectancy by preventing of Dementia</td>
<td>¥800 million July 2019</td>
<td>Quality of life improvement</td>
</tr>
<tr>
<td>— Develop apps such as &quot;NeuroTrack Cognitive Function Test,&quot; which measures cognitive functions by eye tracking</td>
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</tr>
<tr>
<td><strong>Integral Geometry Science</strong></td>
<td>Reduction in the breast cancer fatality rate through the early detection of breast cancer</td>
<td>¥200 million September 2019</td>
<td>Quality of life improvement</td>
</tr>
<tr>
<td>— Develop a visualizing system for the early detection of breast cancer</td>
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</tr>
<tr>
<td><strong>UniFa Co., Ltd.</strong></td>
<td>Resolving the lengthy nursery care waiting list problem</td>
<td>¥200 million September 2019</td>
<td>Quality of life improvement</td>
</tr>
<tr>
<td>— Developing solutions utilizing IoT and AI toward realizing smart nursery care centers that are comfortable workplaces for nursery care workers</td>
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</tbody>
</table>
(Reference) Why Dai-ichi Life does Impact Investment?

◆ 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

Creating social impacts

Obtaining investment income

Impact investment

By your side, for life
Dai-ichi Life Group

Investment destination companies

Establishing innovation
- FinTech
- Environment / renewable energy
- Health care
- Medical services / biotechnology

Raising corporate values

companies

Investment destination

By your side, for life
Dai-ichi Life Group

New insurance products/services

InsTech

FinTech

Environment / renewable energy

Health care

Medical services / biotechnology

* Regularly monitored
ESG-themed Investment: Regional Development / Regional Revitalization

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

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

  *By your side, for life*

**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.

**Tsuruoka Bioscience Park**

**Investment**

- With the Institute for Advanced Biosciences, Keio University
  - Comprehensive partnership agreement
    - Signed in August 2018

- Spiber
  - Develop next-generation bio-materials
  - Made investment decision in March 2019

- Metcela
  - Eradicate heart failure by regenerative medicine
  - Developed a kit for diagnosing depression

- Accelerate drug development utilizing AI

- Develop next-generation bio-materials
- Eradicate heart failure by regenerative medicine
- Developed a kit for diagnosing depression
- Accelerate drug development utilizing AI
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7. Report on Stewardship Activities ---32  
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   ✓ 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
Framework of ESG Integration

Incorporating into research (equities/credit)

Analyzing industries
- Grasping quantitative industrial characteristics

Analyzing individual companies
- Analyzing growth potential
- Analyzing safety

Analyzing financial information

Analyzing non-financial information (ESG) impacting corporate values (Considering results of engagements as well)
- Governance
- Management strategies
- Research and development
- Human capital, etc.

Reflecting on internal ranking
- Setting internal rankings considering ESG elements
- Conducting notch adjustments, etc.

Reflecting on investment decisions
- Additional purchasing and selling, etc., based on internal ranking

Analyzing the impacts of climate change across industries
From 2019

Evaluating the impacts of climate change on each company
From 2019
Framework of ESG Integration

Positive screening (Japanese Equities)

- ESG fund construction method for Japanese Equities

ESG Index adopting brands, etc.

Investment target universe

Portfolio

Screening in terms of G (governance)
(Based on our standards for exercising voting rights)

Extracting high-rank brands based on internal ranking considering ESG
(Making adjustments to neutralize the risk factors in industries, etc.)

Replacing brands and adjusting weights based on internal ranking changes, etc.

- (1) FTSE Blossom Japan Index
- (2) MSCI Japan ESG Select Leaders Index
- (3) MSCI Japan Empowering Women Index
- (4) Nadeshiko brand
- (5) Health and Productivity Management brand
Framework of ESG Integration

Positive screening (non-Japanese Equities)

- ESG fund construction method for non-Japanese Equities

Composition of MSCI-ACWI (MSCI World Index)

Investment target universe

Portfolio

Screening using ESG scores of the ESG vendor (Arabesque)

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

Confirming ESG score changes, replacing brands, and adjusting weights

[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.
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**

<table>
<thead>
<tr>
<th>Fields subject to be screened</th>
<th>Targeted assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing cluster munitions</td>
<td>• Stock investments</td>
</tr>
<tr>
<td></td>
<td>• Bond investments</td>
</tr>
<tr>
<td></td>
<td>• Corporate financing</td>
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<td></td>
<td>• Project finance</td>
</tr>
<tr>
<td></td>
<td>• Real estate investments</td>
</tr>
<tr>
<td>Coal-fired power generation</td>
<td>• Project finance</td>
</tr>
</tbody>
</table>

**Process of negative screening**

- Investigating candidates for negative screening
- Determining fields and companies subject to negative screening
- Excluding from the investment targets
- Regular verification of holdings
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   - Reference materials
     - Situations responding to Stewardship Code
     - Standards for exercising voting rights
     - Results of exercising voting rights
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.

