



# RESPONSIBLE INVESTMENT REPORT 2020

一生涯のパートナー  
第一生命

 Dai-ichi Life Group



|  |              |  |              |
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## We seek to realize a sustainable and resilient society through “Dai-ichi Life’s responsible investment,” under our life insurance company’s mission to connect the present and future generations.

As a universal owner that manages assets of JPY 36 trillion sourced from insurance premiums of approximately 10 million customers throughout Japan, the Dai-ichi Life promotes responsible investment that has ESG investment and stewardship activities at its core for improving investment return as well as solving social issues. In April 2020, we formulated and disclosed the Dai-ichi Life Basic Policy on ESG Investment,\* affirming our commitment to stepped-up efforts for realizing a sustainable society.

### Life insurance bridges present and future generations: Responsible investment for realizing a sustainable society

A life insurance company receives premiums from life insurance policyholders and transfers insurance claims to the policyholders’ children’s generation. I therefore believe that the job of a life insurance business is to bridge and connect the present generation with the next generation. In other words, Dai-ichi Life’s largest stakeholder is the next generation (our children’s generation), and we have a mission to protect this generation. Following this line of thought, we provide life insurance products and services that offer peace of mind in the areas of inheritance, wealth succession, and protection and also economic supports.

In recent years, however, the sustainability of society itself has been brought into question due to the increase in natural disasters caused by global warming and the spread of COVID-19. We cannot leave behind a world of scorching heat and famine to future generations. We have an important task to build a society where people can live with peace of mind and in comfort. Against this backdrop, we seek to realize a sustainable and resilient society, not only through the provision of insurance products but also through the investment under the same mission of connecting the present and future generations.

### Dai-ichi Life’s responsible investment: Investing JPY 36 trillion of total assets in ESG and engagement for leaving no one behind

To this end, we are actively engaged in ESG investment. We have set a goal of incorporating ESG factor into the investment policies and processes of all of our assets of JPY 36 trillion. Especially in the post-COVID-19 world, companies that are sincere and forward-thinking in building a sustainable society are expected to drive the recovery and growth of the world economy and lead the “Build Back Better” initiative. By providing financing to such companies, we aim to maximize both economic and social returns.

In pursuit of realizing a sustainable society, we place particular emphasis on engagements with mid- to long-term viewpoints. As a universal owner investing in all business segments, we carry out stewardship activities to ensure that companies face and work toward solving sustainability-related issues in a sincere manner. We do not abandon companies for their failure to take action, as is the case with divestment. We aim to transition to a sustainable society under the approach of leaving no one behind, including all companies and owners.

### Together with our stakeholders

This “Responsible Investment Report” has been prepared and published since last year in order to inform all our stakeholders, including policyholders, shareholders, clients, and local communities, about our commitment to responsibly investment as well as our concrete efforts. To realize a sustainable society, we will continue to work with our stakeholders to contribute to solving social issues through our ESG investment and stewardship activities.



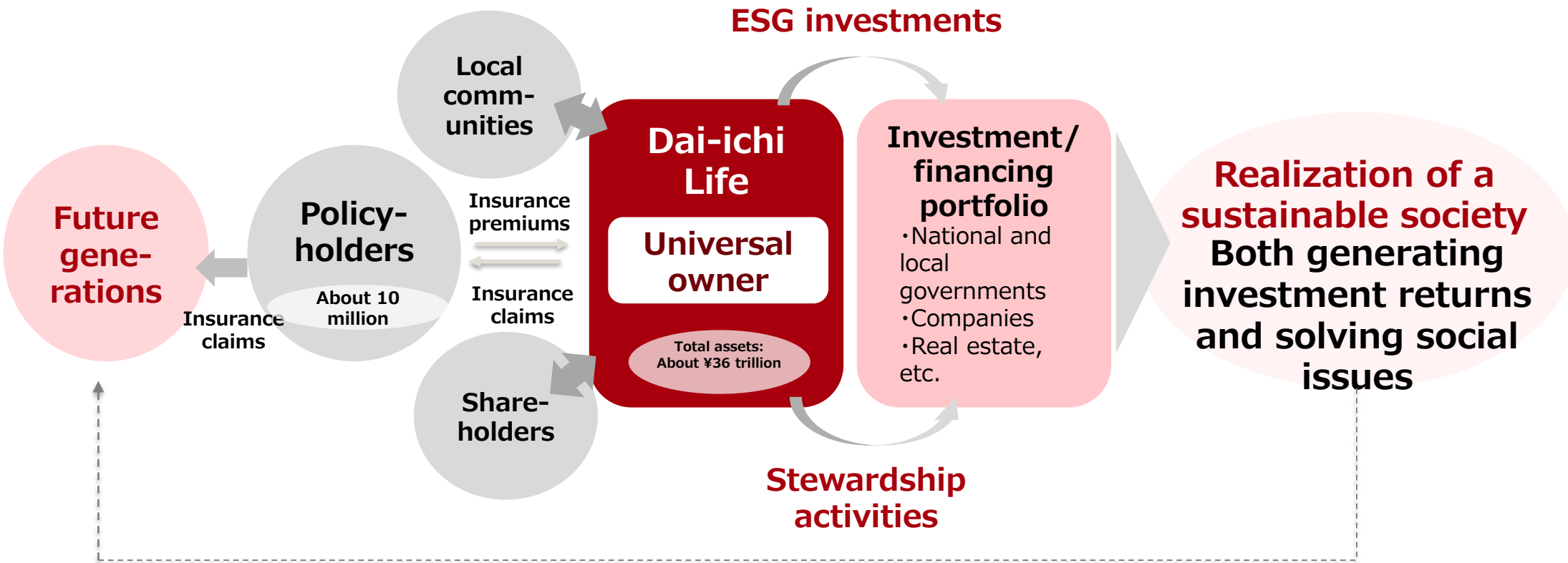
**Seiji Inagaki,**  
President and Representative Director

\* Dai-ichi Life Formulates Basic Policy on ESG Investment [https://www.dai-ichi-life.co.jp/english/news\\_release/2020/pdf/index\\_006.pdf](https://www.dai-ichi-life.co.jp/english/news_release/2020/pdf/index_006.pdf)



# 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.
- ◆ The life insurance business that the company carries out is seen as critical work for protecting the next generation as the bridge between the present and the future. In this context, we view that the next generation is our largest stakeholder and that our mission is to ensure a sustainable future for the next generation.
- ◆ We aim to generate mid- to long-term investment returns and realize a sustainable society by promoting responsible investment (ESG investment and stewardship activities) as one of the priorities of the company whose mission is “By your side, for life.”



# Dai-ichi Life's Basic Policy on ESG Investment

- ◆ From a medium- to long-term standpoint as a "universal owner" of a wide range of assets, Dai-ichi Life has positioned ESG investment as a pillar of its asset management and aims to both generate investment returns and solve social issues
- ◆ To promote ESG investment in "the Dai-ichi Life way," the Company takes initiatives with a focus on "creating a positive impact" and "engagement"

## ① Incorporating ESG in Management Policies and Processes for All Assets (Target completion by fiscal year 2023)

### Build an asset portfolio for both generating investment returns and solving social issues

- By incorporating ESG factors into the management policy of all assets, portfolio building process and internal investment rating, Dai-ichi Life strengthens medium- to long-term portfolio resilience, reduce ESG risk and generate investment return
- Investment to high-risk sectors from the standpoint of sustainability for society will be prohibited (specified arms manufacturers, coal-fired power generators and coal miners)

## ② Invest for Solutions to Social Issues that Dai-ichi Life Sets as Priorities (At least double the cumulative investment amount by fiscal year 2023)

### Create a positive impact on society through investments

- Proactively invest in SDGs bonds, such as green bonds and social bonds, and SDGs projects that contribute to social infrastructure development in and outside Japan
- Expand investments in growth companies and venture companies to create progressive innovations (impact investments)

#### Focused Social Issues

#### QOL improvement

Promote solutions to pandemic, elimination of poverty and correction of inequality, individual asset formation, extension of healthy lifespans, active roles for women, and innovation creation

#### Mitigate climate change

Support transition to a low-carbon society, and implementation of progressive environmental innovations

#### Regional development/revitalization

Support growth of regional industries and creation of business, regional revitalization through collaboration between businesses, public sector and academia (urban development)

- Strengthen disclosure by establishing methods to monitor social impact (CO2 emission volumes from the investment portfolio, positive impact created through investment, etc.)

## ③ Stewardship Activities for Promoting ESG Initiatives in investee companies

### Support initiatives of investee companies to solve social issues

- Set ESG initiative as the main theme of engagement and provide information responding to ESG issues and propose solution
- Promote companies' initiatives for mitigating climate change and advocate disclosure of information, including the financial impact of climate change
- Collaborate with engagement groups within and outside of Japan and actively participate in ESG initiatives
- Execute appropriate voting rights taking into account dialogue with each investee company, which is considered the different issues at each company

# Incorporate ESG into Investment Policies/Processes for All Assets by end of FY2023

- ◆ Systematically incorporate ESG factors into the investment process to build a portfolio that both generates investment returns and solves social issues
- ◆ Strengthen resilience of the portfolio in the mid- to long-term by reducing ESG risks and taking opportunities

## Current status

## Vision (by the end of FY2023)

### Incorporate ESG in Research

ESG factors have been considered in our ratings for equity and corporate bonds

- Analyze ESG initiatives at companies and reflect it in ratings for equity and bonds(FY 2019: Reflect analysis of climate change impact)
- FY 2020: Appoint ESG analysts

Incorporate in research processes for all assets

- Start sequentially to incorporate not just for company assessments, but also assets such as government bonds

### Positive Screening

Positive Screening has been incorporated in domestic and foreign listed equity

- Build a portfolio of companies with high ESG assessments (Domestic equity: From 2010; Foreign equity: From 2019)

Incorporate in policies and processes for all assets

- Systematically consider ESG factors in asset allocation and investment decisions
- Achieve zero carbon emissions ahead of schedule in power consumption in real estate (latter half of 2020's)

### Negative Screening

Companies / Projects as below list have been excluded from investment targets

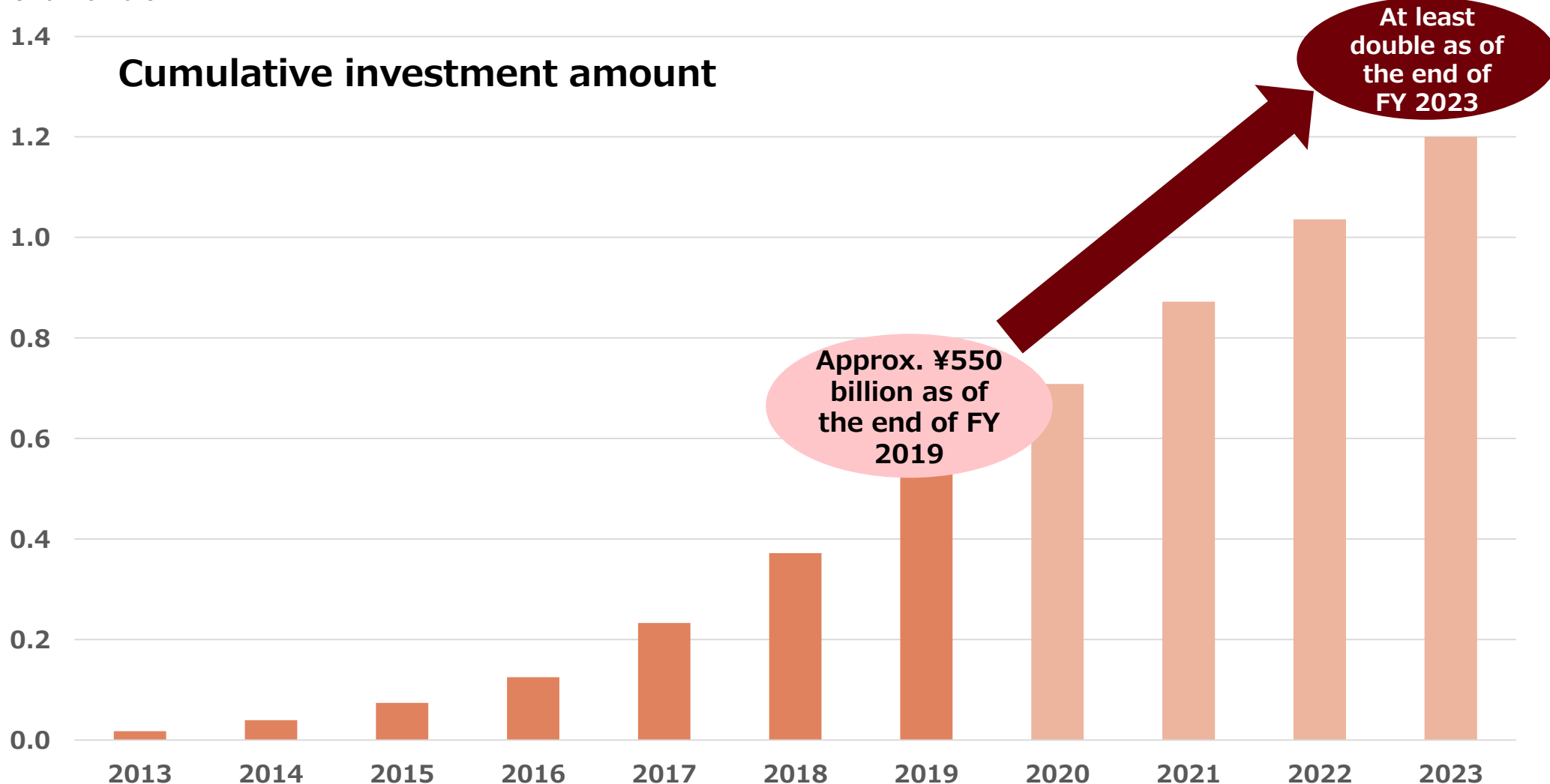
- Arms manufacturing companies (cluster bombs, biological /chemical weapons, anti-personnel mines, etc.)
- Coal-fired power generation and coal mining projects within and outside of Japan

Continuously examine and implement additional excluding cases from investment targets from the standpoint of sustainability

# Investments for Solving Social Issues

- ◆ Cumulative total amount of investment (mainly for QOL improvement, mitigation of climate change, and regional development and revitalization) reached approx. ¥550 billion as of the end of FY2019
- ◆ We will at least double the investment amount by FY2023 for creating further positive impact on society

Unit: ¥ trillions



# 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.



From p. 12

### ESG integration

With the ESG factors systematically incorporated into the investment process, we aim for improving mid to long term investment returns and making



From p. 34

## Stewardship Activities

### Engagements (Dialogues)

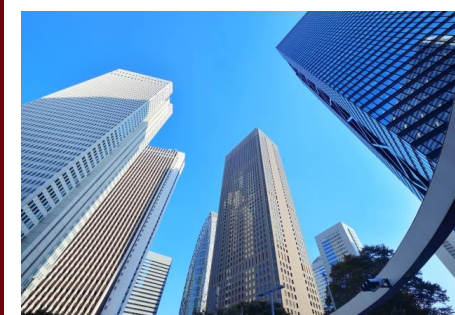
Based on the Stewardship Code and Corporate Governance Code, we engage in constructive dialogues with investee companies to facilitate their sustainable growth and consequently to aim for the improvement of mid to long term investment returns.



From p. 39

### 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.

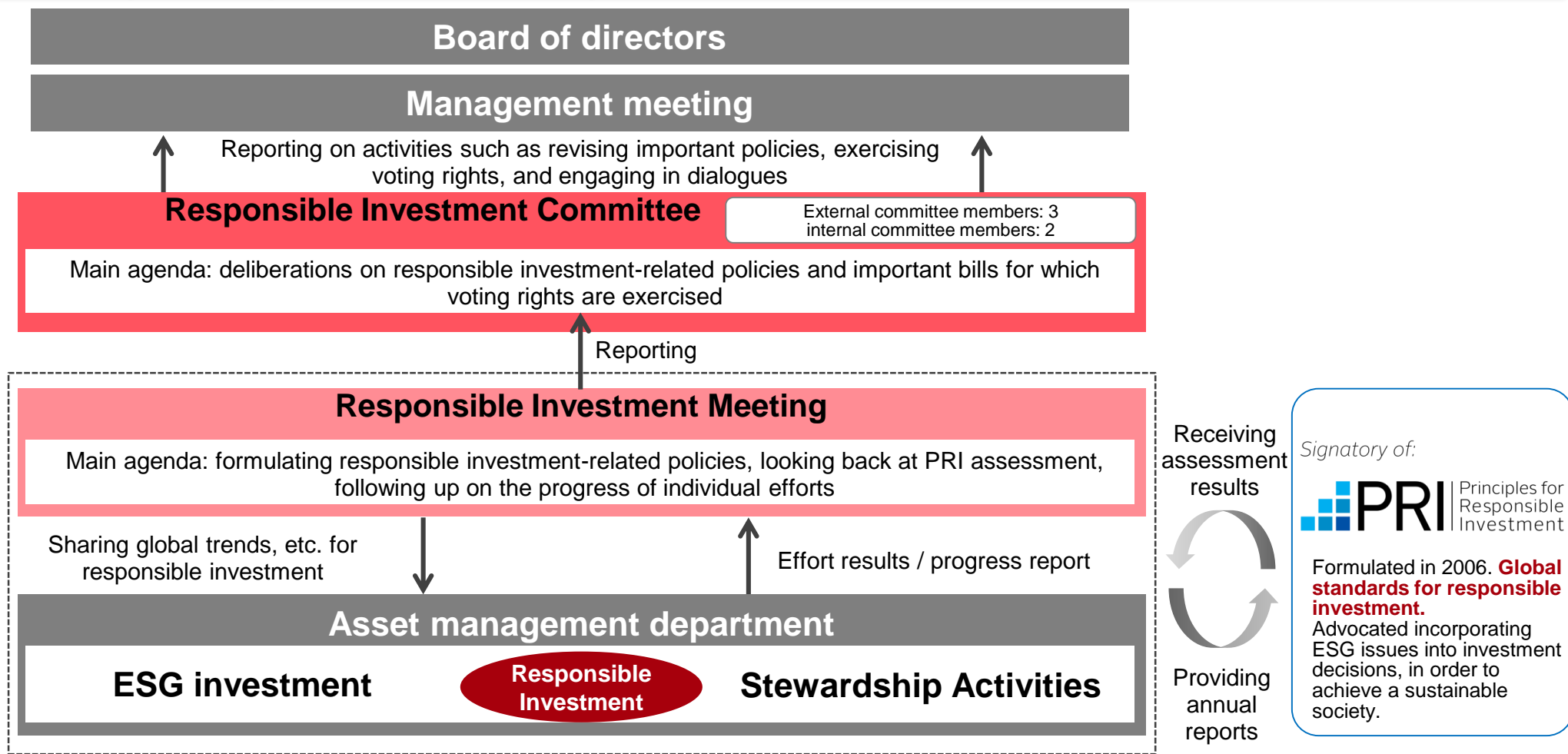


From p. 57



# Our Framework for Responsible Investment

- ◆ We formulate policies of responsible investment through deliberations at the Responsible Investment Committee of which the majority of its members are external members. Matters of particular importance are also reported to the Board of Directors and Management Meeting.
- ◆ We promote efforts in the entire asset management department through activities including progress follow-ups and holding discussions at the Responsible Investment Meeting comprised of members engaged in responsible investment. We analyze the annual assessment results for the Principles for Responsible Investment (PRI) to raise the level of our efforts based on global standards.
- ◆ We continuously seek to enhance the sophistication of our framework, which has included appointing ESG analysts from this fiscal year to carry out cross-asset ESG analyses.



