

Our Role as an Institutional Investor

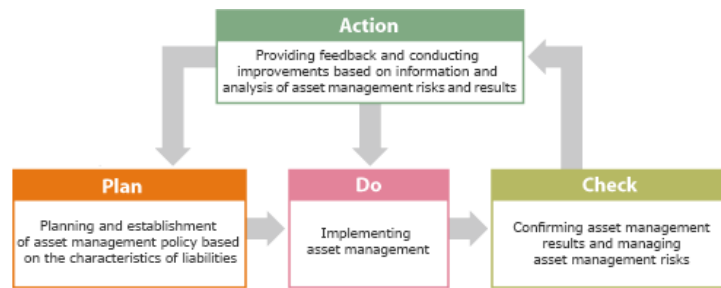
Basic Policy

Asset Management: Basic Policy and Process

With the primary objective of providing for stable pension, insurance claims, and insurance benefits payments over the long-term, and while taking into consideration the characteristics of life insurance policy liabilities, the Dai-ichi Life Group conducts asset management focused on fixed interest-bearing assets based on Asset Liability Management (ALM).

In addition, upon sufficiently establishing the soundness of management, we seek to manage assets effectively by holding equities and foreign securities with acceptable risks. Moreover, we use our finely tuned risk management system to monitor risks and improve the efficiency of asset management.

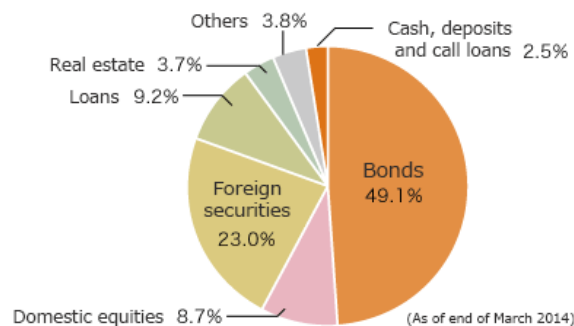
Our asset management process incorporates analysis and verification as appropriate, utilizing feedback on information relating to asset management risks and returns. In addition, we work together with the Product Development and Management Unit in a framework that ensures liability information is constantly reflected and ALM is thoroughly implemented.



Status of Assets

During the fiscal year ended March 31, 2013, Dai-ichi Life continued to position fixed income investments, including public and corporate bonds, as a core of its asset portfolio, following its medium to long-term investment policies. Meanwhile, Dai-ichi Life accumulated policy reserve-matching bonds, centered on super-long-term bonds, in an effort to promote ALM and enhance its profitability.

From fiscal 2012, Dai-ichi Life continues to appropriately manage the risk associated with its risk assets, such as domestic stocks and foreign securities, which it acquired primarily to diversify its investment portfolio and achieve higher profitability. In doing so, the Company takes market trends into account.



Our Role as an Institutional Investor

ESG Investment and Lending

As an institutional investor that controls approximately ¥30 trillion in capital, the Dai-ichi Life Group's approach to asset management focuses not only on stability and profitability, but also on the benefits for society and the public. With interest growing around the world in asset management that considers environmental (E), social (S) and governance (G) issues, the Dai-ichi Life Group has drawn up its own set of principles of behavior, known as the Three Arrows, by incorporating the ESG perspective and taking into account its contribution to the government's growth strategies.

Arrow 1 – E: Protecting the environment through asset management

We have set a goal of providing up to ¥200 billion in financing for growth sectors during the three-year period of our medium-term management plan for 2013-2015. As part of this initiative, we plan on expanding investments in the environmental and infrastructure sectors. Based on the idea that environmentally friendly asset management of Dai-ichi Life as an institutional investor leads to sustainable development of all of society, we plan to increase investment and lending in the environmental and infrastructure sectors, which are expected to have high demand for capital.

Financing development of infrastructure for utilizing renewable energy

Given society's need for a stable supply of electric power, there is strong funding demand in Japan for large-scale solar power plants and biomass power generation that utilize renewable energy. In response, we invested or loaned a total of ¥30 billion in fiscal 2013 (see table below). Investments and lending in the renewable energy projects are an asset class that is relatively resilient to market volatility and are expected to generate stable, long-term income. Therefore, life insurance companies, which are oriented toward medium- to long-term asset management recognize this asset class will form an important aspect of their portfolios going forward.

