

The Status of Our Stewardship Initiatives (July 2015 – June 2016)

1. Main Initiatives

In line with its “Policies for Fulfilling Our Stewardship Responsibilities,” Meiji Yasuda Life (hereinafter, “the Company”) is engaged in stewardship initiatives involving dialogue with investees and the exercise of its voting rights. In this way, the Company strives to help investees enhance their corporate value and thereby secures its stable and long-term interest as a shareholder.

In addition, aiming to upgrade its stewardship initiatives, the Company established the Responsible Investment Promotion Committee (RIPC), which it placed in charge of verifying and reviewing the status of dialogue with investees and the exercise of voting rights. Moreover, the RIPC reviews such inputs as investee feedback and reflects said feedback in its deliberations on future steps to improve the effectiveness of stewardship initiatives.

Main Initiatives

- We reviewed stewardship initiatives undertaken after the announcement of the Policies for Fulfilling Our Stewardship Responsibilities in August 2014. Based on this review, in October 2015 we revised these policies to facilitate more concrete initiatives while modifying our voting standards vis-à-vis general account investees.
- In the course of investee dialogue, we briefed separate account investees on voting standards that we had established in April 2015 with regard to such investees and implemented said standards from April 2016.
- We ensured that every investee dialogue entails the free and open exchange of opinions. Moreover, to secure the quality of this dialogue and with the aim of understanding the business challenges our counterparts currently face, we engage in regular face-to-face interviews with them. As a result, we have been able to confirm that our counterparts have made improvements in areas where they face challenges and taken other steps to enhance their corporate value.
- Prior to the exercise of voting rights, we closely examine all proposals and vote appropriately in accordance with our in-house standards. For example, when proposals have been found to be problematic from the perspective of securing corporate governance or when the proposals seem to negatively impinge on the interests of shareholders, we engage in dialogue with investees to identify the issues contributing to underlying problems and to confirm investees’ plans for addressing such problems before determining how to vote. Whenever we cast a no vote, we provide investees with the basis for our decision to assure them of the sincerity and validity of our decision. In this way, we encourage investees to improve their position vis-à-vis the issues they face.
- In May and June 2016, respectively, we upgraded our systems to manage our voting activities and track our dialogue with investees.

2. Dialogue with Investees

(1) The Status of Dialogue

Guided by the Policies for Fulfilling Our Stewardship Responsibilities, the Company engages in dialogue with investees to discuss such issues as their sustainable growth initiatives and corporate governance structure.

During the July 2015 – June 2016 period, we enhanced the quality of dialogue, actively engaging in face-to-face interviews involving the free and open exchange of opinions with investees while sharing views on the business challenges our counterparts currently face.

The breakdown of dialogue by primary purpose follows.

Primary purpose	Number of investees* (listed companies)	Number of occasions
Understanding the business challenges facing investees and communicating our requests for improvements	174	185
Confirming business performance and other circumstances	246	397
Engaging in dialogue prior to the exercise of voting rights	225	230
Total	502	812
(Reference) Total for Sep. 2014–Jun.2015	516	683

* Companies may be counted multiple times if they are engaged in dialogue on multiple issues.

(2) Dialogue with General Account Investees

(i) Subsequent Developments of Investees after Dialogue

In addition to engaging in dialogue with investees before exercising its voting rights, the Company regularly confirms said investees' business performance and strives to understand the challenges they may confront while communicating its requests for improvements. Specifically, with regard to companies that have problems in such areas as corporate governance structure, shareholder returns and business performance, we communicate our concerns about weaknesses to them, confirm their stance and review their initiatives while encouraging them to make improvements and take steps to enhance their corporate value.

Knowing that these activities may not lead to immediate improvements, the Company is well aware of the importance of regularly confirming the status of the investees' initiatives and continuously providing feedback.

In the course of investee dialogue undertaken after the August 2014 announcement of the Policies for Fulfilling Our Stewardship Responsibilities, we were able to confirm a number of

instances of investees to whom we had communicated our concerns about key management weaknesses having implemented concrete countermeasures or showing signs of improvement. The results are as follows:

Management issues discussed (listed companies)	Number of investees*	Concrete steps or expected improvements	Number of companies that took concrete steps or achieved improvements
Absence of outside directors	282	• Appointed outside directors	265
Outside directors/corporate auditors have a poor board meeting attendance rate	114	• Improved attendance rate	25
Insufficient shareholder returns	59	• Increased dividends and dividend payout ratio • Purchased treasury stock	50
Sluggish business performance (including continuously low ROE or non-payment of dividends)	100	• Improved ROE • Resumed dividend payout, reflecting improving business performance	58
Retirement benefit schemes for outside corporate auditors	92	• Abolished the retirement benefit scheme for outside corporate auditors	15
Installation of problematic anti-takeover measures	19	• Improved the content of anti-takeover measures	5

* This number indicates investees engaged in dialogue with the Company from September 2014 onward and, if such an investee is engaged in dialogues on multiple issues, it may be counted multiple times. Therefore, the numbers in this column do not tally with that provided for the item “Understanding the business challenges facing investees and communicating our requests for improvements” in the chart presented in “2. Dialogue with Investees, (1) The Status of Dialogue.”