Raising Corporate values

- Exercising voting rights: Closely examining the content of agendas based on the details of the dialogues

- Selecting an engagement target: Selecting a target based on the importance and dialogue theme

- Conducting engagements: Exchanging opinions on matters we regard as issues with companies

- Analyzing companies: Analyzing financial/non-financial information based on disclosed information

- Following up the progress of issues: Managing the progress of issues and providing information, etc. to companies

- Deciding on investments: P. 27

- Reflecting on internal ranking: P. 27

- Improving investment returns
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

1. Issue presentation: Presenting issues that we acknowledge to companies
2. Issue acknowledgement: Acknowledging issues we present as those to be dealt with by companies
3. Efforts on dealing with issues: Companies starting to make efforts on issues
4. Issue solution: Confirming that the issues are solved

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.

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
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<tr>
<td>Number of workers</td>
<td>14 workers (0 workers)</td>
<td>17 workers (2 workers)</td>
<td>17 workers (3 workers)</td>
<td>19 workers (6 workers)</td>
<td>20 workers (7 workers)</td>
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<td>dedicated persons)</td>
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<tr>
<td>Environmental/social</td>
<td>Covering 90% of the market capitalization of the portfolio accumulated every 3 years</td>
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<tr>
<td>issues</td>
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<tr>
<td></td>
<td>Cooperate engagements (Life Insurance Association of Japan)</td>
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<td></td>
<td>About 100 companies (Sending letters)</td>
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<td></td>
<td>About 110 companies (Sending letters / engaging in dialogues)</td>
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<td></td>
<td>Environmental/social issues</td>
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<td>ESG</td>
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<td>Corporate Governance</td>
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<td>Financial strategies</td>
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</table>

**Engagement themes**
- **Disclosing the spreadsheet (for each agenda item type) concerning the results of exercising voting rights**
- **Disclosing the overviews of the standards for exercising voting rights**
- **Disclosing the details of the standards for exercising voting rights**
- **Disclosing the approvals and disapprovals for each agenda item (for each quarter)**

**History of Our Stewardship Activities**

1. 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.
2. We have started full-scale engagements with the “environmental and social issues” as the main themes since 2018, based on environmental changes surrounding companies.

**Announcing SSC acceptance**

- **Announcing SSC acceptance**
- **Full-scale launch**
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%.

---

**Total brands held: About 2,300**
(Including general and special accounts)

**NEW**

- **ESG:** 50 companies
- **Growth strategies:** 40 companies
- **Main themes:** 180 companies

**Selecting 251 companies**
*Redundant selection included*

- Companies having issues related to ESGs (including regional development) [Power, energy, general trading companies, and local banks, etc.]
- Companies in the growth stage (Supporting the growth of companies through dialogue regarding growth strategies)
- Companies having issues related to the main 3 themes (governance, management and financial strategies)

**Engaging in dialogues with 251 companies**
Covering about 60% of the market capitalization of the portfolio

---

**<Annual changes by dialogue theme>**

- **2015:** [Environmental and social issues: 0%, Governance: 20%, Management strategies: 40%, Financial strategies: 60%]
- **2016:** [Environmental and social issues: 0%, Governance: 20%, Management strategies: 40%, Financial strategies: 60%]
- **2017:** [Environmental and social issues: 0%, Governance: 20%, Management strategies: 40%, Financial strategies: 60%]
- **2018:** [Environmental and social issues: 37%, Governance: 0%, Management strategies: 0%, Financial strategies: 0%]

---

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%.

Companies having issues related to ESGs (including regional development) [Power, energy, general trading companies, and local banks, etc.]