# 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.

## Committee members

|                            | Name / title  | Attendance / No. of meetings |
|----------------------------|---|------------------------------|
| Internal Committee members |  <b>Kazuyuki Shigemoto</b><br>Chairperson<br>Executive Officer in charge of Responsible Investment Dept. | 4 times/<br>4 times          |
|                            |  <b>Ichiro Okamoto</b><br>Director, Managing Executive Officer in charge of Compliance Control Dept.    | 4 times/<br>4 times          |
| External Committee members |  <b>Tetsuya Hishida</b><br>Partner / Auditor<br>Industrial Growth Platform, Inc.                       | 4 times/<br>4 times          |
|                            |  <b>Haruka Matsuyama</b><br>Attorney at Law and Partner<br>Hibiya Park Law Offices                     | 4 times/<br>4 times          |
|                            |  <b>Kikuo Kuroiwa</b><br>President<br>Kuroiwa Associates   | 4 times/<br>4 times          |

(As of September 2020)

## Meetings

<July 2019 to June 2020>

| Period                             | Main deliberation agenda / reported matters   |
|------------------------------------|---|
| September 2019                     | <ul style="list-style-type: none"> <li>• Results of exercising voting rights for important resolutions in FY2018*</li> <li>• Policies on Stewardship Activities in FY2019</li> <li>• Efforts for improvements in 2020 based on PRI assessment results in 2019</li> <li>• Joining of initiatives</li> </ul>                  |
| March 2020                         | <ul style="list-style-type: none"> <li>• Policies on ESG investment in FY2020</li> <li>• Revision of "standards for exercising voting rights"</li> <li>• Responsible Investment Report 2019</li> <li>• Results of engagement activities survey</li> </ul>   |
| April 2020 (Non-face-to-face mtg.) | <ul style="list-style-type: none"> <li>• Exercise of voting rights on important resolutions*</li> </ul>   |
| June 2020 (Non-face-to-face mtg.)  | <ul style="list-style-type: none"> <li>• Revision of policies on stewardship activities</li> <li>• Formulation of Basic Policy on ESG Investment</li> <li>• Policies on Stewardship Activities in FY2020</li> <li>• Exercise of voting rights for companies that were causes of scandal or important resolutions</li> </ul> |

\* Verified there were no problems with exercise of judgment at department responsible for managing conflicts of interest

# Our Recent Progress for Responsible Investment

- ◆ Dai-ichi Life has been developing a framework for promoting responsible investment since signing the PRI. Such efforts have been recognized and resulted in receiving the Minister of the Environment Award at the Ordinary General Meeting of the Principles for Financial Action for the 21st Century in March 2018.
- ◆ In February 2020, our pioneering efforts for ESG investment have been recognized and resulted in receiving the Gold Award (Minister of the Environment Award) in the investor category of the ESG Finance Awards Japan, which was set up by the Ministry of the Environment to encourage widespread adoption and growth of ESG finance.
- ◆ We are proactively participating in international initiatives and are quickly incorporating global trends. (List of initiatives on p. 15)

## Ministry of the Environment’s ESG Finance Awards Japan, Gold Award (Minister of the Environment Award) in the Investor Category (February 2020)



### Reason for receiving the award

- Dai-ichi Life has embraced climate change as a crucial theme and has worked proactively on priorities such as investments and financing for renewable energy projects and green bonds. Dai-ichi Life has put in place a systematic integrated assessment method for climate-related information, through such means as establishing credit rankings based on impact analyses of carbon tax and stranded assets.
- In addition to the foregoing measures, the selection committee highly recognized Dai-ichi Life’s activities that have contributed to the widespread adoption of ESG finance in the industry to date.

Source: Ministry of the Environment <https://www.env.go.jp/press/files/jp/113491.pdf>

President and Representative Director Inagaki      Minister of the Environment Koizumi

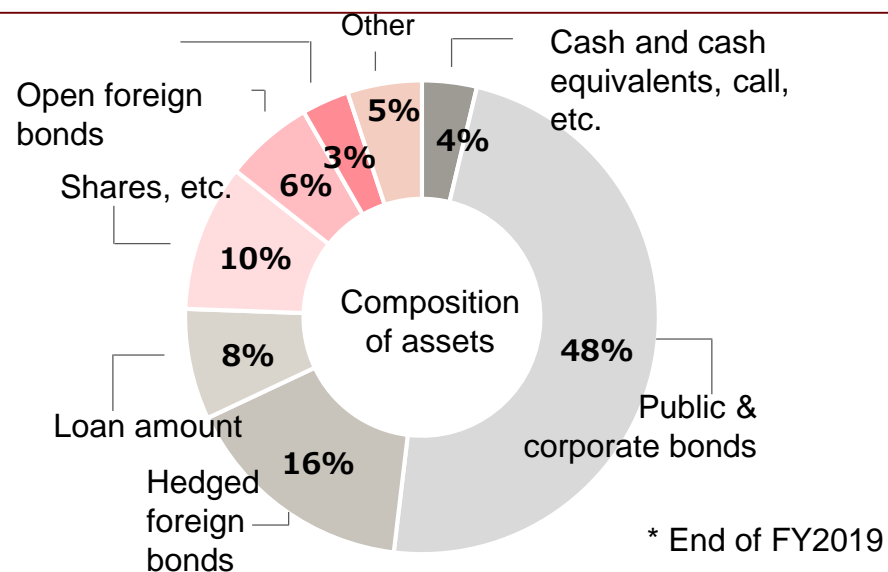


# Highlights - As a Responsible Institutional Investor -

## Balance of assets

### Operating assets

About **¥36** trillion



## ESG-themed investment

Investment amount

About **¥660** billion

\* As of August 2020

SDGs bond, etc.

About **¥230** billion

SDGs business

About **¥280** billion

Impact investment

About **¥6.8** billion  
(16 cases)

Regional development

About **¥140** billion

## Engagements

Number of companies engaged in dialogues

**239** companies

Rate of interviews with officers

About **58%**

\* FY2019

Ratio of companies engaged in dialogues in Japanese Equities portfolio

Accumulated for 3 years

About **89%**

FY2018

About **66%**  
(based on gained market value)

\* FY2019



# Highlights

## - Responsible Investment Taking into Account the COVID-19 Pandemic

- ◆ We make ESG investments that support the COVID-19 response, including investing in bonds based on the growing momentum of the issuance of social bonds (COVID-19 bonds) and supplying risk money through impact investments.
- ◆ We, as an institutional investor, actively express our opinions in joint statements regarding stewardship activities. We also flexibly apply standards on exercising voting rights for investees that have faced sudden changes in their social and economic environments, and support the efforts of investees through engagement activities.

### Funding for health and medical projects

#### ✓ Funding for projects highly oriented toward the pandemic response

- Health bonds (ADB)
- Sustainable development bonds (IBRD)
- Vaccine bonds (IFFIm)

\* More information on each investment on p. 25



©ADB

### Investment in healthcare venture companies

#### ✓ Support healthcare innovations and their implementation in society through impact investment

- Impact investment in Modulus Discovery, Inc.

Venture company engaged in small molecule drug development based on computational chemistry. Applies computational chemistry to drug discovery, which leads to shortening development timelines and significantly reducing development costs through fewer experiments as well as enables development of breakthrough drugs



### Joint statements with other investors

#### ✓ Issued message with around 70 institutional investors worldwide to encourage actions by pharmaceutical companies

- Ensure safety of employees of pharmaceutical companies, develop international cooperative framework for tackling COVID-19

#### ✓ Issued opinion as an institutional investor through the Institutional Investors Collective Engagement Forum

- Requested corporate management to carry out governance with an eye on post-pandemic global changes
- Expressed opinion and measures of investors to place highest priority on safety of employees engaged in operations related to financial results, audit, and general meetings of shareholders

### Stewardship activities based on social and economic environment

#### ✓ Suspend for the time being the application of performance standards for exercising voting rights

- Voting right standards are not applied if conflict with performance standards newly arises owing to COVID-19 (see p. 57)

#### ✓ The COVID-19 response as a key theme of dialogue

- Focused discussions on business model sustainability (see p. 54)

## Highlights - Climate Change Initiatives as an Asset Owner -

- ◆ We implement initiatives to increase resilience to climate risks, including incorporating climate risks, such as introduction of a carbon tax and stranded assets, into the evaluation criteria for our portfolio companies.
- ◆ In addition, we engage with our portfolio companies to support their efforts to solve climate change issues. We also actively pursue climate-related opportunities, such as expanding our investments and financing of renewable energy power generation projects and green bonds.

**Create positive impact by investing and financing renewable energy power generation**

**Ban investment and financing of coal-fired power generation and coal mining operations** (no exposure)

**Measure portfolios' carbon footprints to consider building portfolios that take account of climate change impacts**

**Engage with companies to encourage positive action on climate change**

(promote TCFD-based information disclosure and TCFD endorsement, actively participate in collaborative engagements such as Climate Action 100+)

**Increase resilience to climate change risks and opportunities**



Initiatives by institutional investors to engage in constructive dialogue with companies that have high greenhouse gas emissions, including discussing efforts to reduce emissions and disclose its information.

**Collaborative engagement for tackling global issues**

# Highlights - 2019 Result of PRI assessments -

- ◆ In the 2020 PRI assessment, we received the highest “A+” score in four modules and above the global median score in all modules for the third consecutive year.

| module                           | 2019<br>(Assessment period:<br>January–December 2018 )) |          | 2020<br>(Assessment period:<br>January–December 2019) |            | Future initiatives based on the results  |
|----------------------------------|---|----------|---|------------|--|
|                                  | Dai-ichi's<br>score                                     | (Median) | Dai-ichi's<br>score                                   | ( Median ) |  |
| Strategy and Governance          | A   | (A)      | <b>A+</b>   | (A)        | ✓ Establish systematic climate change risk analysis and social impact measurement methods for the entire investment portfolio                            |
| Listed Equity - Incorporation    | A   | (B)      | <b>A+</b>   | (A)        | ✓ Adopt ESG index as a benchmark for foreign equity investments  |
| Listed Equity - Active Ownership | A+  | (B)      | <b>A+</b>   | (B)        | ✓ Consider expanding disclosure of engagements   |
| Fixed Income                     | A   | (B)      | <b>A</b>  | (B)        | ✓ Consider setting in-house rankings for SSA based on ESG analysis   |
| Property                         | A+  | (B)      | <b>A+</b>   | (B)        | ✓ Enhance measures for properties held to reduce Dai-ichi Life's CO2 emissions<br>(e.g., change to renewable energy, obtain environmental certification) |

\* Fixed income score is the average of four modules

(SSA, corporate financial, corporate non-financial, and securitized)

\* Number of PRI signatory institutions as of the end of August 2020: 3,311

# Highlights - Participating in initiatives-



Participating since 2011

Involved with establishment

First by Japanese life insurance company

Formulated in October 2011, these action guidelines for financial institutions are designed to encourage actions for creating a sustainable society.

Signatory of:



Participating since Nov. 2015

Launched in 2006, the Principles for Responsible Investment advocates incorporating ESG issues into investment processes to realize a sustainable society.



Participating since Sep. 2018

First by Japanese life insurance company

Evaluates the top 20 global pharmaceutical companies to improve access to pharmaceuticals in developing countries. Its purpose is to help improve access to pharmaceuticals by incorporating indices into institutional investors' investment decisions.



Participating since Sep. 2018

First by Japanese life insurance company

Task force established in December 2015 by the Financial Stability Board (FSB) at the request of the G20. Published recommendations that encourage knowing climate change-related opportunities and risks and disclosing such information.

## Climate change-related



Participating since Aug. 2019

First by Japanese life insurance company

An initiative of institutional investors that carries out constructive dialogues regarding emissions reduction efforts and information disclosure with companies that are large emitters of greenhouse gases.



Participating since Sep. 2019

An initiative that aims to improve effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economic development worldwide.



Participating since Nov. 2019

Involved with establishment

First by Japanese life insurance company

An initiative established for exchanging opinions on practical issues, sharing information, and reviewing measures between asset owners and industry participants, including asset management institutions, on a cross-industry basis.



Participating since Mar. 2020

Forum established in 2017 to support collaborative engagements by institutional investors.



Participating since May 2020

Japan Investor Group

First by Japanese life insurance company

Established in 2019, this group of institutional investors aims to promote gender diversity to raise mid- to long-term corporate value.



Participating since Jul. 2020

An independent and non-profit organization established in the United States in 2011 that formulates ESG information disclosure standards.

First by Japanese life insurance company



# Highlights: Awareness-raising Activities

◆ We contribute to the development of the ESG investment market, actively raising its awareness through participation in meetings and other activities, with the aim of realizing a sustainable society and increasing the profitability of ESG investments.

## ◆ Participation in government councils and study groups

**Hosted by the Ministry of the Environment  
Positive Impact Finance Task Force**  
(April 2020 to present)

**Hosted by the Ministry of Economy, Trade and  
Industry  
Study Group on Environmental Innovation Finance**  
(February 2020 to present)

**Co-hosted by the Financial Services Agency and  
GSG-NAB Japan  
Impact Investing Roundtable**  
(June 2020 to present)

## ◆ Talks at seminars and holding of roundtables

**Japan Climate Action Summit 2019 (JCI)**  
(Held October 31, 2019)

**Roundtable on Advancing International Collaboration on  
Responsible Business Conduct for Sustainable Supply Chains in  
Asia (OECD/ILO)**  
(Held November 19, 2019)

**COVID-19 and ESG Investment: How Will ESG Investment  
Change? How Can ESG Investment Contribute to the Post-  
COVID-19 World? (PRI Japan)**  
(Held August 4, 2020)

**2021 Access to Medicine Methodology Training**  
(Held February 6, 2020)



Dai-ichi Life hosted training for Japanese pharmaceutical companies conducted by the Access to Medicine Foundation of which we became a signatory investor in 2018.

I have had the privilege of speaking at more seminars and other engagements, thanks to the many people involved in ESG investments who have praised Dai-ichi Life's ESG investments and stewardship activities. As a life insurance company serving Japanese customers, we have a responsibility to continue living up to the trust backed by our long history.

We will not restrict our initiatives to our company, but share them with the entire Japanese society and move forward together. As an institutional investor, we intend to fulfill our role of building a future society where the next generation can live with peace of mind.

With COVID-19, perhaps more people have a renewed interest in sustainability. We will work to further strengthen the resilience attained by the Japanese society living alongside nature, and translate these efforts into building a world-renowned sustainable society.



**Miyuki Zeniya**  
Executive Sustainable Finance Specialist

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# Our History for ESG Investment and 2019 Review

- ◆ Since 2015 when we signed PRI, we have been making extended efforts to continuously improve ESG investments
- ◆ In FY2019, we proactively made ESG-themed investments and financing, adding “climate change” as our focal issue. We also enhanced the sophistication of ESG integration, including incorporating climate change factors into our research process.

| FY                    | FY2010                                 | FY2013 | FY2014   | FY2015 | FY2016 | FY2017  | FY2018                                | FY2019  |  |
|-----------------------|--|--------|--|--------|--------|---|---------------------------------------|---|--|
| ESG-themed investment |  |        | Investments and financing for SDGs businesses related to renewable energy power plants, etc. |        |        |   |                                       | Promote investments and financing for tackling climate change |  |
|                       |  |        | Investments in SDGs bonds issued by multilateral development banks, etc.                     |        |        |   |                                       |   |  |
|                       |  |        |  |        |        | Impact investment   |                                       |   |  |
|                       |  |        |  |        |        | Investments and financing contributing to regional development and revitalization |                                       |   |  |
| ESG integration       | Japanese equities ESG managed in-house |        |  |        |        |   |                                       | Incorporate climate change elements                           |  |
|                       |  |        |  |        |        |   | Foreign equities ESG managed in-house |   |  |
|                       |  |        |  |        |        | Incorporate ESG factors into research process                                     |                                       | Incorporate climate change elements                           |  |
|                       |  |        |  |        |        | ESG engagement  |                                       | Establish focal themes for climate change engagement          |  |
|                       |  |        |  |        |        | Negative screening  |                                       | Expand target weapons   |  |
|                       |  |        |  |        |        | Promote ESG investment  |                                       | Publish Responsible Investment Report                         |  |

# FY2020 Policy on ESG Investment

## ESG-themed investment

Create positive impact on society through investments and financing that contribute to solving social issues

### ◆ Actively promote investments that contribute to solving social issues

- ✓ Promote active investments in COVID-19 and other pandemic responses as well as recent social issues, including plastic waste, while maintaining Dai-ichi Life's ESG investment focal themes of quality of life (QOL) improvement, mitigation of climate change, and regional development and revitalization

QOL improvement

Mitigation of climate change

Regional development/revitalization

- ✓ Actively adopt new investment products and methods in addition to investing in impact investments, SDGs bonds, and SDGs businesses
- ✓ In particular, proactively promote transition finance that supports decarbonization efforts

## ESG integration

Swiftly develop readiness to respond to market changes

### ◆ Strengthen ESG analyses by appointing ESG analysts

- ✓ Carry out cross-asset ESG analyses by newly appointing ESG analysts
- ✓ Increase the sophistication of ESG analyses, including deepening climate change analyses



### ◆ Expand assets covered by ESG integration

- ✓ Introduce ESG index into benchmarks for foreign equity investments and implement ESG integration for all foreign equities
- ✓ For bonds, consider employing positive screening investment methods used for equity investments
- ✓ Begin measuring CO2 emissions for Dai-ichi Life's entire investment portfolio



## (Reference) Our Definitions of ESG Investment Method

| ESG Investment Method                         | Definitions  |
|---|--|
| <b>ESG-Themed Investment</b>                  | Investment in fields that help resolve social issues premised on secure investment returns   |
| Investment and Financing for SDGs Bonds, etc. | Funding for international organizations and companies promoting businesses that contribute to achieving SDGs (Green, social, sustainability bonds, etc.)                                 |
| Investment and Financing for SDGs Businesses  | Funding for businesses that contribute to achieving SDGs (social infrastructure development, environment preservation, etc.)   |
| 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.) |
| <b>ESG Integration</b>                        | 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  |

|   |       |  |       |
|---|-------|--|-------|
| 1. Message from the President               | ---2  | 7. ESG Investment Report   | ---18 |
| 2. Our Role as Responsible Investor         | ---3  | ✓ Looking back on past efforts and actions                             |       |
| 3. Basic Policy on ESG Investment           | ---4  | ✓ 2020 effort policies   |       |
| 4. Our Approach for Responsible Investment  | ---7  | ✓ <b>ESG-themed investment</b>   |       |
| 5. Our Framework for Responsible Investment | ---8  | ✓ Examples of efforts for ESG integration                              |       |
| 6. Highlights                               | ---11 | 8. Report on Stewardship Activities                                    | ---39 |
|   |       | ✓ Basic approach and processes   |       |
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|   |       | ✓ Examples of engagements  |       |
|   |       | ✓ Policies for FY2020  |       |
|   |       | ✓ Voting Policy and Voting records                                     |       |
|   |       | ✓ Self-evaluation and evaluation by others                             |       |
|   |       | ✓ Message from the General Manager of the Responsible Investment Dept. |       |
|   |       | ✓ Reference (Glossary)   |       |