Examples of Dai-ichi Life's investments and loans (fiscal 2013)

Sector	Type	Total Amount
Biomass power plant project	Loan	¥3.0 billion
Mega solar power plant project	Loan	¥7.5 billion
	Equity investment	¥4.8 billion
	Securitization	¥3.7 billion
Thermal and renewable energy project (public-private partnership infrastructure fund)	Private equity fund	¥3.0 billion
Investment in overseas infrastructure fund	PE fund	¥5.0 billion
Green Loan	Loan	¥3.0 billion
Contribution to the Private Finance Initiative Promotion Corporation of Japan	Contribution	¥0.5 billion
Total		¥30.5 billion

Providing finance for large-scale solar power plant projects

We have provided financing to various large-scale solar power plant projects. This financing has taken on the form of loans, securitization and equity investments, among others, in the construction of mega solar power plants across Japan, from Aomori and Yamanashi to Hyogo, Kagawa and Yamaguchi prefectures.

Example mega solar power plant (computer generated conceptual image upon completion; Rokkasho Village, Aomori Prefecture)



Taka District



Chitose Daira Kita District

Courtesy of: Eurus Energy Holdings Corporation

Involved in Japan's first-ever Public-Private Infrastructure Fund

We made a ¥3 billion investment in Japan's first-ever public-private infrastructure fund targeting a wide range of power and energy sectors in Japan.

Contribution to the Private Finance Initiative Promotion Corporation of Japan

We made a contribution to the Private Finance Initiative Promotion Corporation of Japan, which was established in order to promote the development of public facilities using private funding and expertise. This corporation is responsible for a major component of the government's growth strategy and we are supporting this strategy through our investment.

■ Tokyo Square Garden (construction started March 2013)

Dai-ichi Life works to save energy in both the hardware and software aspects of buildings. In terms of hardware, we are improving environmental performance with the use of high efficiency equipment for new build, remodeling or reconstruction projects. We are also promoting the use of greenery on and around buildings. As for the software aspects, such as daily building management, we are working closely with property management companies to make continual improvements and achieve greater energy savings.

Environmentally friendly real estate investment

We are helping to roll out the latest technologies to protect the environment in various facets with an eye on the future and we created a green space of approximately 3,000 m² called Kyobashi no Oka to help reduce the urban heat island effect. The Kyobashi Environment Station was also placed in the building as an advanced initiative to promote energy conservation in the area as a whole. It presents information on area energy management and environmental technologies. This building construction project was selected by the Ministry of Land, Infrastructure Transport and Tourism as a leading housing/building project in CO₂ control, and also has been recognized by many organizations. (See table below.)



Tokyo Square Garden (Chuo-ku, Tokyo)

Main awards and recognition for environmental initiatives

Fiscal year	Building name	Award or commendation	Awarded by
2011	Harumi Triton Square	Quasi-top-level place of business (place of business recognized for outstanding countermeasures taken against global warming) as based on the Tokyo Metropolitan Ordinance on Environmental Preservation)	Tokyo Metropolitan Government
	Tokyo Square Garden	Selected as one of the top 30 low carbon buildings in Tokyo	Tokyo Metropolitan Government
	Toyosu Cubic Garden	Received New Office Promotion Award at the 24th Nikkei New Office Awards	Nikkei, Inc. New Office Promotion Association Others
	Shin-Oi Business Office	Received S-rank (highest ranking) under CASBEE	
2012	Art Village Osaki Central Tower	Top-level place of business (place of business recognized for outstanding countermeasures taken against global warming) as based on the Tokyo Metropolitan Ordinance on Environmental Preservation)	Tokyo Metropolitan Government
	Toyosu Cubic Garden	Received the 53rd BCS Award	Japan Federation of Construction Contractors
	Tokyo Square Garden	Received Platinum rank (highest ranking) under DBJ Green Building certification	The Development Bank of Japan
2013	Shin-Oi Business Office	Received the 54th BCS Award	Japan Federation of Construction Contractors
		Received First Prize in the General Architecture Category in the 56th Kanagawa Prefecture Architecture Competition	Kanagawa Prefecture
		Received the Executive Director's Award in the Rooftop Greenery Category in the 12th Rooftop, Wall and Special Greenery Technology Competition	Organization for Landscape and Urban Green Infrastructure
		Received Honorary Mention from the Judges Committee in the Office Architecture Category at the 5th Sustainable Architecture Awards	Institute for Building Environment and Energy Conservation
	Toyosu Cubic Garden	Received the Executive Director's Award in the Rooftop Greenery Category in the 12th Rooftop, Wall and Special Greenery Technology Competition	Organization for Landscape and Urban Green Infrastructure
		Received Honorary Mention from the Judges Committee in the Office Architecture Category at the 5th Sustainable Architecture Awards	Institute for Building Environment and Energy Conservation
	Lease condominiums "PATH"	Received First Prize in the Collective Housing Category of the 39th Tokyo Architecture Awards	Tokyo Association of Architectural Firms