As Meiji Yasuda Life recognizes that the appointment of outside directors is essential to securing robust corporate governance, the Company has engaged in ongoing dialogue with investees that have yet to include outside directors on their boards of directors. As a result, we have been able

to confirm the appointment of outside directors at most such investees.

With regard to shareholder returns, a growing number of investees increased dividends or executed share repurchases. However, the dividend payout ratio of some companies remains poor, requiring further improvements.

As for companies whose business performance is sluggish, we confirmed their plans to improve performance through dialogue while requesting the establishment and disclosure of targets for ROE and other key management indicators. Thanks to these efforts, the newly established key management indicator targets were announced by multiple companies.

In addition, we made progress in initiatives to help investees improve the board meeting attendance rate of their outside directors or corporate auditors, abolish retirement benefit schemes for outside corporate auditors and improve their anti-takeover measures. However, a number of companies have yet to take sufficient steps to make improvements in these matters. Accordingly, we believe that ongoing initiatives must be carried out to help them execute improvement measures.

(ii) Examples of Successful Dialogue

The following chart elaborates on successful examples of dialogue that has led investees to take concrete steps to address issues we have raised concerns about and, in some cases, to achieve actual improvements.

Issues	Content of dialogue	Steps or improvements
Appoint or increase the number of outside directors	As we did in the previous period, we confirmed the status of discussions or planning with regard to the appointment of outside directors at investees whose board members do not include such directors. We also exchanged opinions about the roles outside directors are expected to fulfill and the possible positive impact of the appointment of such directors. In addition, investees with only one outside director and that engaged in dialogue with us to address other issues, were recommended to consider the appointment of multiple outside directors.	Following our dialogues, outside directors were newly elected at companies that had not appointed such directors. Moreover, some investees with a single outside director decided to appoint multiple outside directors.

Issues	Content of dialogue	Steps or improvements
Improve the attendance rate of outside directors and corporate auditors at board meetings	At some investees, the attendance rate of outside directors and corporate auditors at board of directors meetings or board of corporate auditors meetings in the previous fiscal year fell short of our standards. We asked about the reasons behind such absenteeism and confirmed the investees' initiatives to improve their attendance rate. With regard to outside directors in particular, we communicated our conviction that such directors' frequent attendance at board of directors meetings and proactive involvement in discussions is important.	Some investees succeeded in improving attendance rate by undertaking more careful scheduling or utilizing teleconferencing systems that enable those living abroad to attend remotely.
Improve shareholder returns	In line with a policy of securing sufficient internal reserves and a stronger financial standing, certain investees had focused only on maintaining stable but modest cash dividends, with their dividend payout ratios largely falling short of the market average. We engaged in dialogue with these investees on multiple occasions and exchanged opinions about their investment plans and financial status. In this way, we requested more robust shareholder returns that take the dividend payout ratio into account.	The investees established policies on the appropriation of surplus that give consideration to the maintenance of dividend payout ratio. Some investees increased dividends, thereby improving dividend payout ratio.
Establish targets for and improve such key management indicators as ROE	With regard to an investee whose ROE remained sluggish and that had not disclosed specific measures and targets in its medium- and long-term management strategies, we engaged in an exchange of opinion about the management indicators it needed to emphasize and possible initiatives it could take to enhance profitability.	The revised medium-term business plans were announced along with medium-term growth strategies, including specific targets for such indicators as ROE.
Abolish the retirement benefit scheme (revision in remuneration system)	We urged an investee to consider abolishing a retirement benefit scheme it was maintaining for outside corporate auditors, communicating our views on the risk of providing such benefits, which may weaken rather than support their auditing functions.	The retirement benefit scheme for corporate auditors was abolished at the subsequent shareholders meeting.

Issues	Content of dialogue	Steps or improvements
Improve anti-takeover measures	We communicated our objection to the investee considering new anti-takeover measures that would allow for the payment of monetary compensation to hostile purchasers when buying back stock acquisition rights from said purchasers. We pointed out the risk associated with such measures which would induce rather than discourage a hostile takeover.	At the recent shareholders meeting, the investee submitted a proposal for anti-takeover measures that clarifies its policies of providing no monetary benefits to hostile purchasers.
Review the content of information disclosure for investors	We engaged in dialogue with an investee whose stock price has long been stagnant despite growth in earnings, exchanging ideas about how to improve its IR activities and information disclosure for investors.	The investee improved information disclosure, for example, renovating its corporate website and posting all the key materials in the same section.