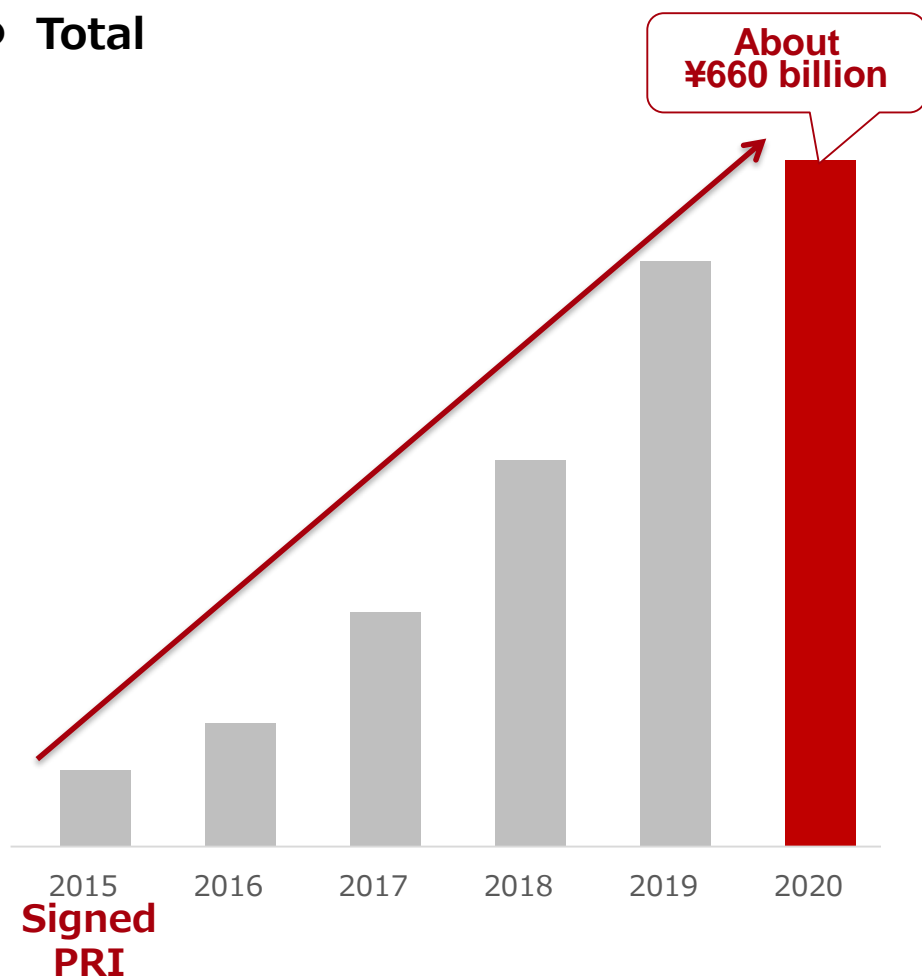
# ESG-themed investment

\* As of the end of August 2020

- ◆ ESG-themed investment has accumulated the assets and reached to ca. ¥660 billion.
- ◆ Mainly, we actively invested/financed in SDGs bonds and SDGs business (social infrastructure development and environment preservation, etc.).

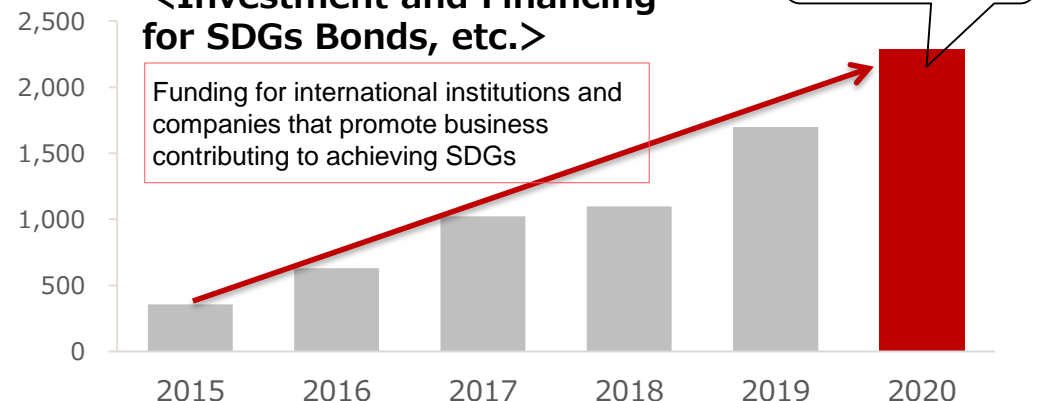
## <ESG-themed investment assets change>

### ● Total

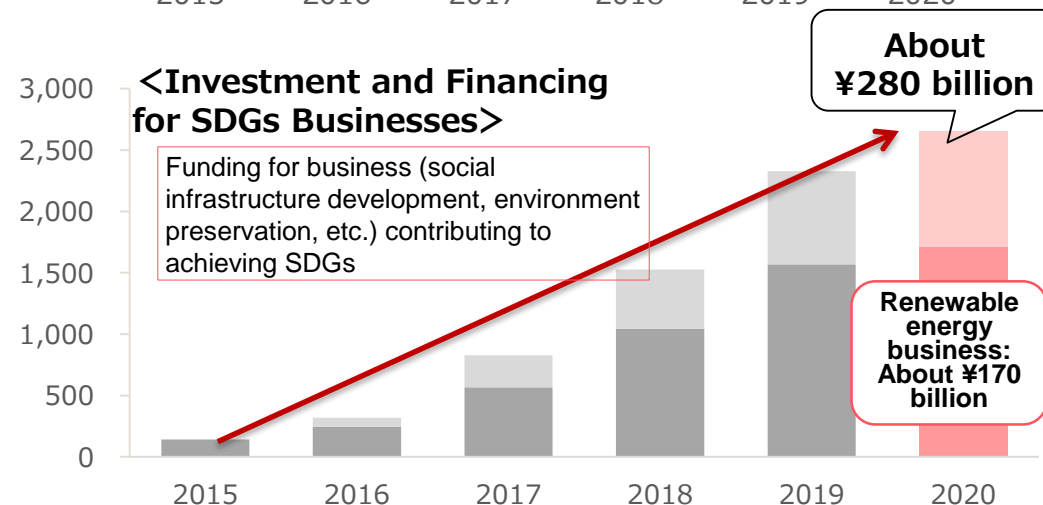


### ● Breakdown

#### <Investment and Financing for SDGs Bonds, etc.>



#### <Investment and Financing for SDGs Businesses>



\* In addition to the above, ESG-themed investments include impact investments and real estate investments that contribute to regional development and revitalization.

# Investments and Financing for SDGs Bonds, etc. \* As of the end of August 2020

**Cumulative investment amount:  
About ¥230 billion**

**Funding for international organizations and companies promoting businesses that contribute to achieving SDGs (Green, social, sustainability bonds, etc.)**

## World Bank Group

|  |   |
|--|---|
|  | <b>Inclusive Business Bond</b> (IFC)<br>• Support for companies that actively integrate low income communities into their value chain |
|  | <b>Green Bond</b> (IBRD)<br>• Support for businesses for climate change mitigation and adaptation activities                          |
|  | <b>Vaccine Bond</b> (IFFIm)<br>• Support for development of new vaccines  |
|  | <b>Sustainable Development Bond</b> (IBRD)<br>• Support for addressing food loss and waste issues                                     |
|  | <b>Sustainable Development Bond</b> (IBRD)<br>• Support for addressing marine pollution caused by plastic waste                       |
|  | <b>Sustainable Development Bond</b> (IBRD)<br>• Support for tackling COVID-19   |
|  | <b>Vaccine Bond</b> (IFFIm)<br>• Support for development of COVID-19 vaccines   |

## Japan

|  |   |
|--|---|
|  | <b>Tokyo Green Bond</b> (Tokyo Metropolitan Government)<br>• Support for Tokyo to become a smart city |
|--|---|

## Latin America/Caribbean

|  |  |
|--|--|
|  | <b>EYE Bond</b> (IDB)<br>• EYE (Education, Youth, Employment) supports |
|--|--|

## Europe

|  |   |
|--|---|
|  | <b>Microfinance Bond</b> (EBRD)<br>• Financial support to SMEs and micro enterprises in developing countries                  |
|  | <b>Health Bond</b> (EBRD)<br>• Support for improving medical services in East/Central European countries                      |
|  | <b>Environmental Sustainability Bond</b> (EBRD)<br>• Support for renewable energy projects in East/Central European countries |

## Asia-Pacific

|  |   |
|--|---|
|  | <b>Health Bond</b> (ADB)<br>• Support for health projects in the Asia-Pacific |
|  | <b>Gender Bond</b> (ADB)<br>• Promote women's empowerment in the Asia-Pacific |
|  | <b>Health Bond</b> (ADB)<br>• Support the COVID-19 response                   |









## Africa

|  |   |
|--|---|
|  | <b>Feed Africa Bond</b> (AfDB)<br>• Support for agriculture and agricultural businesses in Africa                         |
|  | <b>Light Up and Power Africa Bond</b> (AfDB)<br>• Support for electricity and energy infrastructure development in Africa |

\* Listed are bonds issued by multilateral development banks, the government, etc.

# Investments and Financing for SDGs Bonds, etc.

\* Major projects since October 2019

| Project summary   | Investment amount          | Investment period     |   |   |
|---|----------------------------|-----------------------|---|---|
| <p><b>Plastic waste reduction bond</b><br/>(Henkel)</p> <ul style="list-style-type: none"> <li>World's first corporate bond that limits allocation to reducing plastic waste</li> <li>Support plastic waste reduction efforts through joint investment with Dai-ichi Frontier Life</li> </ul>   | <p><b>¥5.3 billion</b></p> | <p><b>7/2020</b></p>  |    |    |
| <p><b>Sustainability-linked loan</b><br/>(Indorama)</p> <ul style="list-style-type: none"> <li>Dai-ichi Life became first Japanese life insurer to extend loan to a sustainability-linked loan</li> <li>Support a company's efforts for reducing plastic waste</li> </ul> <p>* Sustainability-linked loans have interest rates that change based on the achievement of sustainability performance targets which are set in advance.</p> | <p><b>¥1.1 billion</b></p> | <p><b>3/2020</b></p>  |    |    |
| <p><b>Socially Responsible Mekong Region Development Bond</b><br/>(Export-Import Bank of India)</p> <ul style="list-style-type: none"> <li>First social bond issued by the Export-Import Bank of India</li> <li>Support infrastructure development projects in Asian countries in the Mekong region</li> </ul>  | <p><b>¥5.4 billion</b></p> | <p><b>10/2019</b></p> |   |   |
| <p><b>Microfinance and Gender Loan</b><br/>(Crédit Agricole CIB, Tokyo Branch)</p> <ul style="list-style-type: none"> <li>Support provision of financial services to women and low-income groups in rural areas of developing countries</li> </ul>  | <p><b>¥2.0 billion</b></p> | <p><b>5/2020</b></p>  |  |  |

Invested a total of ¥7.4 billion with Dai-ichi Frontier Life



# ESG Investment to Support the COVID-19 Response

## ◆ Invested in health bonds issued by the Asian Development Bank (ADB): Support ADB's health and medical projects in response to COVID-19

- Investment amount: CA\$130 million (approx. ¥10 billion)
- Support ADB's efforts in the health and medical sectors, including responding to COVID-19 through financing ADB's health and medical projects

Investment period:  
4/2020



©ADB

## ◆ Invested in sustainable development bonds issued by the International Bank for Reconstruction and Development (IBRD) Support IBRD's health and medical projects in response to COVID-19

- Investment amount: AU\$150 million (approx. ¥10.4 billion)
- Support IBRD's health and medical projects, including responding to the COVID-19 pandemic through provision of funds to IBRD

Investment period:  
4/2020



©World Bank

## ◆ Invested in vaccine bonds issued by the International Finance Facility for Immunisation (IFFIm) Support development of COVID-19 vaccines

- Investment amount: NOK1.5 billion (approx. ¥15.8 billion)
- Support the COVID-19 vaccine development project implemented by the Coalition for Epidemic Preparedness Innovations (CEPI)

Investment period:  
6/2020



©IFFIm

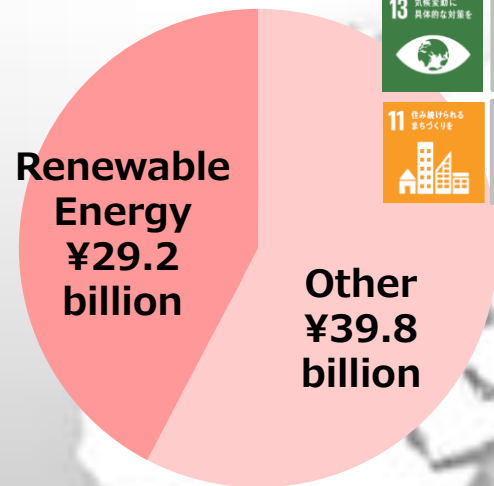
# Investments in SDGs businesses

\* As of the end of August 2020

**Cumulative investment amount:  
About ¥280 billion**

**Funding for businesses contributing to achievement of SDGs  
(social infrastructure development, environment preservation, etc.)**

## Europe

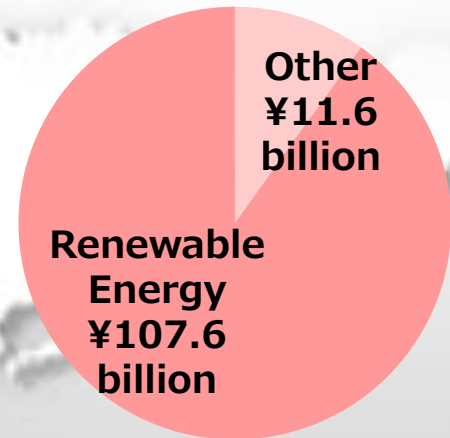


**Germany: Offshore wind power generation**  
(December 2016)

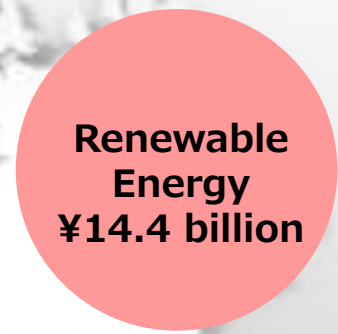


**United Kingdom: High-speed railway**  
(December 2017)

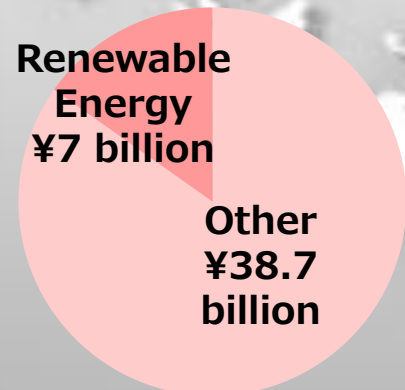
## Japan



## North America



## Asia-Pacific

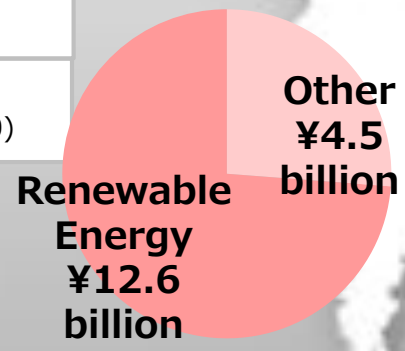


**Akita: Offshore wind**  
(February 2020)

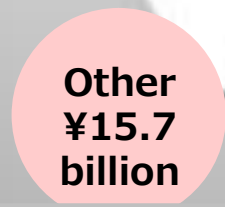


**Hokkaido: Seven airport concession**  
(February 2020)

## South America

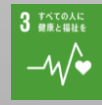


## Africa



**Côte d'Ivoire: Infrastructure financing for government**  
(June 2019)

**Togo: Infrastructure financing for government**  
(December 2019)



**Turkey: Hospital development/operation**  
(July 2017)









**Peru: Railway development**  
(March 2019)

# Investments and Financing for Renewable Energy Power Generation Businesses

\* As of the end of August 2020

**Cumulative investment amount:  
About ¥170 billion**










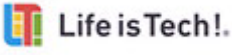





| Renewable energy division   | Investment amount   | Focal theme                  |  |
|---|---|------------------------------|--|
| <p><b>Project finance for solar power generation business</b></p>   | <p><b>About ¥89 billion</b></p> <p>Domestic: About ¥72 billion    Overseas: About ¥17 billion</p> | <p><b>Climate change</b></p> |  <div data-bbox="1928 544 2152 624"> <p>7 エネルギーをみんなに<br/>そしてクリーンに</p> </div> <div data-bbox="1984 639 2208 868"> <p>13 気候変動に<br/>具体的な対策を</p>  </div>         |
| <p><b>Project finance for wind power generation business</b></p>    | <p><b>About ¥54 billion</b></p> <p>Domestic: About ¥14 billion    Overseas: About ¥40 billion</p> | <p><b>Climate change</b></p> |  <div data-bbox="1928 896 2152 976"> <p>7 エネルギーをみんなに<br/>そしてクリーンに</p> </div> <div data-bbox="1984 992 2208 1220"> <p>13 気候変動に<br/>具体的な対策を</p>  </div>     |
| <p><b>Project finance for biomass power generation business</b></p> | <p><b>About ¥27 billion</b></p> <p>Domestic: About ¥21 billion    Overseas: About ¥6 billion</p>  | <p><b>Climate change</b></p> |  <div data-bbox="1928 1259 2152 1339"> <p>7 エネルギーをみんなに<br/>そしてクリーンに</p> </div> <div data-bbox="1984 1355 2208 1583"> <p>13 気候変動に<br/>具体的な対策を</p>  </div> |

# Impact Investment

\* As of the end of August 2020

**Cumulative investment amount:  
About ¥6.8 billion (16 cases)**

**Investments intended to both generate investment return  
and create social impacts (structural change of society, etc.)**









|                           | Company  | Business summary  | Investment amount |                      | Company   | Business summary  | Investment amount |                             |
|---------------------------|--|---|-------------------|----------------------|---|---|-------------------|-----------------------------|
| Improving Quality of Life |  CureApp                        | Research on digital therapeutics for nicotine addiction, etc.   | ¥1,000 million    | 3 すべての人に健康と福祉を       |  QD LASER                  | Development of eyewear for patients with low vision, etc.   | ¥300 million      | 3 すべての人に健康と福祉を              |
|                           |  SUSMED<br>Sustainable Medicine | Research and development of digital therapeutics for insomnia   | ¥100 million      | 3 すべての人に健康と福祉を       |  Neurotrack                | Development of cognitive testing that measures cognitive functions by eye tracking, etc.                    | ¥800 million      | 3 すべての人に健康と福祉を              |
|                           |  MELTIN                         | Development of avatar robot that is expected to be able to substitute human labor in dangerous environments                 | ¥300 million      | 8 働きがいの経済成長も         |  INTEGRAL GENOMICS SCIENCE | Development of diagnostic systems for early detection of breast cancer                                      | ¥200 million      | 3 すべての人に健康と福祉を              |
|                           |  MOLCURE                        | Development of a drug development platform that uses AI   | ¥100 million      | 3 すべての人に健康と福祉を       |  UniFa                     | Provision of ICT solutions toward realizing smart nursery schools   | ¥300 million      | 5 エンゲージ型事業も<br>8 働きがいの経済成長も |
|                           |  MODULUS                        | Development of new drugs using advanced computational technology  | ¥200 million      | 3 すべての人に健康と福祉を       |  Life is Tech!             | Development and provision of IT and programming education services for junior high and high school students | ¥200 million      | 4 豊か高い社会をみんなに               |
|                           |  豊中市<br>CureApp               | World's first anti-smoking social impact bond for Toyonaka City's anti-smoking project for which CureApp is the implementer | ¥12 million       | 3 すべての人に健康と福祉を       |   |   |                   |                             |
| Climate change            |  Spiber                       | Development of new-generation biomaterials that replace materials made from fossil fuels                                    | ¥1,000 million    | 13 気候変動に具体的な対策を      |  株式会社環境エネルギー投資           | Venture fund specializing in the environment and energy sectors   | ¥1,000 million    | 7 エネルギーもみんなにそしてクリーンに        |
|                           |  Challenergy                  | Development of wind power generator capable of generating electricity even in typhoons                                      | ¥200 million      | 7 エネルギーもみんなにそしてクリーンに |   |   |                   |                             |
| Other                     | Gojo & Company, Inc.   | Microfinance business in developing countries   | ¥1,000 million    | 1 貧困をなくそう            |  CROWD CREDIT            | Provision of financing-type crowd funding service   | ¥100 million      | 1 貧困をなくそう                   |

\* The list above does not include impact investments by listed stocks.