Companies in the growth stage (Supporting the growth of companies through dialogue regarding growth strategies)

Companies having issues related to the main 3 themes (governance, management and financial strategies)

Engaging in dialogues with 251 companies
Covering about 60% of the market capitalization of the portfolio
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.
  - 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>

**Milestone management for dialogues**

1. **Issue presentation:** Presenting issues that we acknowledge to companies
2. **Issue acknowledgement:** Acknowledging issues we present as those to be dealt with by companies
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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   ✓  Looking back on past efforts and actions
   ✓  2019 effort policies
   ✓  ESG-themed investment results
   ✓  Examples of efforts for ESG integration

7. **Report on Stewardship Activities**  ---32
   ✓  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
### Case of Engagements (1)

**Issue**
- Over-holding cross-shareholdings
- Reducing cross-shareholdings

**Goal**

#### Company A
- Construction

**Management strategies**

**Financial strategies**

**Overview of dialogues**
- Number of dialogues: 2 (2016/2018)
  - Sharing our acknowledgement that the amount of cross-shareholdings is excessive compared to total assets, and at the same time, exchanging opinions on efforts to verify the necessity of and reduce shareholdings.

**Response by the company**
- In the 2019 corporate governance report, we described the concrete verification method for the necessity of possessing cross-shareholdings, and our intention to proceed with making reductions step by step.

**Exercising voting rights**
- -

**Policies for the future**
- We will regularly follow up with the status concerning the reduction of cross-shareholdings, and will continuously engage in dialogues with the company.

### Company B
- Other products

**Management strategies**

**Financial strategies**

**Overview of dialogues**
- Number of dialogues: 3 (2016/2017/2018)
  - Confirming the necessity of the takeover defense measures, sharing our policy that higher capital efficiency should be demanded when updating, and exchanging opinions on setting the ROE target and its level, etc.

**Response by the company**
- Decided to abolish the takeover defense measures in 2019.

**Exercising voting rights**
- Consequent to the abolishment of the takeover defense measures, the updating issue was not put on the agenda of the general meeting of the shareholders.

**Policies for the future**
- Continuously engaging in dialogues with the company on disclosing measures for each segment in the mid-term management plan, and setting the ROE target, etc.
## Case of Engagements (2)

### Issue
Enhancing disclosure of ESG information / strengthening responses to climate change
- **Goal**: Identifying and disclosing materiality / supporting TCFD

#### Overview of dialogues
- **Number of dialogues**: 1 (2018)
- Exchanging opinions on identifying and disclosing important environmental and social issues (materiality) for the company using the integrated report, and on the response to climate change including supporting TCFD.

#### Response by the company
- The company issued their integrated report in 2018 for the first time, and disclosed their materiality including a particular process. The company announced their support for TCFD in 2019.

#### Exercising voting rights
- 

#### Policies for the future
- We will continue to engage in dialogues with the company on the appropriateness of the disclosed materiality and the state of the business strategies based on the materiality.

### Issue
Enhancing disclosure of business strategies
- **Goal**: Setting/disclosing KPI in the medium-term business plan

#### Overview of dialogues
- **Number of dialogues**: 3 (2015/2016/2018)
- Exchanging opinions on the enhanced disclosure of business strategies including setting KPI because no concrete KPI was described, even though the medium-term management plan was formulated and disclosed.

#### Response by the company
- Progress was made for the enhanced disclosure of management strategies including long-term policies for group strategies and disclosure of targets of sales revenue and profits.

#### Exercising voting rights
- 

#### Policies for the future
- The target regarding capital efficiency has not been disclosed. We will continue to engage in dialogues with the company on the enhanced disclosure of the management target.
### Case of Engagements (3)

#### Issue: Enhancing disclosure of shareholder return policies
- **Goal:** Setting/disclosing shareholder return target

**Overview of dialogues**
- Exchanging opinions on setting and clearly describing the appropriate return target on materials to be published, because the return policies have only been explained verbally, and it seemed that there was some room for increasing the level.

**Response by the company**
- The company announced the target payout ratio of 30% as the long-term policy of the company group.

**Exercising voting rights**
- 

**Policies for the future**
- We will continue to engage in dialogues with the company on other issue-related themes, such as the state of the business strategies.

#### Issue: Low-level shareholder return ratio
- **Goal:** Setting and disclosing shareholder return target / raising return level

**Overview of dialogues**
- Number of dialogues: 3 (2015/2017/2018)
- Sharing our acknowledgements with the company that the payout ratio is low compared to the level of the owned capital, and exchanging opinions on setting and disclosing the mid-to long-term shareholder return targets and on raising the return level.

**Response by the company**
- The company did not raise the dividend rate nor set the target for the level from the viewpoint focusing on the provision of stable dividends.

**Exercising voting rights**
- Opposed to the agenda item for the appropriation of the surplus (proposed by the company) in the ordinary shareholders' meeting.