(iii) Initiatives to Improve the Quality of Dialogue

During the July 2015 – June 2016 period, we actively engaged in face-to-face dialogue with investees facing such problems as sluggish ROE and stock prices, insufficient shareholder returns and prolonged stagnation in business performance.

Prior to engaging in dialogue, we exhaustively researched the business environments surrounding the investees, the content of their operations and challenges they faced while reviewing shareholder materials describing such key information as recent business results. Moreover, we prepared detailed lists of questions before every interview session. Using the information thus gathered, we engaged in an exchange of opinion with investees about whether their business plans and shareholder return policies were contributing to their long-term growth in corporate value and shareholder interest and were able to communicate our requests for improvements we saw as necessary.

Following such dialogues, we confirmed investees' progress regarding said problems by attending their financial results briefings and holding follow-up interviews to confirm the condition of their respective businesses. We occasionally asked some investees to schedule additional dialogue sessions, continuously encouraging them to take on pressing issues.

Example of How to Develop a Dialogue with an Investee Facing Business Challenges*¹

Prior to dialogue	<ul style="list-style-type: none"> • Review disclosure materials*² to check for key corporate information (balance sheets, statements of income, cash flow statements, cash dividends per share, financial indicators, segment performance and stock price trends) and research the industry to which the investee belongs • Confirm corporate governance issues*³ by reviewing relevant disclosure materials • Confirm the content of past dialogues to review communicated requests as well as assess improvements made to date • Confirm the investee's business content, operating results and surrounding business environment and analyze elements contributing to present business challenges • Prepare list of questions and requests based on due consideration of the current status of the investee and challenges
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Dialogue	<ul style="list-style-type: none"> • Exchange opinions about the investee's operations, the surrounding business environment, and management policies and business plans to deepen our understanding of the investee • Exchange opinions about the establishment of ROE and other key management indicator targets, for the purpose of promoting sustainable growth while discussing concrete initiatives that will enable the achievement of such targets • Exchange opinions about the enhancement of shareholder returns and information disclosure content • Communicate our concerns about business challenges facing the investee and request the execution of improvement measures as necessary • Explain our voting standards (the possibility of voting against investee proposals that are not conformant with such standards)
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After dialogue	<ul style="list-style-type: none"> • Maintain records of the content of dialogue to utilize such records in future dialogue and voting judgments • Confirm progress in addressing challenges by attending financial results briefings and holding follow-up interviews to confirm business condition • Ask the investee to schedule additional dialogue sessions as necessary, continuously encouraging the company to take on present issues
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- *1. Including non-payment of dividends for a third consecutive year, prolonged stagnation in business performance, sluggish ROE and stock prices and insufficient shareholder returns
- *2. Including *Yuka Shoken Hokokusho* (annual securities report), quarterly financial statements, presentation meeting materials, the notice of convocation of general meeting of shareholders and corporate governance report
- *3. Including absence of outside directors and low board meeting attendance rates among outside directors and corporate auditors

(iv) Initiatives to Enhance Our Ability to Enable In-Depth Dialogue

With experience in engaging in dialogue and in accordance with Principle 7 of Japan's Stewardship Code, we have been striving to enhance our ability to engage in-depth dialogue that provides our investees with strategies and ideas for enhancing their corporate value that are the result of exhaustive analyses of their businesses, management plans and industry trends.

During the July 2015 – June 2016 period, we undertook the following initiatives.

- Conducted interviews of investees and engaged in analysis to facilitate the deeper assessment of investees' operations and the business environments surrounding them and thus ensure more effective dialogue
- Undertook research into best practices for corporate value improvement initiatives and examined investees' responsiveness to Japan's Corporate Governance Code
- Verified the effectiveness of dialogue and reviewed the outcomes of overall stewardship initiatives by analyzing cases where our suggestions were acted upon
- Participated in a survey of approaches toward enhancing equity values under the auspices of The Life Insurance Association of Japan and utilized survey results
- Engaged in the exchange of opinions with other institutional investors and proxy advisory firms

(v) Themes for Dialogue

As for general account investees, we strove to help them achieve long-term improvements in corporate value and growth in shareholder interests in line with three priority themes, namely, 1) the establishment of key management indicators like ROE coupled with concrete initiatives toward achieving targets set for said indicators; 2) the further enhancement of shareholder returns; and 3) securing more robust corporate governance. With these themes in mind, we engaged in dialogue with investees to ensure that they understand our opinions regarding the following matters.