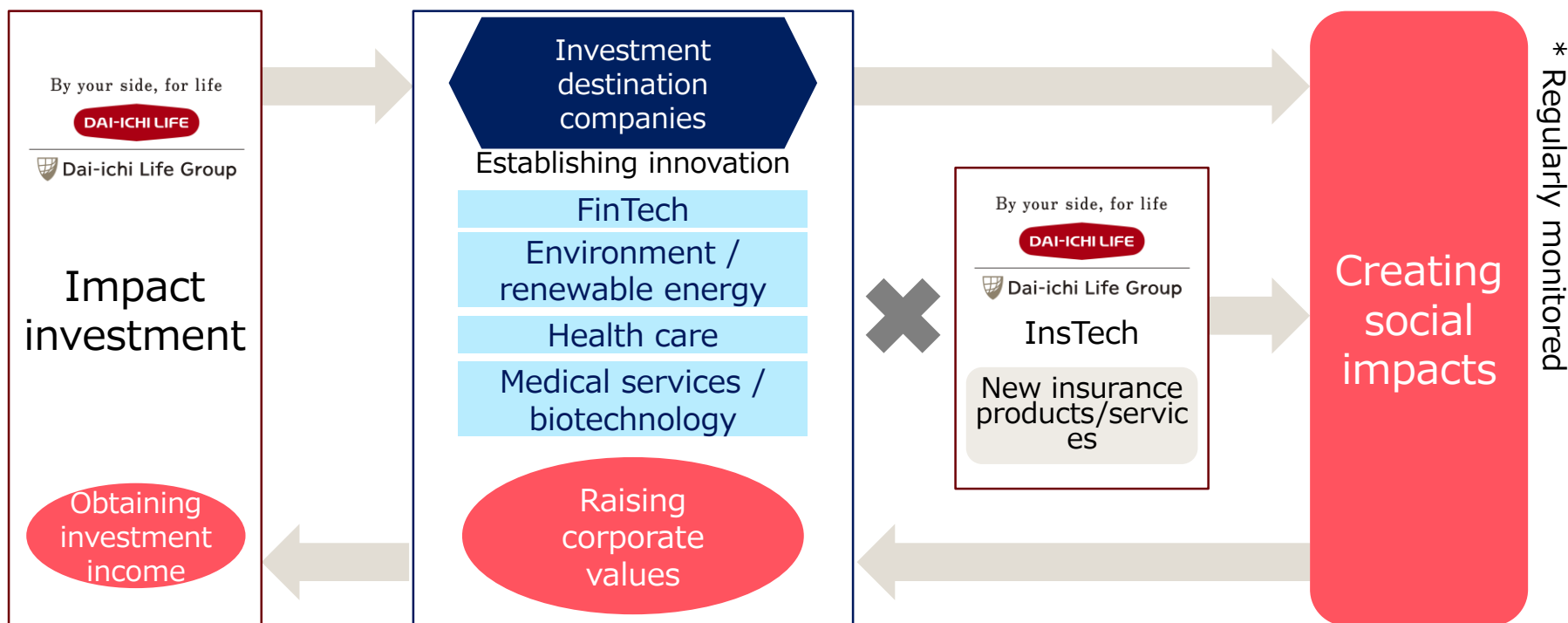
# Impact Investment

\* Major projects since September 2019

| Project summary  | Social impacts  | Investment amount   | Investment period |   |
|--|---|---------------------|-------------------|---|
| <p><b>UniFa Co., Ltd.</b></p> <ul style="list-style-type: none"> <li>Venture company that offers solutions utilizing ICT, etc. for realizing smart nursery schools which are friendly to nursery school workers</li> </ul>   | <p><b>Help resolve the problem of long nursery school waiting lists</b><br/>by improving the working environment of nursery schools</p> | <p>¥300 million</p> | <p>09/2019</p>    |  <div data-bbox="1982 306 2213 582"> <p>5 ジェンダー平等を実現しよう</p> <p>8 働きがいも経済成長も</p>  </div> |
| <p><b>Life is Tech, Inc.</b></p> <ul style="list-style-type: none"> <li>Venture company that develops and offers IT and programming education services for junior high and high school students</li> </ul>   | <p><b>Help eliminate IT talent shortage</b><br/>through providing programming education</p>   | <p>¥200 million</p> | <p>11/2019</p>    |  <div data-bbox="1982 662 2213 885"> <p>4 質の高い教育をみんなに</p>  </div>                       |
| <p><b>Social impact bond</b></p> <ul style="list-style-type: none"> <li>World's first anti-smoking social impact bond for the Toyonaka Sotsuen Project, an anti-smoking project of the Toyonaka City, Osaka Prefecture</li> </ul>  | <p><b>Extend healthy lifespans</b><br/>through supports to quit smoking</p>   | <p>¥12 million</p>  | <p>11/2019</p>    |  <div data-bbox="1982 957 2213 1189"> <p>3 すべての人に健康と福祉を</p>  </div>                  |
| <p><b>Modulus Discovery, Inc.</b></p> <ul style="list-style-type: none"> <li>Venture company engaged in small molecule drug development based on computational chemistry</li> <li>Applies computational chemistry to drug discovery, which leads to shortening development timelines and reducing development costs through fewer experiments</li> </ul> | <p><b>Help realize accessible healthcare for all</b><br/>through shortening drug development timelines and cost reductions</p>          | <p>¥200 million</p> | <p>5/2020</p>     |  <div data-bbox="1982 1292 2213 1524"> <p>3 すべての人に健康と福祉を</p>  </div>                |



# (Reference) Aim of impact investment



(Viewpoints for project selection)

**(1) Management has a clear vision for solving social issues.**

**(2) Feasibility of social impact**

Business innovativeness

×

Market share

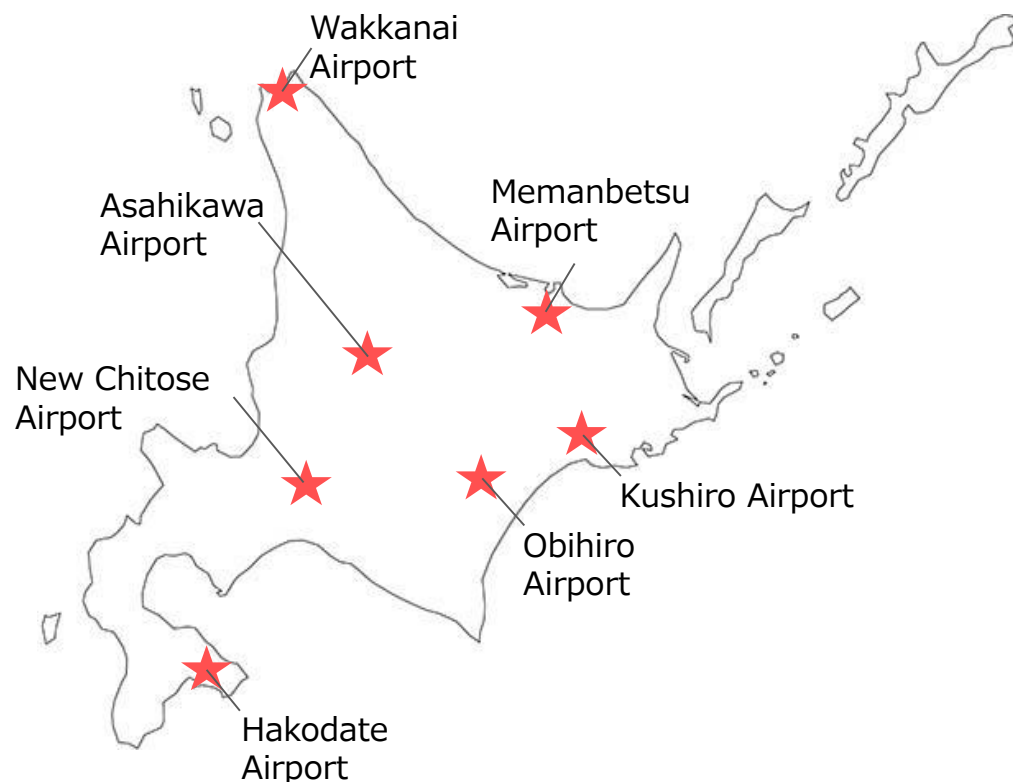
(Impact assessment methodology)

**Agree on setting “impact assessment KPIs” with management before investment, and conduct regular monitoring**

# Investment for Regional Development and Revitalization

## ◆ Concession Project for Seven Hokkaido Airports

- Japan's largest airport concession project for integrating the operation of seven airports in Hokkaido which had been run by separate entities.
- The concession will realize efficient management of airports to contribute to fulfilling their maximum role as basic transportation infrastructure in Hokkaido and to revitalizing local economies.

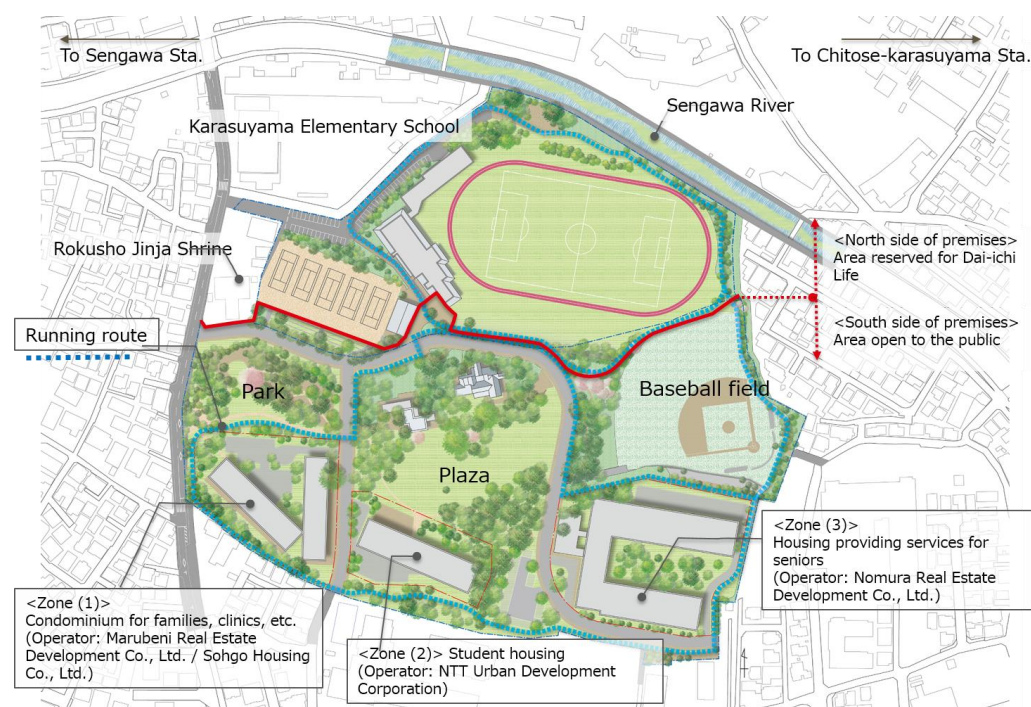


Concession refers to a facility to which a private entity has the operating rights while public entities retain ownership of fee-collecting public facilities, including highways, airports, and water and sewage services.

## ◆ Community development utilizing Dai-ichi Life Grounds (facility for employees)

- Community development utilizing Dai-ichi Life Grounds in Setagaya City, a welfare property for employees owned by the company since 1954.
- Based on the concept of improving the quality of life (QOL) of local residents, we plan to build various facilities on the premises, such as housing that provides services for seniors, student housing, and clinics. We will work with diverse partners to contribute to revitalizing the community.

### Community development for increasing the QOL of local residents



## Efforts for Solving Social Issues through Industry-Academia Partnership

- ◆ We actively partner with universities, which are educational institutions that shape the future, with the aim of creating innovations through industry-academia partnerships and solving social issues through regional development and revitalization.
- ◆ We carry out joint research that contributes to improving quality of life and extend healthy lifespans and promote its implementation in society. We are also engaged in initiatives aimed at solving social issues, including through revitalization of regional economies, by concluding comprehensive partnership agreements that set forth training innovative talents and creating businesses at university campuses and in local regions.

### Comprehensive partnership agreement partners

**Institute for  
Advanced Biosciences  
(IAB), Keio University**

**Concluded  
August 2018**

**Tokyo University of  
Science**

**Concluded  
March 2019**

**Tohoku University**

**Concluded  
August 2019**

### Examples of investments in university-launched venture companies and university venture capital



\* Venture company launched by IAB, Keio University  
Investment: November 2018



\* Venture company launched by Kobe University  
Investment: September 2019



\* Venture company launched by Nagoya University  
Investment: July 2020



\* VC launched by Keio University  
Investment: June 2016



\* VC launched by Tokyo University  
Investment: March 2018



\* VC launched by Kyoto University  
Investment: November 2017



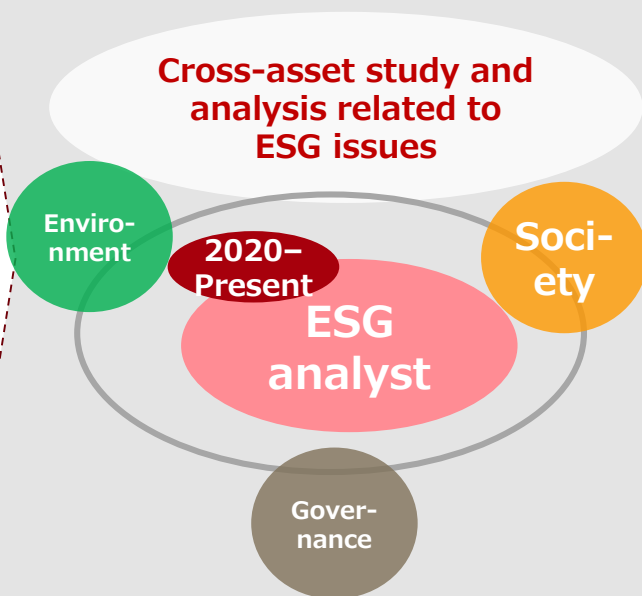
東京理科大学イノベーション・キャピタル株式会社  
\* VC launched by Tokyo University of Science  
Investment: September 2019

|   |       |  |       |
|---|-------|--|-------|
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|   |       | ✓ Examples of engagements  |       |
|   |       | ✓ Policies for FY2020  |       |
|   |       | ✓ Voting Policy and Voting records                                     |       |
|   |       | ✓ Self-evaluation and evaluation by others                             |       |
|   |       | ✓ Message from the General Manager of the Responsible Investment Dept. |       |
|   |       | ✓ Reference (Glossary)   |       |

# Strengthening of ESG Research Functions

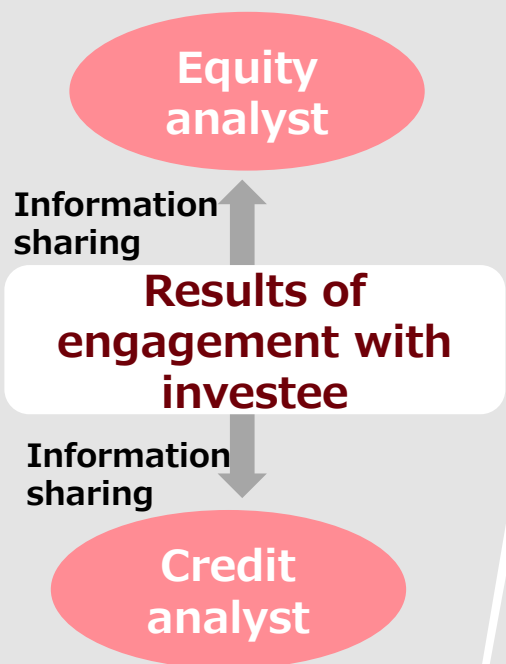
## Incorporate ESG research and engagement results in investment decisions

(1) Cross-asset research by ESG analyst



In FY2020, focused analyses were carried out on climate change as well as plastic waste

(2) Engagement results shared by Responsible Investment Dept.