**Policies for the future**
- We will continue to engage in dialogues with the company on the same issue, additionally considering the utilization of the cooperative engagements.
Participating in Collaborative Engagements

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

<table>
<thead>
<tr>
<th>Targeting a payout ratio of more than 30%</th>
<th>Negative for raising the dividend level</th>
<th>Uncommitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>33%</td>
<td>33%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Enhancing the disclosure of ESG information

<table>
<thead>
<tr>
<th>Considering enhancements for disclosure</th>
<th>Negative for enhancing disclosure</th>
<th>Uncommitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>47%</td>
<td>6%</td>
<td>47%</td>
</tr>
</tbody>
</table>

Created based on the source "Initiatives by Life Insurers to Reinvigorate the Equity Market and Achieve a Sustainable Society through Asset Management"
<table>
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<tr>
<th>Section</th>
<th>Page</th>
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<tbody>
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<td>3. Approach for Responsible Investment</td>
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<tr>
<td>4. Our Framework for Responsible Investment</td>
<td>5</td>
</tr>
<tr>
<td>5. Highlights</td>
<td>8</td>
</tr>
<tr>
<td>✓ Looking back on past efforts and actions</td>
<td></td>
</tr>
<tr>
<td>✓ 2019 effort policies</td>
<td></td>
</tr>
<tr>
<td>✓ ESG-themed investment results</td>
<td></td>
</tr>
<tr>
<td>✓ Examples of efforts for ESG integration</td>
<td></td>
</tr>
<tr>
<td>7. Report on Stewardship Activities</td>
<td>32</td>
</tr>
<tr>
<td>✓ Basic concepts and processes</td>
<td></td>
</tr>
<tr>
<td>✓ Looking back on past efforts and actions</td>
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</tr>
<tr>
<td>✓ Example of engagements</td>
<td></td>
</tr>
<tr>
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</tr>
<tr>
<td>✓ Reference materials</td>
<td></td>
</tr>
<tr>
<td>- Situations responding to Stewardship Code</td>
<td></td>
</tr>
<tr>
<td>- Standards for exercising voting rights</td>
<td></td>
</tr>
<tr>
<td>- Results of exercising voting rights</td>
<td></td>
</tr>
</tbody>
</table>
2019 Policies for Stewardship Activities
(Target period: July 2019 to June 2020)

Engagements

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

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

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

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

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

Strengthening dialogues on climate change

Participating in collaborative engagements

Starting full-scale bond engagements

ESG integration

Integrating ESG activities to evaluation

Enhancing disclosure of reasons for decisions on exercising voting rights
2019 Focused Engagement Themes

**Focused themes for engagements**

1. **Strengthening the governance system**
   Advancing the governance based on the Corporate Governance Code

2. **Responding to climate change**
   Developing and disclosing the governance system based on the suggestions by TCFD

3. **Enhancing integrated disclosure**
   Disclosing integrated financial and non-financial information through the integrated report, etc.

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 strategies (risks and growth opportunities)

5. **Strategical investment for sustainable growth**
   Strategical investment policies for growth (M&A, capital investment, R&D investment, human resources investment, etc.)

6. **Mid- to long-term financial strategies**
   Appropriate balance between growth investment, shareholder returns, and internal reserves

(Reference) Efforts for Dai-ichi Life HD

- Continuously reviewing the governance system based on the Corporate Governance Code as a company listed on the stock exchange
- Supporting TCFD and joining in RE100
- Creating the integrated report, and announcing our company’s value creation process
- Setting "contributions to the improvement of QOL" as the important field of our value creation
- Promoting efforts for InsTech and overseas deployment of life insurance business
- Setting the targets below as the financial strategies
  - [Capital efficiency] 8% or more of ROEV
  - [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.

Total brands held: About 1,900*
(Including general and special accounts)

Companies for which climate change may become an important management issue

Companies in the growth stage
(Supporting the growth of companies through dialogues regarding growth strategies)

Companies having issues related to main three themes
(ESG, management, and financial strategies)

Covering about 60% of the market capitalization of the portfolio

NEW

Climate change:
50 companies

Growth strategies:
50 companies

Main themes:
180 companies

Selecting 250 companies:
* Redundant selection included

Investing amounts / ranking of shareholding percentages

* Changing the management method for passive products for special accounts reduced the number of brands held comparing to that of the last fiscal year.
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   - **Reference materials**
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     - Results of exercising voting rights
### Situation of efforts for each principle and self-evaluation