Arrow 2 – S: Social contribution through asset management

Dai-ichi Life proactively supports the professional careers of women and efforts to resolve Japan's declining birthrate, even though its asset management operations following its Policy for Corporate Citizenship, by practicing Diversity & Inclusion, which encourages mutual acceptance.

■ ESG Fund – Investing in companies emphasizing the ESG perspective

For the first time in the life insurance industry, a Socially Responsible Investment (SRI^{*1}) fund was established^{*2} in October 2010 for asset management in Dai-ichi Life. This fund selects and invests in companies recognized for their diversity, governance, environmental protection, etc. (approximately 100 companies as of the end of June 2014). Investment in the fund was increased from an initial ¥1 billion to ¥3 billion yen in fiscal 2013, and it was renamed the ESG Fund. The Company is also raising the weight of diversity assessment such as the level of participation of female employees (percentage of females who are managerial level and percentage of female employees taking childcare leave) as one of the criteria for selecting companies in which to invest.

*1: SRI is generally a type of investment that concerns aspects such as legal compliance, information disclosure, consideration for employees, clients' labor conditions, contribution to local communities, and consideration for the environment, in addition to financial matters.

*2: This fund is managed in-house (not outsourced) and focuses on investments in domestically listed companies.

■ Initiatives to eliminate the issue of waitlisted children at nursery centers

Since 2011, we have been working to invite nursery centers to open in many of the real estate properties we own as an institutional investor through a partnership with daycare operators JP Holdings and Poppins Co., Ltd., which represents the first initiative of its kind in Japan (per research conducted by Dai-ichi Life) aimed at solving the increasing number of waitlisted children at nursery centers. This initiative requires more efforts than typical tenant invitation activities because of the need for discussions with the local government and daycare operator, ensuring legal requirements are met in terms of facilities, carrying out the necessary safety improvements, and giving consideration to existing tenants. Nevertheless, we have persisted with our efforts and as of July 31, 2014 we have invited a total of 10 nursery centers to open at our real estate properties (see the table below).

In March 2014, some 190 financial institutions that are party to the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century), established by voluntary efforts of financial institutions and led by the Ministry of the Environment, selected Dai-ichi Life for its good practices in the field two years running in fiscal 2012 and fiscal 2013. Our goal is to help open nursery centers that will accommodate up to 2,500 children, or about 10% of the waitlisted children in Japan.



Poppins Nursery School Tabata
(Tabata Asuka Tower)

Number of daycare/nursery centers invited (As of July 31, 2014)

Property Name	Location	Center's Name	Max. number of children accepted
Makuhari Techno Garden	Chiba City, Chiba Prefecture	ASK Kaihin Makuhari Daycare	59
Nakano Honcho Dai-ichi Life Bldg	Nakano-ku, Tokyo	Daycare Baby Salon Shin-Nakano	30
Omori Bellport Bldg E	Shinagawa-ku, Tokyo	ASK Minami Oi Daycare	70
Shin-Koenji Dai-ichi Life Bldg	Suginami-ku, Tokyo	Pinocchio Preschool Shin-Koenji	28
Tabata Asuka Tower	Kita-ku, Tokyo	Poppins Nursery School Tabata	40
Tokyo Square Garden	Chuo-ku, Tokyo	Kids Square Tokyo Square Garden	30
Sakuradai Nerima Branch	Nerima-ku, Tokyo	Poppins Nursing Mama Room Sakuradai	15
Kobe Tarumi Branch	Kobe City, Hyogo Prefecture	Sora Branch, Takeno Nursery School, Social Welfare Corporation Yokokai	20
Dai-ichi Life Mitaka Bldg	Mitaka City, Tokyo	Poppins Nursery School Mitaka-Minami	70
Dai-ichi Life Yurigaoka Bldg	Kawasaki City, Kanagawa Prefecture	Poppins Nursery School Yurigaoka	60
Total			422

Arrow 3 – G: Corporate governance through asset management

As an institutional investor, Dai-ichi Life promotes activities that improve the corporate governance of companies in which we have invested, and publicly accepts the Principles for Responsible Institutional Investors: Japan's Stewardship Code.