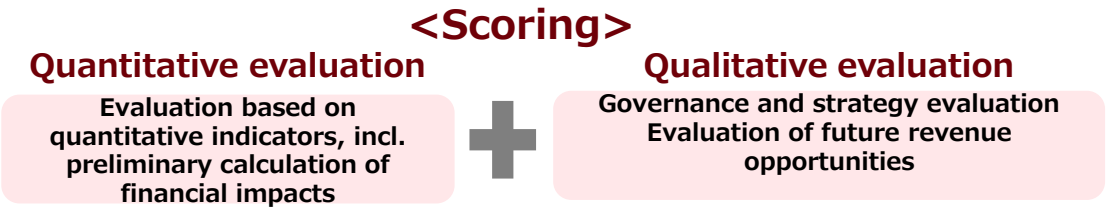
(3) Reflected in internal ranking by equity/credit analysts

Establish internal ranking considering ESG analysts' ESG analysis results and engagement results

(4) Used by departments handling investments to make investment decision

Decide to sell/purchase based on internal ranking

**Analysis by ESG analyst (scoring)**  
 Extract sectors and companies with high relevance to focal themes  
 Carry out quantitative and qualitative evaluations and assign a score to each company

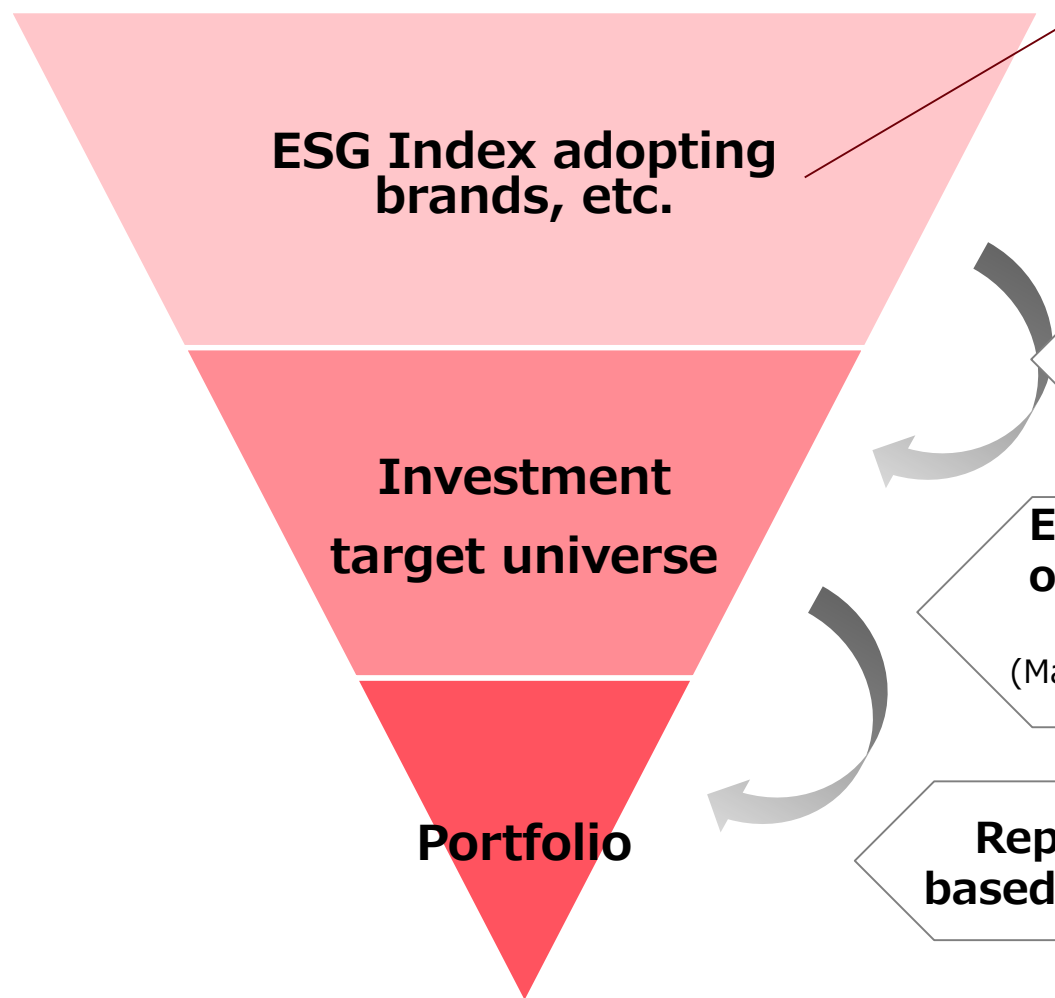




# Positive Screening (Japanese Equities)

◆ In addition to the usual screening of Japanese equity ESG funds from a governance perspective, we have sought to further increase the sophistication of ESG integration by incorporating climate change factors into the fund construction method, including conducting climate change screenings since January 2020.

[ESG fund construction method for Japanese equities]



- (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
- (6) S&P Carbon Efficient Index

Added climate change factors

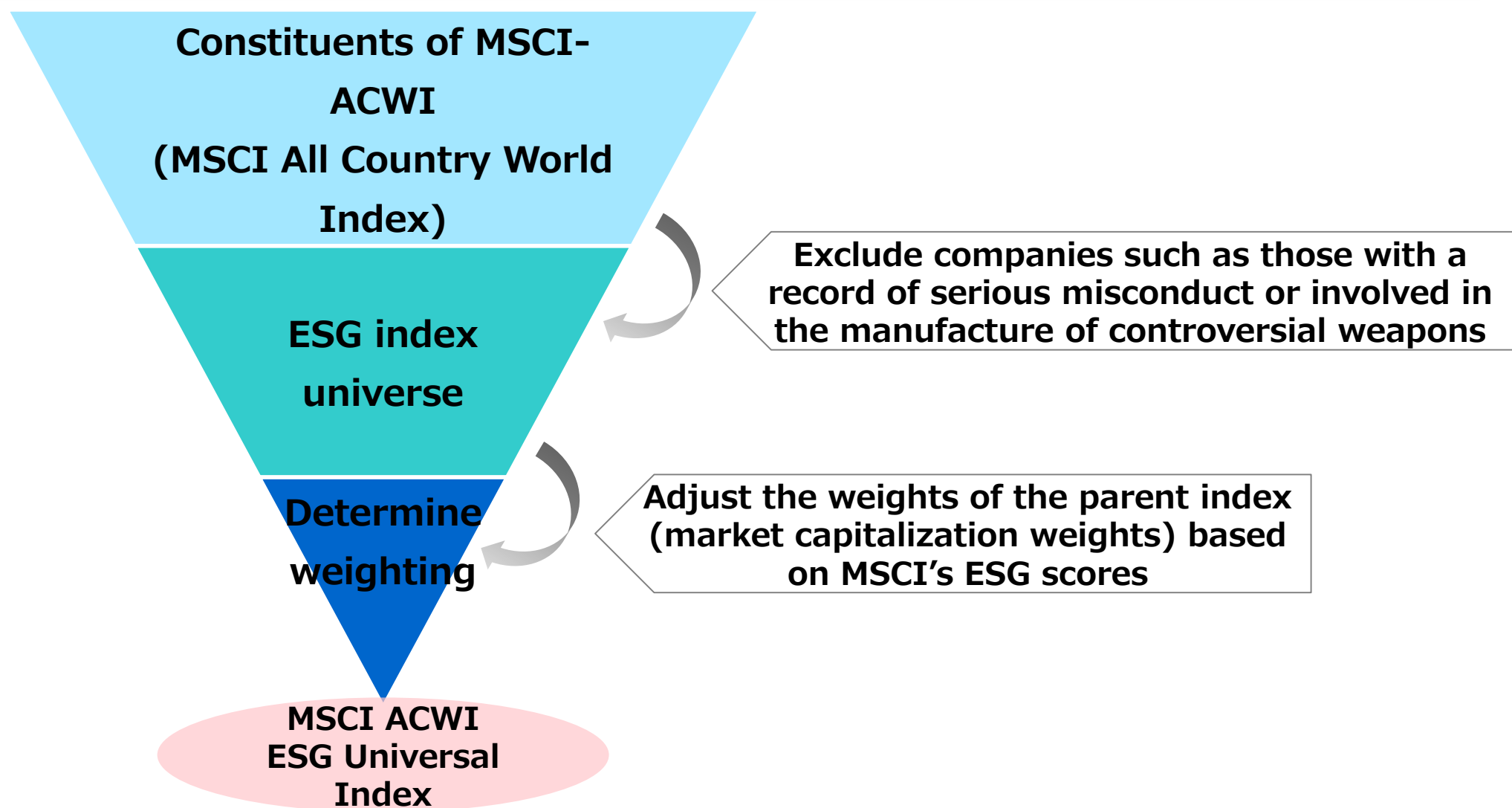
Screening in terms of G (governance) and climate change (E)

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

Replace brands and adjust weights based on internal ranking changes, etc.

## Positive Screening (Foreign Equities)

- ◆ Since 2019, Dai-ichi Life has introduced investment methods to reflect ESG scores to a part of the foreign equity portfolio managed in-house.
- ◆ Since September 2020, the company has introduced an ESG index as a benchmark for foreign equity investments, and began reflecting ESG factors in all of its foreign equity investments managed in-house.



# Negative Screening

- ◆ More weapons have been included in the company's negative screen list since FY2019 (related to the manufacturing of specific arms, including biological weapons, chemical weapons, and anti-personnel mines), taking into account the characteristics of the life insurance business and the sustainability of society.
- ◆ Our negative screen list will continuously be reviewed based on domestic and global social situations, among other factors.

## Target of negative screening

| Fields to be screened  | Targeted assets  |
|--|--|
| <ul style="list-style-type: none"> <li>● Specific arms manufacturing (cluster bombs, biological/chemical weapons, anti-personnel mines, etc.)</li> </ul> | <ul style="list-style-type: none"> <li>● Stock investments</li> <li>● Bond investments</li> <li>● Corporate financing</li> <li>● Project finance</li> <li>● Real estate investments</li> </ul> |
| <ul style="list-style-type: none"> <li>● Coal-fired power generation and coal mining operations in and outside Japan</li> </ul>                          | <ul style="list-style-type: none"> <li>● Project finance</li> </ul>  |

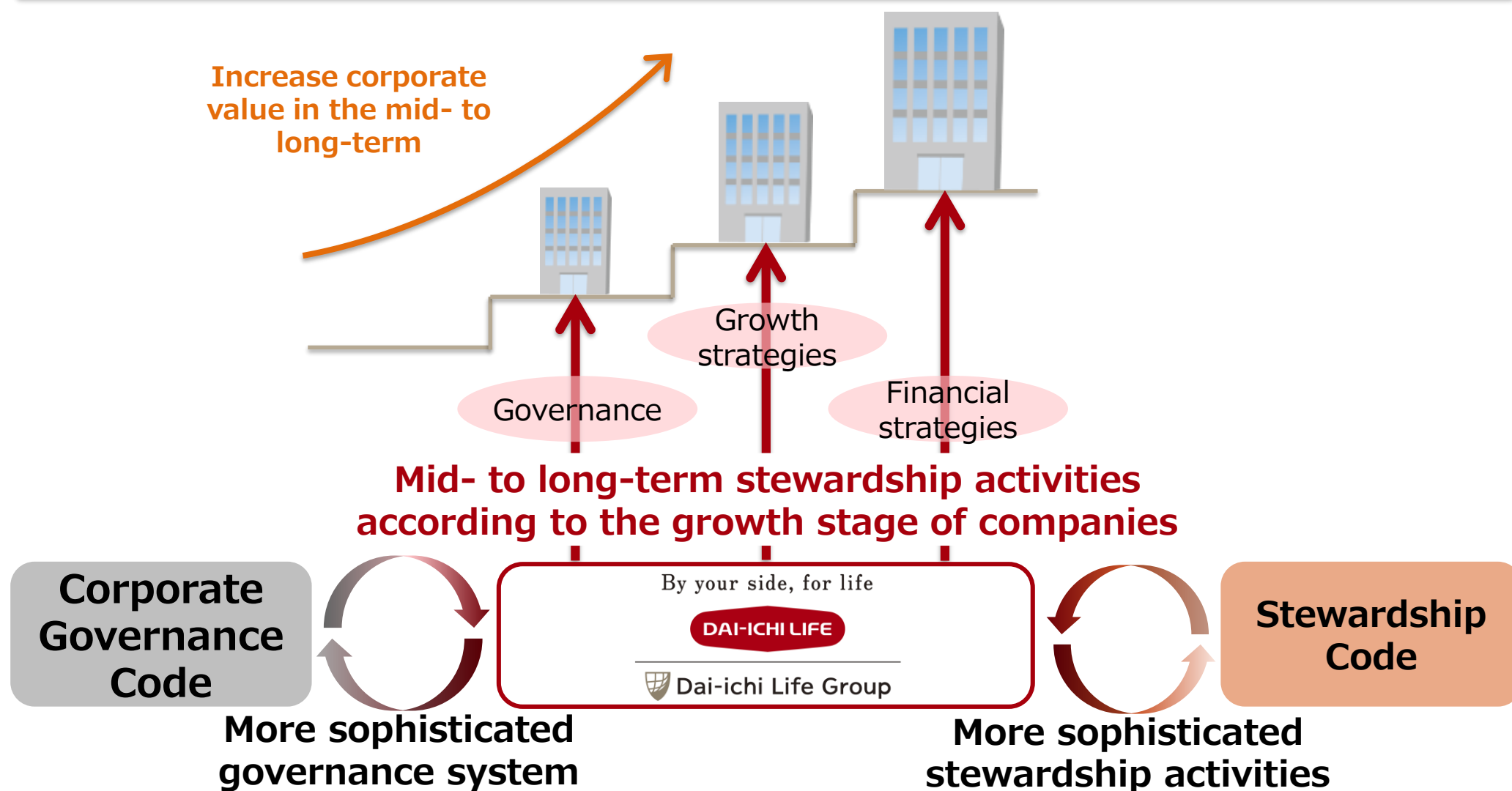
## Process of negative screening



|   |       |  |       |
|---|-------|--|-------|
| 1. Message from the President               | ---2  | 7. ESG Investment Report   | ---18 |
| 2. Our Role as Responsible Investor         | ---3  | ✓ Looking back on past efforts and actions                             |       |
| 3. Basic Policy on ESG Investment           | ---4  | ✓ 2020 effort policies   |       |
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| 5. Our Framework for Responsible Investment | ---8  | ✓ Examples of efforts for ESG integration                              |       |
| 6. Highlights                               | ---11 | 8. Report on Stewardship Activities                                    | ---39 |
|   |       | ✓ Basic approach and processes   |       |
|   |       | ✓ Looking back on past efforts and activities                          |       |
|   |       | ✓ Examples of engagements  |       |
|   |       | ✓ Policies for FY2020  |       |
|   |       | ✓ Voting Policy and Voting records                                     |       |
|   |       | ✓ Self-evaluation and evaluation by others                             |       |
|   |       | ✓ Message from the General Manager of the Responsible Investment Dept. |       |
|   |       | ✓ Reference (Glossary)   |       |

# Our Basic Approach for Stewardship Activities

- ◆ We engage in stewardship activities the “Dai-ichi Life way,” reflecting our Group mission of “By your side, for life.” We undertake activities with a close understanding of the issues facing investee companies which differ by growth stage, and help increase corporate value in the mid- to long-term.
- ◆ We are actively pursuing more sophisticated efforts, based on both Japan’s Stewardship Code and Corporate Governance Code, in order to provide our own unique added values as a listed institutional investor.



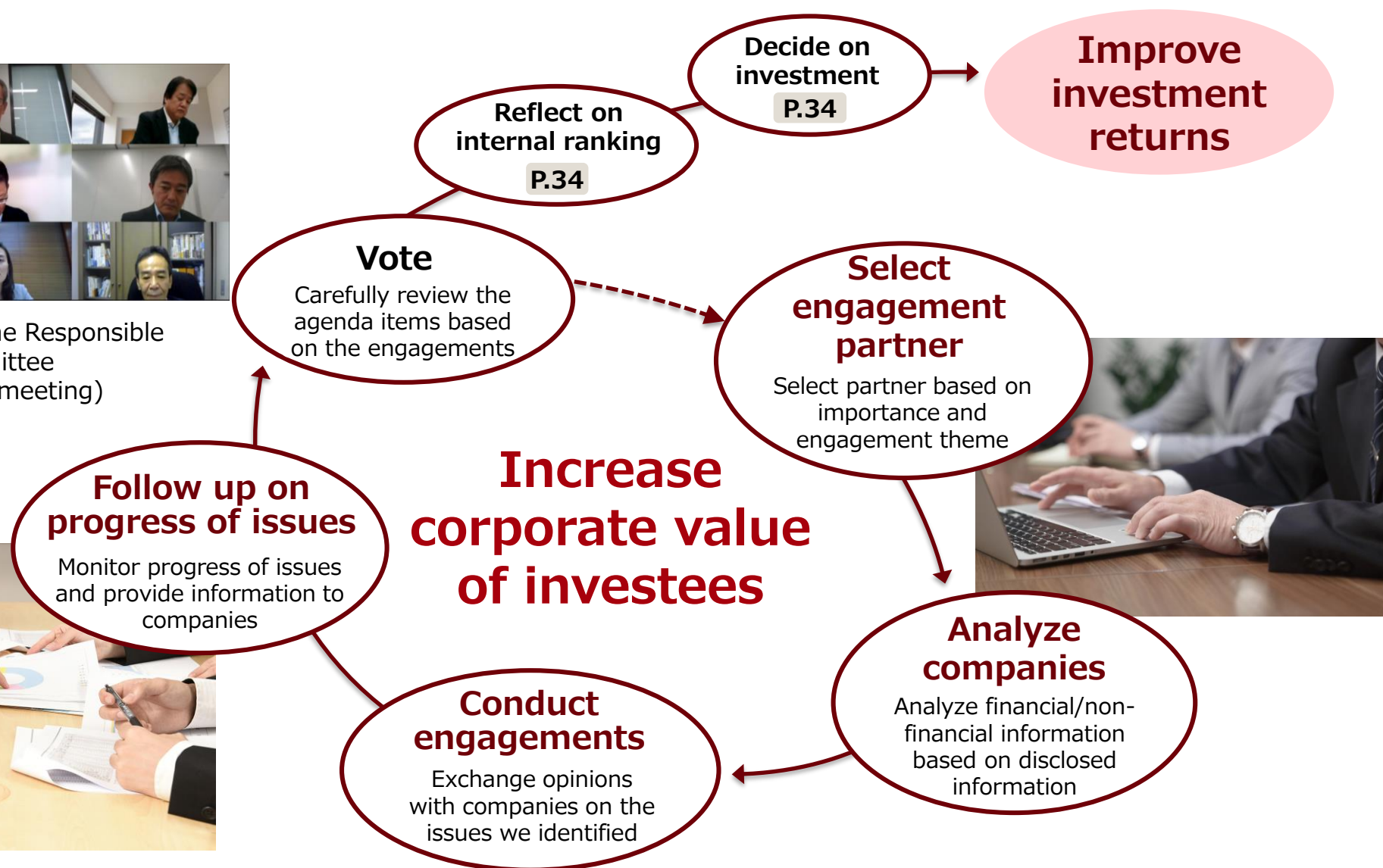


# Our Stewardship Activity Process

◆ We conduct stewardship activities focused on engagements, with a view to promoting increases in the corporate value of investee companies and improving our mid- to long-term investment returns.



\*Deliberations by the Responsible Investment Committee (non-face-to-face meeting)



# Following Up Progress of Engagement Issues

- ◆ We regularly follow up on the progress of the issues based on engagements, and help solve the issues of investee companies by providing relevant information, etc.

## Tracking 4-step milestones

- 1 Raise issue: Dai-ichi Life raises a matter it considers to be an issue with a company**
- 2 Recognize issue: The company recognizes that it must address this issue**
- 3 Address issue: The company begins addressing the issue**
- 4 Solve issue: Dai-ichi Life confirms that the issue has been solved**

Help solve issues through information provision, etc.