<table>
<thead>
<tr>
<th>Principle</th>
<th>Situation of efforts</th>
<th>Self-evaluation</th>
</tr>
</thead>
</table>
| **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 investees 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-financial information. We consider that **future issues will be the more systematic incorporation of non-financial information and the improvement of the effectiveness of cooperative engagements.** |
| **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. | |
<table>
<thead>
<tr>
<th>Principle</th>
<th>Situation of efforts</th>
<th>Self-evaluation</th>
</tr>
</thead>
</table>
| **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 voting rights and announcing 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. |
### Agenda item

<table>
<thead>
<tr>
<th>Agenda item</th>
<th>Targets</th>
<th>Standard as of April 2019</th>
<th>Scheduled revision from April 2020</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selecting directors/auditors</td>
<td>Representative director</td>
<td>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)</td>
<td></td>
<td>All listed companies</td>
</tr>
<tr>
<td></td>
<td>Representative director</td>
<td>No independent outside directors</td>
<td>One independent outside director</td>
<td>Companies listed on TSE First Section</td>
</tr>
<tr>
<td></td>
<td>Independent outside directors/auditors</td>
<td>- Relatives within the third degree</td>
<td>[Elements below added in the current standards]</td>
<td>Companies listed on TSE First Section</td>
</tr>
<tr>
<td></td>
<td>Outside directors/auditors</td>
<td>Under 75% attendance rate for the board of directors and the board of auditors</td>
<td></td>
<td>Companies listed on TSE First Section</td>
</tr>
<tr>
<td></td>
<td>Auditors/directors who are committee members for auditing, etc.</td>
<td>Long appointment period (12 years or more)</td>
<td></td>
<td>Companies listed on TSE First Section</td>
</tr>
<tr>
<td>Officer compensation, stock-based compensation</td>
<td>Granting stock-based compensation and stock options for auditors, etc.</td>
<td>Granting stock-based compensation and stock options that may cause over 10% dilution</td>
<td></td>
<td>All listed companies</td>
</tr>
<tr>
<td>Issuing and granting stock options</td>
<td>Granting stock-based compensation and stock options for auditors, etc.</td>
<td>Granting stock-based compensation and stock options that may cause over 10% dilution</td>
<td></td>
<td>All listed companies</td>
</tr>
<tr>
<td>Appropriation of the surplus (Representative director is reappointed as a director when there is no applicable agenda item.)</td>
<td>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.)</td>
<td>Under 20% of the total return ratio for three-fiscal year accumulation and the most recent fiscal year</td>
<td></td>
<td>All listed companies</td>
</tr>
<tr>
<td>Introducing and updating takeover defense measures</td>
<td>(One applicable) Under 5% of ROE in three straight fiscal years; one independent outside director; providing economic consideration</td>
<td></td>
<td></td>
<td>All listed companies</td>
</tr>
<tr>
<td>Providing retirement allowances</td>
<td>Providing retirement allowances for auditors, etc. (including committee members for auditing, etc.)</td>
<td></td>
<td></td>
<td>Companies listed on TSE First Section</td>
</tr>
</tbody>
</table>

* See materials disclosed on our website for details of the standards for exercising voting rights. [http://www.dai-ichi-life.co.jp/dsr/investment/ssc2.html](http://www.dai-ichi-life.co.jp/dsr/investment/ssc2.html)
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
### Results of Voting Records (July 2018-June 2019)

#### Agenda items related to corporate organizations

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Votes in Favor</th>
<th>Votes Against</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selecting/dismissing directors</td>
<td>1,757</td>
<td>54</td>
</tr>
<tr>
<td>Selecting/dismissing auditors</td>
<td>1,553</td>
<td>147</td>
</tr>
<tr>
<td>Selecting/dismissing accounting auditors</td>
<td>47</td>
<td></td>
</tr>
</tbody>
</table>

#### Agenda items related to capital policies (except those for Articles of Incorporation)

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Votes in Favor</th>
<th>Votes Against</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriating surplus</td>
<td>1,346</td>
<td>6</td>
</tr>
<tr>
<td>Related to organization restructuring</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>Introducing, updating, and abolishing takeover defense measures</td>
<td>50</td>
<td>13</td>
</tr>
</tbody>
</table>

#### Agenda items related to officer compensation

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Votes in Favor</th>
<th>Votes Against</th>
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</thead>
<tbody>
<tr>
<td>Officer compensation</td>
<td>709</td>
<td>27</td>
</tr>
<tr>
<td>Providing retirement allowances for retired officers</td>
<td>143</td>
<td>23</td>
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#### Agenda items related to Articles of Incorporation

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Votes in Favor</th>
<th>Votes Against</th>
</tr>
</thead>
<tbody>
<tr>
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<td>439</td>
<td>0</td>
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</table>

(Reference)