We have a team of more than 10 equity analysts, representing the largest among all major Japanese life insurers. This team researches and analyzes more than 2,000 investment targets from various perspectives, including growth and stance toward ESG, among others. We have already held regular dialogue with companies that have ample room for enhancing corporate value or providing greater returns to shareholders concerning management goals and the idea of returns to shareholders, and appropriately exercise our voting right for all proposals submitted to the general meetings of shareholders of those companies, based on our internal standards.*

There are increasing international expectations for institutional investors to play the role of promoting growth and improving corporate governance of companies in which they invest. To meet such expectations, Dai-ichi Life will continue to improve its dialogue with invested-in companies in which we invest and the standards for exercising our voting rights.

*The idea and process of exercising the Company's voting rights are found on our website.

 Exercising Voting Rights (322KB)

I Our Role as an Institutional Investor

○ Our Initiatives under Japan's Stewardship Code

Dai-ichi Life agrees with and publicly accepts the Principles for Responsible Institutional Investors: Japan's Stewardship Code. We have established the following policies based on principles one through seven of the Code.

Principle 1 Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.

- Dai-ichi Life has established the following Stewardship Policy based on its acceptance of Japan's Stewardship Code and we will fulfill our responsibilities as an institutional investor following this policy.

 [Stewardship Activities Policy \(146KB\)](#)

Principle 2 Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

- We have established the following policy to ensure that the interests of our shareholders and policyholders are not unreasonably damaged during stewardship activities, such as the exercise of voting rights.
 - Based on company rules, only the department in charge of investment can determine whether to agree with a proposal for enhancing the stock value or governance of an investee company when exercising voting rights.(*).
 - Only the department in charge of investment can create or revise this company rule.

*Excluding subsidiaries, affiliates and strategic tie-ups, etc.

Principle 3 Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.

- Dai-ichi Life periodically confirms the business conditions of companies that it invests in and makes efforts to conduct dialogs on a routine basis in order to accurately understand the situation of these companies and share information regarding issues.
- Periodic management checks and daily dialogue include not only short-term corporate performance, but also a broad range of non-financial information as well, such as the company's strategy, medium-term management plan, and policy on shareholder returns, which will enable us to assess medium- to long-term growth potential.

Principle 4 Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.

- To enhance the stock value of investee companies over medium- to long-term viewpoint, we strive to engage investee companies in constructive engagement with regards to business strategy, financial strategy, and policy on shareholder returns.
- We emphasize this constructive engagement and by continuing with this dialogue we are working to share common vantage points with our investee companies and striving to resolve issues.
- This dialogue is not intended to obtain material undisclosed facts. If in the unlikely event a material fact is disclosed, we manage this information appropriately in accordance with our company rules.

Principle 5 Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.

- We exercise voting rights in accordance with company rules. The results of voting rights are made public in a summary table.

Reference: We do not engage in stock lending that overlaps with the rights base date related to the voting shares of investee companies.

 [Dai-ichi Life's Exercise of Voting Rights \(Summary of the Exercise of Voting Rights\) \(322 KB\)](#)


 [Results of Exercise of Voting Rights for General Meetings of Shareholders Held From April to June 2014 \(164KB\)](#)

Principle 6	Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.
	<ul style="list-style-type: none"> • Our Stewardship Activities Policy, Summary of the Exercise of Voting Rights, and Results of Exercise of Voting Rights for General Meetings of Shareholders are regularly reported through our website.

Principle 7	To contribute positively to the sustainable growth of investee companies, institutional investors should have in-depth knowledge of the investee companies and their business environment and skills and resources needed to appropriately engage with the companies and make proper judgments in fulfilling their stewardship activities.
	<ul style="list-style-type: none"> • Dai-ichi Life works to develop highly specialized human resources so that it can conduct stewardship activities based on a deep understanding of matters such as the companies invested in and the business environment. • Furthermore, the Stewardship Activities Policy is regularly reviewed in consideration of factors including social trends in an aim to achieve stewardship activities of a consistently high level.

| Our Role as an Institutional Investor

○ Exercise of Voting Rights

 [Dai-ichi Life's Exercise of Voting Rights \(Summary of the Exercise of Voting Rights\) \(322KB\)](#)