## Examples of issues of each theme

### Governance

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

### Environmental /social issues

- Identifying and disclosing ESG issues
- Climate change
- COVID-19
- Plastic waste
- 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 policies on utilizing treasury shares
- Improving total return ratio
- Formulating and disclosing capital policies

# Past Stewardship Activities

- ◆ We continuously raised the level of our stewardship activities focusing on engagements, strengthening our mechanisms to diversify engagement methods and themes, along with enhancing information disclosures on voting activity to improve transparency.
- ◆ We focus on engagements themed on management/financial strategies as well as ESG. In FY2019, we selected climate change as a focal theme and promoted companies' responses to climate change.

|   | FY2014  | FY2015               | FY2016                                  | FY2017  | FY2018   | FY2019   |
|---|---|----------------------|---|---|--|--|
| Number of persons conducting engagement (Number of dedicated persons) | 14 people (0 person)                                    | 17 people (2 people) | 17 people (3 people)                    | 19 people (6 people)<br><b>Established Responsible Investment Center</b>                | 20 people (7 people)                             | 20 people (7 people)                               |
| Engagement companies  | 110 companies   | 233 companies        | 277 companies                           | 271 companies   | 251 companies                                    | 239 companies<br><b>Commence bonds engagements</b> |
|   |   |                      | <b>Collaborative engagements (LIAJ)</b> | <b>Cover about 90% of market capitalization of portfolio as 3-year cumulative total</b> |  |  |
|   |   |                      |   | About 100 companies (Send letters)  | About 110 companies (Send letters / engagements) | About 140 companies (Send letters / engagements)   |
| Engagement themes   | Corporate governance                                    |                      |   | Environmental/ social issues  | <b>Full-scale launch ESG</b>                     |  |
|   | <b>Strengthen climate change engagements</b>            |                      |   |   |  |  |
|   | Management strategies                                   |                      |   |   |  |  |
|   | Financial strategies                                    |                      |   |   |  |  |
| Disclosure of voting records  | Disclose voting tally table (for each agenda item type) |                      |   | Disclose details of voting policy   |  |  |
|   | Disclose summary of voting policy                       |                      |   | Disclose votes in favor/against each agenda item (quarterly)                            |  |  |
|   | <b>Improve transparency</b>                             |                      |   | Disclose reasons for voting in favor/against agenda item                                |  |  |

Announced commitment to Stewardship Code

# Review of Stewardship Activities in FY2019

(Period: July 2019–June 2020)

- ◆ In FY2019, we selected companies for which our focal engagement theme of climate change may become an important management issue, taking into account the importance of their holding amounts, their top shareholders, among other factors, and conducted engagements with a total of 239 companies. However, the number of engagement partners was around 10 less than the initial plan due to the impact of the COVID-19 pandemic.
- ◆ As a result of fully commencing ESG engagements in FY2018, the ratio of new issues set related to environmental and social issues increased to 40% of the total.

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

**Holding amounts /  
top shareholders**

NEW

**Climate change:  
41 companies**



**Growth strategies:  
37 companies**



**Main themes:  
161 companies**



**239 companies**

Companies for which climate change may become an important management issue

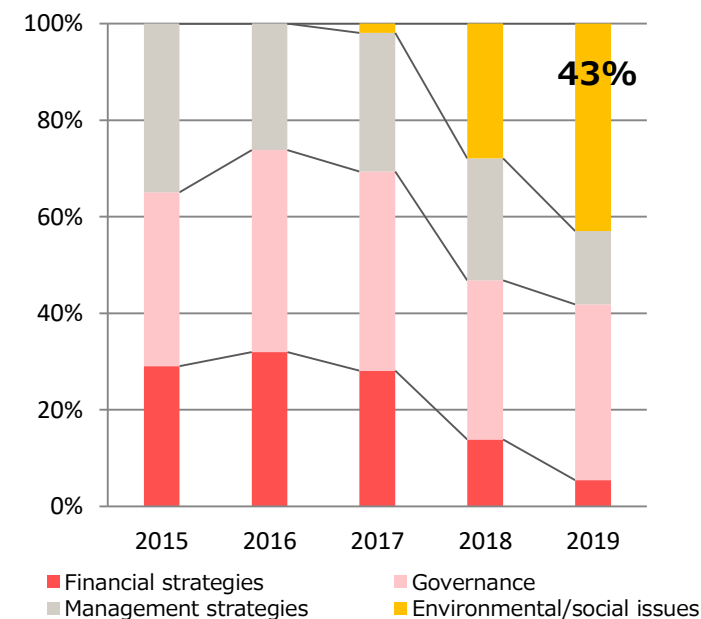
Companies in the growth stage  
(Support the growth of companies through engagements regarding growth strategies)

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

Engagements with **239 companies**

**Covered over 60% of the market capitalization of the portfolio**

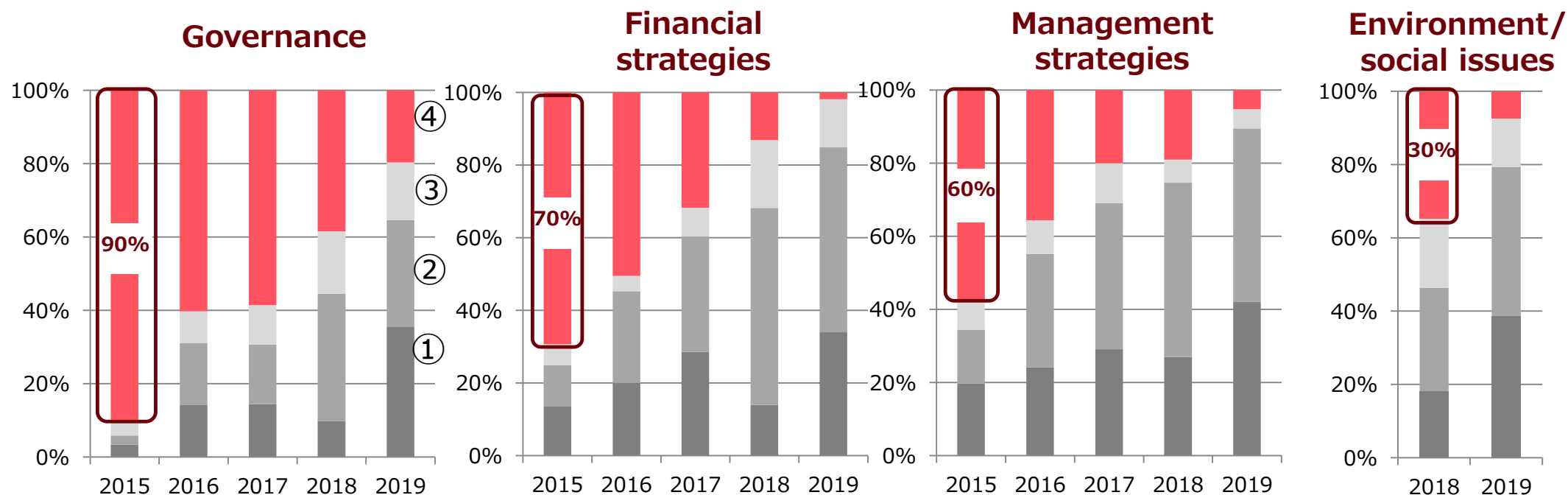
<Annual changes by new issue theme>



# Medium-term Engagement Outcomes

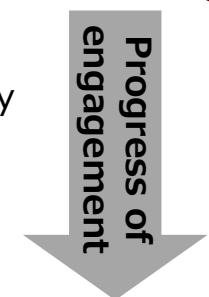
- ◆ We are making progress on solving the issues we raised with companies in the order of governance, financial strategies, and management strategies.
  - ✓ About 90% of the governance issues identified in FY2015 have been solved with the support of the external environment.
- ◆ Since FY2018, we have also been fully engaged in dialogues on environmental and social issues. Some progress has been observed, mainly in climate change measures. We will continue to follow up the status as needed.

<Status of the issues raised in each fiscal year as of the end of June 2020>



## Tracking engagement milestones

- ① Raise issue: Dai-ichi Life raises a matter it considers to be an issue with a company
- ② Recognize issue: The company recognizes that it must address this issue
- ③ Address issue: The company begins addressing the issue
- ④ Solve issue: Dai-ichi Life confirms that the issue has been solved






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|   |       | ✓ Reference (Glossary)   |       |

# Leading Examples of Engagements

|                   |              |   |                             |                  |                      |                    |  |
|-------------------|--------------|---|-----------------------------|------------------|----------------------|--------------------|--|
| <b>Governance</b> | <b>Issue</b> | <b>Independence of outside directors</b>        | <b>Reaction</b><br>Positive | 1<br>Raise issue | 2<br>Recognize issue | 3<br>Address issue | 4<br>Solve issue  |
|                   | <b>Goal</b>  | <b>Ensure independence of outside directors</b> |                             |                  |                      |                    |  |

**Company A**  
Land transport

|                              |  |  |   |   |
|------------------------------|--|--|---|---|
| <b>Environment/society</b>   | <b>Overview of engagement</b>  | <b>Company's response</b>  | <b>Voting record</b>  | <b>Policies for the future</b>  |
| <b>Management strategies</b> | Number of engagements: 3 (2015/2018/2019)<br>Expressed concerns over the independence of an outside director whose tenure is very long, and exchanged opinions about the type of independence necessary of outside directors | In 2020, the company decided on the retirement of the outside director and appointed a new outside director who has independence | Voted in favor of the proposal to appoint a director to replace the retiring outside director | Continue engagements with the company about the ideal officer composition and improving the effectiveness of the board of directors |
| <b>Financial strategies</b>  |  |  |   |   |

|                   |              |  |                             |                  |                      |                    |  |
|-------------------|--------------|--|-----------------------------|------------------|----------------------|--------------------|--|
| <b>Governance</b> | <b>Issue</b> | <b>Issue of parent-subsidary listings</b>                    | <b>Reaction</b><br>Positive | 1<br>Raise issue | 2<br>Recognize issue | 3<br>Address issue | 4<br>Solve issue  |
|                   | <b>Goal</b>  | <b>Ensure governance transparency of listed subsidiaries</b> |                             |                  |                      |                    |  |

**Company B**  
Electrical equipment

|                              |   |   |                      |   |
|------------------------------|---|---|----------------------|---|
| <b>Environment/society</b>   | <b>Overview of engagement</b>   | <b>Company's response</b>   | <b>Voting record</b> | <b>Policies for the future</b>  |
| <b>Management strategies</b> | Number of engagements: 2 (2018/2019)<br>Shared the need to ensure the governance transparency of listed subsidiaries and strengthen their businesses, and exchanged opinions about where the listed subsidiaries fit in the business strategy | In 2020, the company decided to sell some shares of listed subsidiaries and deconsolidate | —                    | Ongoing engagements with the company to continue to improve the governance of Group companies and strengthen their businesses |
| <b>Financial strategies</b>  |   |   |                      |   |

# Leading Examples of Engagements

**Company C**  
Wholesale

|  |   |   |                      |   |                    |                  |
|--|---|---|----------------------|---|--------------------|------------------|
| Governance<br>Environment/<br>society<br>Management<br>strategies<br>Financial<br>strategies | <b>Issue</b> Strengthening climate change measures<br><b>Goal</b> TCFD-compatible disclosure enhancements and target setting  | Reaction<br>Positive  | 1<br>Raise issue     | 2<br>Recognize issue  | 3<br>Address issue | 4<br>Solve issue |
|  | <b>Overview of engagement</b>   | <b>Company's response</b>   | <b>Voting record</b> | <b>Policies for the future</b>  |                    |                  |
|  | Number of engagements : 2 (2017/2019)<br>Shared view on climate change-related management risks, and exchanged opinions about the possibility of disclosure enhancements and quantitative target setting in alignment with TCFD | In the new medium-term management plan released in 2020, the company for the first time demonstrated an intention to achieve net zero emissions in the future and set concrete quantitative targets | -                    | Regularly follow up on the progress of the announced targets, and continue engagements with the company about concrete initiatives and challenges for achieving the targets |                    |                  |
|  |   |   |                      |   |                    |                  |

**Company D**  
Food

|  |   |  |                      |  |                    |                  |
|--|---|--|----------------------|--|--------------------|------------------|
| Governance<br>Environment/<br>society<br>Management<br>strategies<br>Financial<br>strategies | <b>Issue</b> Food loss issue<br><b>Goal</b> Respond appropriately to food loss issue  | Reaction<br>Positive   | 1<br>Raise issue     | 2<br>Recognize issue   | 3<br>Address issue | 4<br>Solve issue |
|  | <b>Overview of engagement</b>   | <b>Company's response</b>  | <b>Voting record</b> | <b>Policies for the future</b>   |                    |                  |
|  | Number of engagements: 2 (2018/2019)<br>Shared awareness of issues related to food loss, and exchanged opinions about the status of concrete initiatives and target setting | In the new medium-term management plan released in 2020, the company identified food loss as a key ESG issue and set concrete quantitative targets | -                    | Follow up on climate, plastic waste, and other ESG issues, and continue engagements with the company about the progress and challenges for achieving the targets |                    |                  |
|  |   |  |                      |  |                    |                  |

# Leading Examples of Engagements

**Company E**  
Transport equipment

**Governance**

**Issue** Strengthening climate change measures

**Goal** TCFD-compatible disclosure enhancements and target setting

**Reaction** Negative

1 Raise issue → **2 Recognize issue** ★ → 3 Address issue → 4 Solve issue

| Overview of engagement  | Company's response   | Voting record | Policies for the future  |
|---|--|---------------|--|
| <p><b>Environment/society</b></p> <p>Number of engagements: 1 (2019)<br/>Shared view on climate change-related management risks, and exchanged opinions about enhancing information disclosures, including formulation of concrete strategies and scenario analyses</p> | <p>While the company perceives the risks with greater alarm, it has not enhanced its information disclosures including concrete strategies and scenario analyses</p> | <p>—</p>      | <p>Continue engagements with the company about business strategies and information disclosures taking into account increasing climate change risks</p> |

**Management strategies**

**Financial strategies**

**Company F**  
Transport Equipment

**Governance**

**Issue** Low-level capital efficiency

**Goal** Improve capital efficiency/ ROE target setting

**Reaction** Positive

1 Raise issue → 2 Recognize issue → **3 Address issue** ★ → 4 Solve issue

| Overview of engagement   | Company's response  | Voting record | Policies for the future  |
|--|---|---------------|--|
| <p><b>Environment/society</b></p> <p>Number of engagements: 3 (2015/2017/2019)<br/>Shared opinion as an institutional investor on the causes of the stagnation in stock prices, and made recommendations on the importance of increasing capital efficiency and on concrete improvement measures</p> | <p>In the 2020 securities report, the company set forth an intention to emphasize capital efficiency, including setting new ROE targets</p> | <p>—</p>      | <p>The company is in the middle of improving its capital efficiency, and we will continue our engagements with the company about concrete improvement measures</p> |

**Management strategies**

**Financial strategies**

# Leading Examples of Engagements

**Company G**  
Apparell

|                       |  |   |   |  |                        |                      |
|-----------------------|--|---|---|--|------------------------|----------------------|
| Governance            | <p><b>Issue</b> Low-level capital efficiency</p> <p><b>Goal</b> Improve capital efficiency/ROE target setting</p>  | <p>Reaction</p> <p>Negative</p>   | <p>1 Raise issue</p>  | <p>★ 2 Recognize issue</p>   | <p>3 Address issue</p> | <p>4 Solve issue</p> |
| Environment/society   | <p><b>Overview of engagement</b></p> <p>Number of engagements: 1 (2019)<br/>Shared opinion as an institutional investor on the company's weak performance, and exchanged opinions about the importance of increasing capital efficiency and ROE target setting</p> | <p><b>Company's response</b></p> <p>The company again did not set ROE targets in the new medium-term management plan released in 2020, and its weak performance continued</p> | <p><b>Voting record</b></p> <p>Voted against the proposal to appoint a director (representative director) at the ordinary general meeting of shareholders</p> | <p><b>Policies for the future</b></p> <p>Sold the company's shares as there was no prospect of the company improving its efforts</p> |                        |                      |
| Management strategies |  |   |   |  |                        |                      |
| Financial strategies  |  |   |   |  |                        |                      |

**Company H**  
Information Communications

|                       |  |   |                                      |  |                        |                        |
|-----------------------|--|---|--------------------------------------|--|------------------------|------------------------|
| Governance            | <p><b>Issue</b> Low-level shareholder return ratio</p> <p><b>Goal</b> Set and disclose shareholder return targets/increase level of returns</p>  | <p>Reaction</p> <p>Positive</p>   | <p>1 Raise issue</p>                 | <p>2 Recognize issue</p>   | <p>3 Address issue</p> | <p>★ 4 Solve issue</p> |
| Environment/society   | <p><b>Overview of engagement</b></p> <p>Number of engagements: 3 (2016/2018/2019)<br/>Shared our view on seeking appropriate shareholder returns if the capital level is sufficient, and exchanged opinions about setting and disclosing mid- to long-term shareholder return targets and raising the level of returns</p> | <p><b>Company's response</b></p> <p>In 2020, the company announced its first dividend payment and share repurchase since its listing, and set concrete shareholder return targets</p> | <p><b>Voting record</b></p> <p>—</p> | <p><b>Policies for the future</b></p> <p>Continue engagements with the company about future business strategies and the necessary level of capital</p> |                        |                        |
| Management strategies |  |   |                                      |  |                        |                        |
| Financial strategies  |  |   |                                      |  |                        |                        |



# Leading Examples of Engagements

**Company I**  
Pharmaceuticals

|                     |   |  |  |   |   |
|---------------------|---|--|--|---|---|
| Governance          | <p><b>Issue</b> Low-level capital efficiency</p> <p><b>Goal</b> Improve capital efficiency/ROE target setting</p> | <p>Conflicted with voting policy but voted in favor in consideration of engagement</p> |  |   |   |
| Environment/society | <b>Management strategies</b>  | <b>Financial strategies</b>  | <p style="background-color: #800000; color: white; padding: 2px;"><b>Overview of engagement</b></p> <p>Conducted engagement as the company has ongoing deficits, which conflicts with our voting policy (performance criteria). Visited the research facility to confirm the company's high level of technological capabilities, and confirmed future management strategies and measures for improving performance</p> | <p style="background-color: #800000; color: white; padding: 2px;"><b>Voting record</b></p> <p>Voted in favor of the proposal to appoint directors at the ordinary general meeting of shareholders, taking into account the company's mid- to long-term growth potential and cost-first business model</p> | <p style="background-color: #800000; color: white; padding: 2px;"><b>Policies for the future</b></p> <p>Regularly follow up on the progress of the mid- to long-term growth strategy and continue engagements with the company about the challenges and solutions for improving performance</p> |

**Company J**  
Finance

|                     |   |  |   |   |  |
|---------------------|---|--|---|---|--|
| Governance          | <p><b>Issue</b> Low-level shareholder return ratio</p> <p><b>Goal</b> Set and disclose shareholder return targets/increase level of returns</p> | <p>Conflicted with voting policy but voted in favor in consideration of engagement</p> |   |   |  |
| Environment/society | <b>Management strategies</b>  | <b>Financial strategies</b>  | <p style="background-color: #800000; color: white; padding: 2px;"><b>Overview of engagement</b></p> <p>Conducted engagement as the company has sufficient capital level but a low level of shareholder returns, which conflicts with our voting policy (appropriation of surplus). Confirmed the company's approach for shareholder returns, the level of capital required in light of its business format, and mid- to long-term investment plan</p> | <p style="background-color: #800000; color: white; padding: 2px;"><b>Voting record</b></p> <p>Voted in favor of the proposal on appropriation of surplus at the ordinary general meeting of shareholders, taking into account the company's necessary level of capital and investment strategy needed for future growth</p> | <p style="background-color: #800000; color: white; padding: 2px;"><b>Policies for the future</b></p> <p>Continue engagements with the company about an appropriate approach for shareholder returns, taking into account the company's mid- to long-term investment strategy</p> |

# Participation in Collaborative Engagements through the Life Insurance Association of Japan

- ◆ As an effort to strengthen our independent engagement activities and enhance their effectiveness, we continuously participate in collaborative engagements conducted by the Working Group for Stewardship Activities of the Life Insurance Association of Japan (LIAJ).
- ◆ In FY2019, we carried out engagements with the themes of “enhancing shareholder returns,” “enhancing ESG information disclosures,” as well as the new theme of “enhancing climate change information disclosures” with 142 companies in total (cumulative total 149 companies), based on the recognition of issues shared by the participating companies.
- ◆ We will also strengthen efforts for other collaborative engagement initiatives in which we participate.

## FY2019 Engagement themes



LIAJ Working Group for Stewardship Activities  
(11 life insurance companies including our company)

Letter sent under joint signatures of  
11 life insurance companies  
Explain the purpose through engagements, etc.

**Enhancing shareholder returns**  
67 listed companies

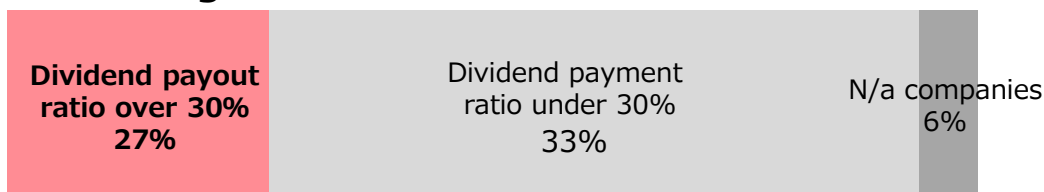
**Enhancing ESG information disclosures**  
65 listed companies

**New**  
**Enhancing climate change info disclosures**  
17 listed companies

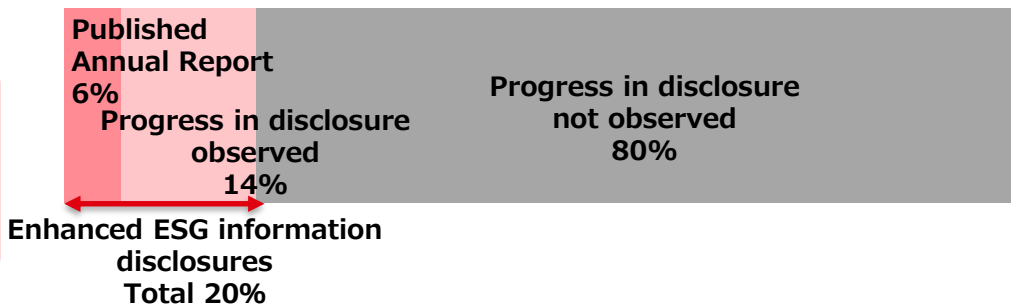
## FY2018 Results of efforts

<Status of efforts of engagement partner companies>

### Enhancing shareholder returns



### Enhancing ESG information disclosures



Source: Prepared by Dai-ichi Life based on LIAJ, “Life Insurance Companies’ Efforts to Revitalize the Stock Market and Realize a Sustainable Society through Asset Management”

|   |       |  |       |
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|   |       | ✓ Reference (Glossary)   |       |

## Policies for Stewardship Activities in FY2020

(Period: July 2020–June 2021)

## Engagement

Conduct ESG engagements to support the efforts and behavioral changes of companies based on sudden changes in the social and business environment

### ◆ Response to the COVID-19 pandemic

- ✓ Confirm efforts to ensure safety and health throughout the supply chain of suppliers, etc. and to reform employee workstyles, as well as management policies (adapting to DX) for changing to a sustainable business model in the mid- to long-term



### ◆ Strengthen engagements on climate change and plastic waste

- ✓ Confirm investee companies' intentions, with focal themes being responding to climate change along with the new theme of addressing plastic waste, including disclosures based on TCFD recommendations



### ◆ Enhance disclosures of reasons behind voting decisions

- ✓ Disclose our voting approach in an easy to understand manner, including further elaborating on the reasons for individual decisions, and further promote constructive engagements



### ◆ Diversification of engagement methods

- ✓ Participate in domestic and overseas collaborative engagements to solve common issues facing investors and improve the market environment in order to exercise greater influence than is possible by the company alone



- ✓ Make active use of non-face-to-face engagement methods, including videoconferencing, teleconferencing, and sending letters



# Focal Themes of Engagements in FY2020

## Focal themes of engagements

ESG

### 1. Response to COVID-19

Change to a sustainable business model, taking into account the spread of infectious diseases

### 2. Response to climate change

Build and disclose governance structures based on TCFD recommendations

### 3. Response to plastic waste

Strengthen measures to realize a resource recycling society

### 4. Development of governance structures

Increase governance sophistication based on the Corporate Governance Code

### 5. Identification of materiality and inclusion in management strategies

Identification of important issues (materiality) for business model sustainability and reflect them in management strategies (risks and growth opportunities)

Management strategies

### 6. Strategic investments for sustainable growth

Strategic investment policy for growth (M&A, capital investment, R&D investment, HR investment, etc.)

Financial strategies

### 7. Mid- to long-term financial strategies

Appropriate balance of growth investment, shareholder returns, and retained earnings

## (Reference) Efforts of Dai-ichi Life HD

✓ Promote digitalization through InsTech initiatives, special handling of COVID-19-compatible insurance

✓ Support TCFD, joined RE100



✓ Became the world's first (institutional investor) to invest in plastic waste reduction bonds



✓ As a listed company, we make continuous revisions to our governance framework with the Corporate Governance Code as the starting point

✓ Prepare an [Annual Report](#) that discloses the company's value creation process



✓ Selected 11 important issues after exchanging opinions with management and the Corporate Planning Dept. and holding engagements with external experts

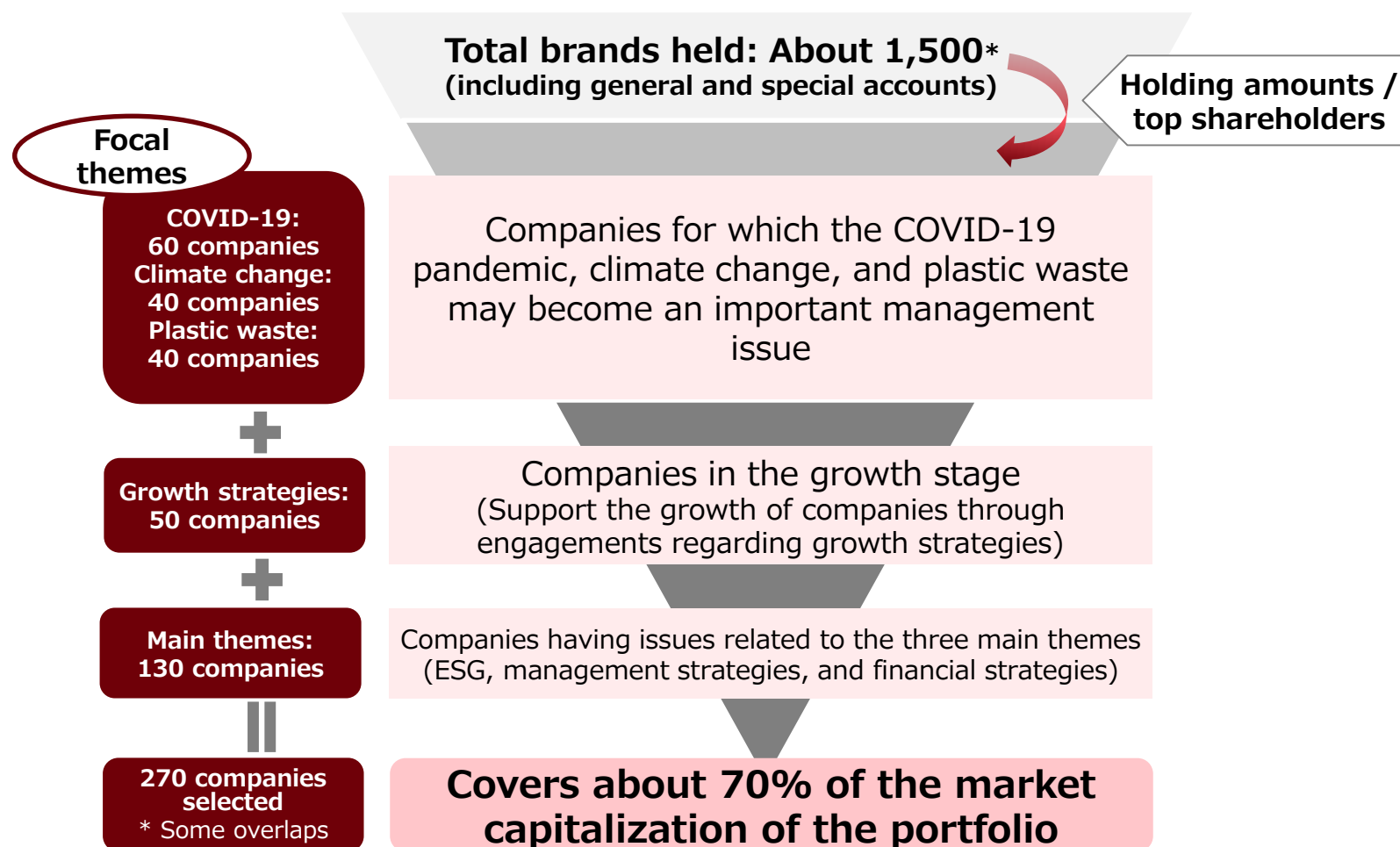
✓ Promote overseas expansion of the life insurance business and InsTech initiatives

✓ Prepared financial strategies that set the following targets  
 [Capital efficiency] Avg. 8% ROEV growth  
 [Capital achievement rate] 170-200% ESR  
 [Shareholder returns] 40% of total return ratio



# Companies for Engagement in FY2020

- ◆ In FY2020, we select and carry out engagement with companies for which our focal engagement themes (COVID-19, climate change, plastic waste, etc.) may become an important management issue, taking into account the importance of their holding amounts, their top shareholders, among other factors.



\* Due to changes in the management method of passive products in special accounts, the number of brands held is less compared to that of the last fiscal year.

|   |       |   |       |
|---|-------|---|-------|
| 1. Message from the President               | ---2  | 7. ESG Investment Report  | ---18 |
| 2. Our Role as Responsible Investor         | ---3  | ✓ Looking back on past efforts and actions                                    |       |
| 3. Basic Policy on ESG Investment           | ---4  | ✓ 2020 effort policies  |       |
| 4. Our Approach for Responsible Investment  | ---7  | ✓ ESG-themed investment   |       |
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| 6. Highlights                               | ---11 | 8. Report on Stewardship Activities   | ---39 |
|   |       | ✓ Basic approach and processes  |       |
|   |       | ✓ Looking back on past efforts and activities                                 |       |
|   |       | ✓ Examples of engagements   |       |
|   |       | ✓ Policies for FY2020   |       |
|   |       | ✓ <b>Voting policy and voting records</b>                                     |       |
|   |       | ✓ <b>Self-evaluation and evaluation by others</b>                             |       |
|   |       | ✓ <b>Message from the General Manager of the Responsible Investment Dept.</b> |       |
|   |       | ✓ Reference (Glossary)  |       |

# Voting Policy (main points)

- ◆ Our voting policy is designed to increase the corporate value of investee companies and promote sustainable growth.
- ◆ We review the voting policy as needed based on various factors, including the social and economic situations surrounding the companies.

| Agenda item   | Applicable persons   | Policy as of April 2020  | Revisions to be made in April 2021 and beyond   | Applies to   |   |
|---|--|--|---|--|---|
| Appointing directors/auditors   | Representative director  | <b>When ongoing engagements do not show improvements</b> in the ESG issues (issues/focal themes) of each investee  |   | All listed companies   |   |
|   | Representative director  | <b>Deficit for three straight fiscal years, under 3% ROE for five straight fiscal years</b> (if served continuously as representative director during the applicable period) | <b>Under 5% ROE</b> for five straight fiscal years<br>(expand applicable people to reappointed directors) | In view of COVID-19's impacts, suspend application in principle for the time being<br>All listed companies |   |
|   | Director   | -  |   |  |   |
|   | Representative director  | <b>Absence</b> of independent outside director   | <b>One</b> independent outside director   | To be applied from April 2021  | Companies listed on TSE First Section         |
|   |  | -  | <b>Absence</b> of independent outside director  | To be applied from April 2021 <b>One ind. outside dir.</b> To be applied from April 2022                   | Companies listed other than TSE First Section |
|   | Representative director of listed subsidiary   | -  | Independent outside director: <b>under 1/3, or 1 person</b>   | To be applied from April 2022  | All listed companies                          |
|   | Independent officer (director/auditor)   | •Originally from major shareholders with 15% or more holding ratio<br>• <b>Long tenure (total of 12 years or more)</b>   |   |  | Companies listed on TSE First Section         |
| Outside director/auditor  | <b>Under 75% attendance rate</b> at board of directors and board of auditors meetings  |  |   | Companies listed on TSE First Section  |   |
| Officer compensation, stock based compensation, issuing and granting stock options                                  | Granting stock based compensation and stock options to <b>auditors, etc. (including members of Audit &amp; Supervisory Committee)</b>                            |  |   | All listed companies   |   |
|   | Granting stock based compensation and stock options that may cause <b>over 10% dilution</b>  |  |   | All listed companies   |   |
| Appropriation of surplus (representative director is reappointed as director if there is no applicable agenda item) | <b>Under 20% total return ratio</b> for three cumulative fiscal years and the most recent fiscal year  |  |   | All listed companies   |   |
| Introducing and updating takeover defense measures  | (One of the following applies) <b>Under 5% ROE for three straight fiscal years; less than two independent outside directors</b> ; economic compensation provided | (One of the following applies) Under 5% ROE for three straight fiscal years; independent outside director: <b>under 1/3, or 1 person</b>                                     | To be applied from April 2022   | All listed companies   |   |
| Providing retirement allowances   | Provision of retirement allowances to <b>auditors, etc. (including members of Audit &amp; Supervisory Committee)</b>   |  |   | Companies listed on TSE First Section  |   |

\* See materials on our website for more information on our voting policy. <http://www.dai-ichi-life.co.jp/dsr/investment/ssc2.html>

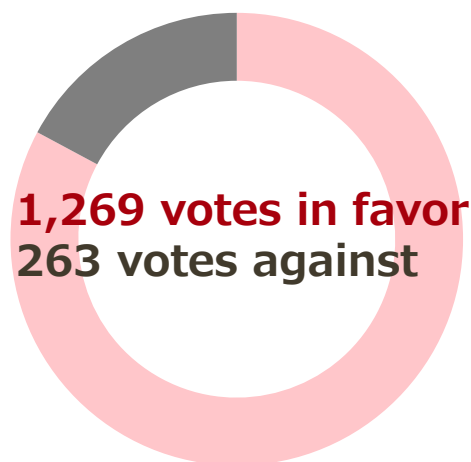
# Voting Records (July 2019–June 2020)

- ◆ The ratio of our votes against agenda items proposed by companies remains relatively low, in part because we emphasize mid- to long-term engagements with investee companies and we make efforts to spread awareness of our policies on voting against proposals.
- ◆ On the other hand, the ratio of our votes against proposals regarding the appointment of directors has increased with the revision of our voting policy (establishment of criteria on tenure of independent officers, etc.) dated April 1, 2020, which has also increased the overall ratio of our votes against proposals.
- ◆ We voted in favor of seven agenda items proposed by shareholders that we deemed contribute to increasing corporate value.

## Agenda items proposed by companies

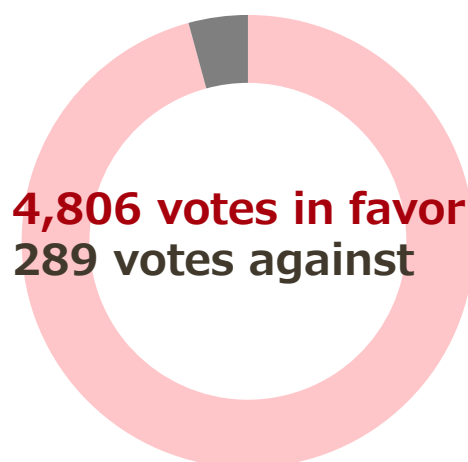
<Based on the number of companies>

**17.2% voted against**  
(+4.4%)



<Based on the number of agenda items>

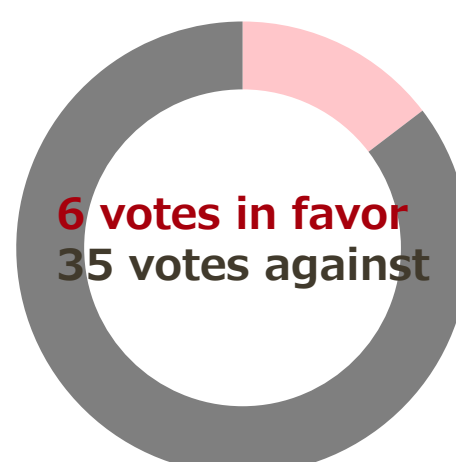
**5.7% voted against**  
(+1.4%)



## Agenda items proposed by shareholders

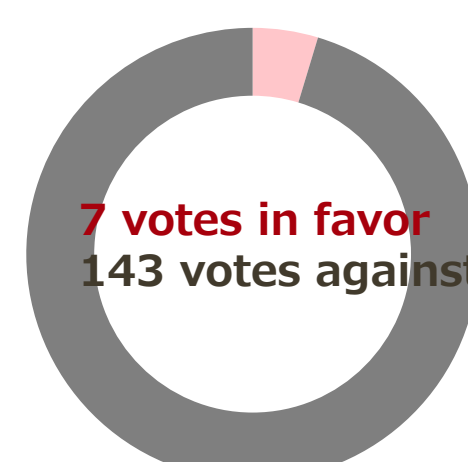
<Based on the number of companies>

**14.6% voted in favor**  
(+8.8%)



<Based on the number of agenda items>

**4.7% voted in favor**  
(+3.1%)



\* Tally results based on agenda items of parent company (an agenda item is counted as one agenda item even if it includes several proposals to appoint directors, etc.). (Year on year)

For a detailed tally and individual voting records, see materials on our website.

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

# Voting Records (July 2019–June 2020)

## ■ Agenda items related to corporate organizations

### [Selecting/dismissing directors]

8.2% voted against (+5.2%)

1,327 votes in favor

119 votes against

### [Selecting/dismissing auditors]

7.4% voted against (-1.2%)

1,349 votes in favor

108 votes against

### [Selecting/dismissing independent auditor]

0.0% voted against (0.0%)

36 votes in favor

## ■ Agenda items related to officer compensation

### [Officer compensation]

3.7% voted against (0.0%)

525 votes in favor

20 votes against

### [Retirement allowances for retired officers]

12.3% voted against (-1.6%)

100 votes in favor

14 votes against

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

### [Appropriating surplus]

1.3% voted against (+0.9%)

1,056 votes in favor

14 votes against

### [Related to organization restructuring]

0.0% voted against (0.0%)

17 votes in favor

### [Introducing, updating, and abolishing takeover defense measures]

19.7% voted against (-0.9%)

57 votes in favor

14 votes against

### [Agenda items related to other capital policies]

0.0% voted against (-2.2%)

45 votes in favor

## ■ Agenda items related to Articles of Incorporation

0.0% voted against (0.0%)

294 votes in favor

(Year on year)



# Our Compliance with Japan's Stewardship Code (self-evaluation)

## ● Status of efforts and self-evaluation by principle

| Principle  | Status of efforts   | Self-evaluation  |
|--|---|--|
| <p><b>Principle 1</b><br/>Formulate and publicly disclose policy</p> | <ul style="list-style-type: none"> <li>● In April 2019 and July 2020, we revised and publicly disclosed the "Policy on Stewardship Activities" as follows.                             <ul style="list-style-type: none"> <li>✓ Taking into account the developments related to the UK Stewardship Code, the PRI assessment results, etc., the policy was revised to state that stewardship activities also cover Japanese bonds and Japanese unlisted investees.</li> <li>✓ We added "sustainability considerations" to the definition of "stewardship responsibilities." We also newly added "contributing to solving regional and social issues" to the existing "maintaining and expanding mid- to long-term investment returns" as the purpose of our stewardship activities.</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>● We evaluate that we are executing this principle appropriately by revising and publicly disclosing our policy based on domestic and overseas developments.</li> </ul>   |
| <p><b>Principle 2</b><br/>Manage conflicts of interest</p>           | <ul style="list-style-type: none"> <li>● In April 2017, we established the Responsible Investment Committee for strengthening our governance of stewardship activities, among other purposes. Since April 2018, the committee has three external members and two internal members (one of whom is the executive officer for the Compliance Control Dept. in charge of managing conflicts of interest), such that external members make up the majority of the committee.</li> <li>● The Responsible Investment Committee deliberates and decides on particularly important exercises of voting rights, e.g., companies that have a large amount of holdings and other companies and agenda items that are attracting significant attention in society. Simultaneously, we report all important exercises of voting rights to the Responsible Investment Committee.</li> </ul> | <ul style="list-style-type: none"> <li>● We evaluate that we are executing this principle appropriately by establishing and running the Responsible Investment Committee, etc.</li> </ul>  |
| <p><b>Principle 3</b><br/>Monitor investee companies</p>             | <ul style="list-style-type: none"> <li>● We quantitatively monitor business results and financial situations, as well as collect and analyze non-financial information including regarding governance, environmental, and social issues (especially response to climate change in FY2019) in order to evaluate the mid- to long-term profit growth of investee companies.</li> <li>● In April 2020, we newly assigned ESG analysts, which will lead to more in-depth ESG surveys. By organically linking the survey findings to in-house ratings and investment decisions, we seek to increase the sophistication of our ESG integration.</li> </ul>  | <ul style="list-style-type: none"> <li>● We consider that <b>our issues are: more comprehensive and systematic inclusion of non-financial information, increasing the effectiveness of collaborative engagements including initiatives we newly participated in, and increasing the sophistication of our engagements through participation in collaborative engagements.</b></li> </ul> |
| <p><b>Principle 4</b><br/>Engagements with companies</p>             | <ul style="list-style-type: none"> <li>● We conducted engagements with companies having about 90% of market capitalization of the Japanese equity portfolio as a three-year cumulative total from FY2017 to FY2019.</li> <li>● In the case of around 60% of the companies with which we conducted engagements in FY2019, we sought to share issues with the management of the companies, including through interviews with their officers.</li> <li>● We continuously participate in the collaborative engagements of the Working Group for Stewardship Activities of the Life Insurance Association of Japan. We also newly participated in domestic and overseas initiatives, including Climate Action100+ and the Institutional Investors Collective Engagement Forum.</li> </ul>  | <ul style="list-style-type: none"> <li>● We consider that <b>our issues are: more comprehensive and systematic inclusion of non-financial information, increasing the effectiveness of collaborative engagements including initiatives we newly participated in, and increasing the sophistication of our engagements through participation in collaborative engagements.</b></li> </ul> |

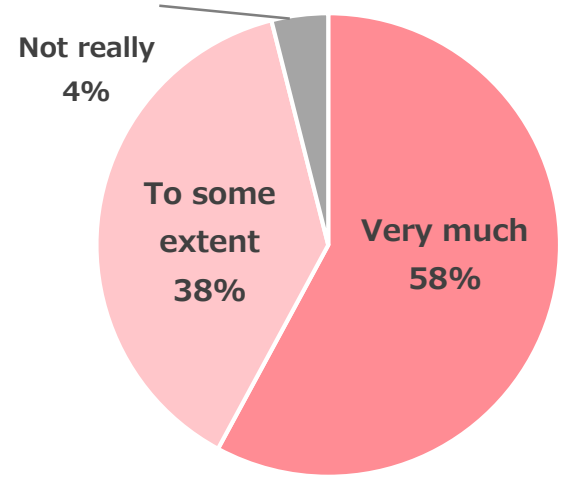
## Our Compliance with Japan's Stewardship Code (self-evaluation)

| Principle                                 | Status of efforts   | Self-evaluation  |
|---|---|--|
| <b>Principle 5</b><br>Voting              | <ul style="list-style-type: none"> <li>● In FY2019, the Responsible Investment Dept. exercised all voting rights for 1,532 listed companies in Japan (we did not use any services of voting advisory companies).</li> <li>● We revised our voting policy and announced the details in March 2020 based on deliberations at the Responsible Investment Committee. The timing for applying the revised policy is set to a period deemed feasible for companies to appropriately adapt to each item of the revised policy.</li> <li>● Every quarter, we disclose the aggregated results of each type of agenda item that has been voted on, as well as the number of votes in favor and against the proposals by individual investee company and each agenda item. For voting from January 2019, we began disclosing the reasons for voting against individual proposals. For voting from April 2020, we disclose the reasons for any agenda item we deem especially require an explanation, irrespective of whether we voted in favor or against the item.</li> </ul> | <ul style="list-style-type: none"> <li>● We evaluate that we are executing this principle appropriately by revising our voting policy and disclosing our voting activity, including reasons for voting in favor or against proposals.</li> </ul>   |
| <b>Principle 6</b><br>Report periodically | <ul style="list-style-type: none"> <li>● The status of our overall stewardship activities is disclosed each fiscal year in the Stewardship Activities Report (Responsible Investment Report since FY2018) available on our website.</li> <li>● Our entire voting policy, any scheduled revisions of the policy, and the quarterly voting results are disclosed on our website.</li> </ul>   | <ul style="list-style-type: none"> <li>● We evaluate that we are executing this principle appropriately by disclosing our responsible investments, including stewardship activities, on our website, etc.</li> </ul>   |
| <b>Principle 7</b><br>Acquire competency  | <ul style="list-style-type: none"> <li>● We established the Responsible Investment Center in April 2017 (renamed Responsible Investment Dept. in April 2020) to consolidate personnel and functions related to stewardship activities. It seeks to increase the sophistication of our efforts for stewardship activities, accumulate know-how, and train talents.</li> <li>● We regularly held in-house workshops for improving engagement skills and acquiring knowledge on environmental and social issues surrounding companies, inviting external experts as lecturers.</li> <li>● We participated in opinion exchange for inviting external experts and investors, held at the Working Group for Stewardship Activities of the Life Insurance Association of Japan.</li> </ul>   | <ul style="list-style-type: none"> <li>● We evaluate that we are executing this principle appropriately by consolidating personnel and functions through the establishment of the Responsible Investment Dept., as well as through participation in workshops and opinion exchange with external experts and investors.</li> </ul> |

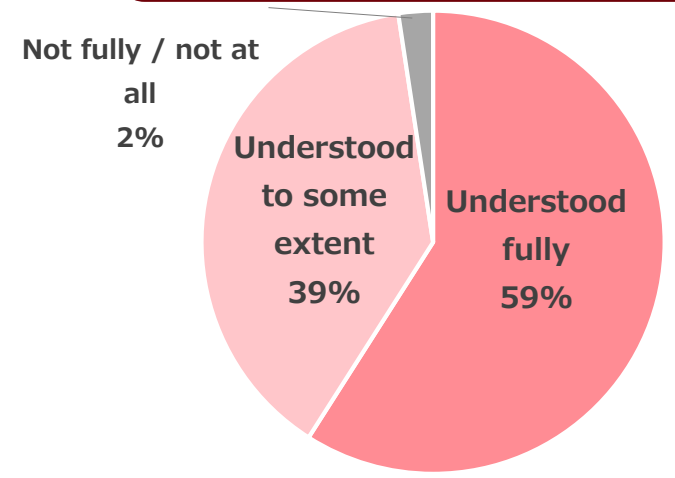
# Engagement Partner Survey Results (evaluation by others)

- ◆ We conducted an anonymous survey that was sent to our engagement partners and others. The results showed that our partners highly appreciate our engagement and the content of our Responsible Investment Report.
- ◆ At the same time, we have found that feedback regarding engagement with Dai-ichi Life is often not shared outside of the departments in charge of the respective companies, and that we need to make further efforts to ensure that feedback reaches management.
- ◆ We will take stock of the opinions received in the survey for further improving our engagement activities.

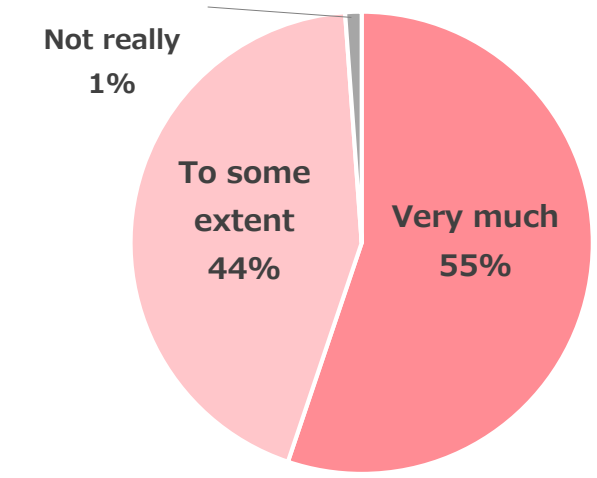
Was Dai-ichi Life's engagement helpful?



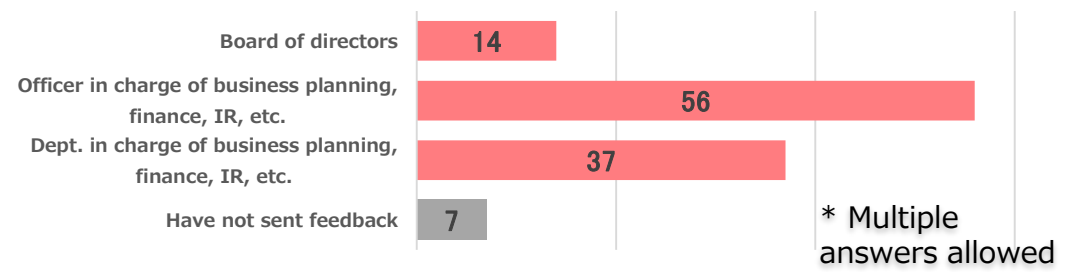
Did the Dai-ichi Life person in charge of engagement fully understand your company's situation?



Was the Responsible Investment Report useful?



Please tell us to whom you sent (or plan to send) your in-house feedback on engagement with Dai-ichi Life.



Examples of measures taken based on the opinions received

- ◆ Engagement
  - Improved sending agenda to engagement partners in advance
  - Cross-check content of engagement of engagement personnel
- ◆ Responsible Investment Report
  - Created glossary
  - Included more engagement examples

## Toward engagement framed by a close understanding of investee companies

Thank you for your continued understanding and cooperation with Dai-ichi Life's stewardship activities.

The company has been fully engaged in stewardship activities ever since Japan's Stewardship Code was established in FY2014, and has conducted engagement activities with over 200 companies annually for six years through FY2019.

We have expanded engagement themes from governance, management strategies, and financial strategies to ESG areas, as well as sought to enhance our activities under each theme. In particular, in FY2020, we added plastic waste, along with climate change, as important themes to align with the sustainability considerations of the revised Stewardship Code. In addition, we are pursuing new themes, including social initiatives, such as infectious disease countermeasures for company customers, employees, and suppliers in response to the COVID-19 pandemic, as well as growth, business, and DX strategies for the with- and post-COVID-19 worlds.

Dai-ichi Life gives particular emphasis to engagement among the stewardship activities. This is because we are certain that direct engagements with companies will contribute to increasing corporate value in the mid- to long-term. We, as a life insurance company, approach the issues facing investee companies from a mid- to long-term perspective to encourage gradual corporate transformation and growth. We believe doing so will increase the corporate value of wide-ranging investees and improve investment returns, and by extension, lead to Japan's economic growth.

As a listed company, Dai-ichi Life Holdings manages businesses while being conscious of various stakeholders, including shareholders. From our own experience, we understand and have a sensitivity to the management concerns and issues facing companies.

Dai-ichi Life will continue to actively pursue more sophisticated stewardship activities, so that we can implement engagement that leverages our characteristics, cuts across boundaries to understand the individual issues facing investee companies, and helps overcome the issues.

September 2020



**Hiroko Ishii, General Manager  
Responsible Investment Dept.**

|   |       |  |       |
|---|-------|--|-------|
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|   |       | ✓ Examples of engagements  |       |
|   |       | ✓ Policies for FY2020  |       |
|   |       | ✓ Voting Policy and voting records                                     |       |
|   |       | ✓ Self-evaluation and evaluation by others                             |       |
|   |       | ✓ Message from the General Manager of the Responsible Investment Dept. |       |
|   |       | ✓ <b>Reference (Glossary)</b>  |       |



# (Reference) Glossary

\* In alphabetical order

| Term                             | Explanation   |
|----------------------------------|---|
| <b>Climate Action 100+</b>       | A global initiative of institutional investors that engages companies with large greenhouse gas emissions to take actions, including improving climate change governance, curbing emissions, and strengthening information disclosures  |
| <b>Collaborative engagement</b>  | Multiple investors collaborate to hold engagement with companies aimed at increasing their mid- to long-term corporate value  |
| <b>Corporate Governance Code</b> | Code of conduct on corporate governance outlining behavioral standards to be followed by listed companies. Established in 2015, it provides guidelines for securing shareholder rights and equality, ensuring appropriate information disclosure and transparency, and the responsibilities of the board of directors.              |
| <b>Engagement</b>                | Dialogue between investors and companies aimed at increasing their mid- to long-term corporate value  |
| <b>ESG</b>                       | Stands for Environment, Social, and Governance. It is often used in the context of corporate initiatives for increasing corporate values through environmental and social considerations and enhancement of corporate governance, as well investment strategies of institutional investors that reflect such corporate initiatives. |

| Term                   | Explanation   |
|------------------------|---|
| <b>ESG integration</b> | Systematic inclusion of ESG factors in investment decision-making (buy or sell) processes   |
| <b>ESG vendor</b>      | Data analytics company providing ESG research and ratings   |
| <b>ESR</b>             | Acronym for Economic Solvency Ratio. One of the soundness indicators used by insurance companies indicating whether there is sufficient capital relative to risk. |
| <b>FinTech</b>         | Term coined by combining finance and technology. It refers to innovative efforts that link financial services and the latest information technologies.            |
| <b>Green bond</b>      | Bond issued to raise funds needed for environmental initiatives (tackling global warming, renewable energy measures, etc.)  |

# (Reference) Glossary

\* In alphabetical order

| Term                       | Explanation   |
|----------------------------|---|
| <b>Hedged foreign bond</b> | A foreign bond that can reduce the impact of foreign exchange fluctuations on income and expenditure by using a mechanism that avoids foreign exchange fluctuation risks (hedging)              |
| <b>InsTech</b>             | Term coined by combining insurance and technology. Similar to FinTech, it refers to the creation of new insurance services through combining insurance and the latest information technologies. |
| <b>KPI</b>                 | Acronym for Key Performance Indicator. An important indicator measuring progress toward achieving a business goal.  |
| <b>Materiality</b>         | Critical issues related to the environment, society, governance, and other areas that may have a significant impact on the sustainability of a company's business model                         |
| <b>Negative screening</b>  | Exclusion of specific industries and companies from the investment portfolio  |

| Term                      | Explanation   |
|---------------------------|---|
| <b>Portfolio</b>          | A collection of financial products (stocks, bonds, etc.) held by investors  |
| <b>Positive screening</b> | Selection of specific industries and companies to include in the investment portfolio   |
| <b>PRI</b>                | Acronym for Principles for Responsible Investment. An initiative advocated by then UN Secretary-General Annan to the financial industry in 2006. It presents principles aimed at incorporating ESG issues into investment decision-making by institutional investors. |
| <b>Project finance</b>    | Provision of funds obtained from a specific project (cash flow) as a source of repayment  |
| <b>QOL</b>                | Acronym for Quality Of Life   |

# (Reference) Glossary

\* In alphabetical order

| Term              | Explanation   |
|-------------------|---|
| <b>RE100</b>      | An environmental initiative launched for reducing the environmental footprint caused by the business activities of companies. It aims to source 100% of the energy needed for business operations from renewable energies.  |
| <b>Resilience</b> | An ability to adapt flexibly to the circumstances, including strong external pressure   |
| <b>ROE</b>        | Acronym for Return On Equity. It is the ratio of net income to a company's own capital, and is one of the management efficiency indicators showing how much profit is generated relative to capital.  |
| <b>ROEV</b>       | Acronym for Return On Embedded Value. An indicator measuring the growth potential of corporate value, considering the increase in embedded value (an indicator of the corporate value of life insurance companies) as profit taking into account the nature of life insurance accounting. |
| <b>SDGs</b>       | Acronym for the Sustainable Development Goals. They are international goals adopted at the UN Summit in September 2015 to create a sustainable and better world by 2030, and consist of 17 goals and 169 targets.   |

| Term                          | Explanation  |
|-------------------------------|--|
| <b>SDGs bond</b>              | Bonds that limit the use of proceeds to projects that contribute to the SDGs   |
| <b>Social bond</b>            | Bond issued to raise funds needed for solving social issues  |
| <b>Stewardship activities</b> | Activities by institutional investors to improve and foster investee companies' corporate value and sustainable growth through constructive engagement, or purposeful dialogue, and the exercise of voting rights  |
| <b>Stewardship Code</b>       | Code of conduct of institutional investors to promote the sustainable growth of companies. Established in 2014, it provides guidelines for the formulation of stewardship policies, development of structures for conflict of interest management, exercise of voting rights, and other efforts. |
| <b>TCFD</b>                   | Acronym for Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board in 2016. It presents a framework for companies to voluntarily disclose climate-related risks and opportunities.  |

# (Reference) Glossary

\* In alphabetical order

| Term                         | Explanation   |
|------------------------------|---|
| <b>Transition finance</b>    | Provision of funds for initiatives to transition out of an economy that uses large quantities of coal to a low-carbon economy |
| <b>Unhedged foreign bond</b> | A foreign bond that does not use a mechanism to avoid foreign exchange fluctuation risks (hedging)                            |

| Term                   | Explanation   |
|------------------------|---|
| <b>Universal owner</b> | An institutional investor with a relatively large asset portfolio who makes diversified investments in a wide range of assets and securities from a mid- to long-term perspective |
| <b>Universe</b>        | A collection of financial products (stocks, bonds, etc.) chosen for investment in accordance with a certain objective   |

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