Priority themes	Perspectives
Key management indicators (ROE)	<ul style="list-style-type: none"> • Status of ROE and other key management indicators and the appropriateness of targeted levels • Management plans and strategies and future outlook for the business environment • Initiatives to achieve key management indicator targets and improve capital efficiency
Shareholder returns	<ul style="list-style-type: none"> • Dividend policies and stance on shareholder returns, such as share repurchases • Capital policies and the usage of cash on hand <div style="border: 1px solid black; border-radius: 10px; padding: 5px; text-align: center; margin-top: 10px;"> <p>Desirable level of medium- and long-term shareholder returns: Average dividend payout ratio of 30% or greater</p> </div>
Corporate governance	<ul style="list-style-type: none"> • Status of corporate governance and compliance structure • Status of the appointment of outside directors and corporate auditors as well as their activities • Remuneration systems for directors and auditors • Utilization of feedback gleaned via dialogue with shareholders and voting results in future management decisions • Enhancement of information disclosure

(3) Dialogue with Separate Account Investees

Due to the nature of separate account products, which directly reflect investment performance in policyholder returns, investment methodologies for separate account assets differ from those for general account assets. With this in mind, in April 2015 we established voting standards specifically designed for our investees in this asset category intended to provide them with optimal shareholder feedback that will facilitate their efforts to make improvements related to issues they face. The enforcement of these standards was scheduled for April 2016 since domestic listed companies were also obliged to secure responsiveness to Japan's Corporate Governance Code. By March 2016, we were engaged in dialogue with the investees to enhance their understanding of such standards.

Specifically, we engaged in dialogue with 106 investees whose proposals were in conflict with said standards. In the course of this dialogue, we provided investees with the content of and the reasons for establishing such standards, explaining the possibility of our voting against their proposals once the new standards take effect. We also shared our concerns about their operations while obtaining their feedback on our standards.

We engaged in additional dialogue with some of these investees as necessary after the enforcement of these standards to ensure the appropriate exercise of our voting rights.

The following chart presents some examples.

Themes	Content of dialogue
ROE	We engaged in an exchange of opinion with an investee whose ROE fell short of the prescribed level for a certain period of time, explaining the possibility of our voting against its proposals for director candidates as well as the purpose of our voting standards. We also shared our views on desirable ROE while obtaining feedback on our standards.
Dividend payout ratio	We engaged in an exchange of opinion with an investee whose dividend payout ratio fell short of the prescribed level. We explained the possibility of our voting against the investee's proposals for the appropriation of surplus as well as the purpose of our voting standards. We also shared our views on the investee's current dividend payout ratio while obtaining feedback on our standards.
Anti-takeover measures	Having determined that the anti-takeover measures proposed by a particular investee may be arbitrarily invoked by its management, we engaged in dialogue with this company to explain the possibility of our voting against its proposals for these anti-takeover measures and director candidates as well as the purpose of our voting standards. We also exchanged opinions on possible mechanisms to prevent an arbitrary management decision triggering anti-takeover measures.
Only one outside director with independence or absence of such director	To investees whose board members include only one or even no outside director, we explained the possibility of our voting against their proposals for director candidates unless at least two outside directors with sufficient independence were nominated. We also briefed the investees on the purpose of our voting standards while exchanging opinions on their future plans for appointing outside directors.

3. The Exercise of Voting Rights

Having closely examined all proposals submitted by our investees, we appropriately exercised our voting rights in line with our in-house standards. Specifically, when proposals were found to be problematic from the perspective of securing corporate governance or when the proposals seemed to negatively impinge on the interests of shareholders, we engaged in dialogue with investees as necessary, thereby identifying the background behind the problems as well as the future plans of the investees to address such problems. In this way, we endeavored to make appropriate voting judgments.

(1) The Status of the Exercise of Voting Rights for General Account Investees

(i) Voting Results

A total of 1,074 listed general account investees convened general meetings of shareholders during the July 2015 – June 2016 period. Attending these meetings, we casted one or more votes against 42 companies, with a total of 44 proposals subject to our dissenting vote.

The breakdown of voting results follows.

(a) The Number of Investees Subject to Our Exercise of Voting Rights

	Votes in favor of all proposals	Votes against at least one proposal	Abstentions for at least one proposal	Total	Ratio of no votes
Number of investees	1,031	42	1	1,074	3.9%

(b) Results of Voting for Individual Proposals

	Yes	No	Abstain	Total	Ratio of no votes
a. The appropriation of surplus	816	0	0	816	0.0%
b. Appointment of directors* ¹	1,149	27	1	1,177	2.3%
c. Appointment of corporate auditors* ¹	903	0	1	904	0.0%
d. Partial amendment of articles of incorporation	408	0	0	408	0.0%
e. Provision of retirement benefits	152	8	0	160	5.0%
f. Revisions in remuneration for directors or corporate auditors	510	2	0	512	0.4%
g. Issuance of stock acquisition rights	69	3	0	72	4.2%
h. Appointment of accounting auditors	27	0	0	27	0.0%
i. Business restructuring* ²	33	0	0	33	0.0%
j. Other proposals* ³	146	4	0	150	2.7%
Total	4,213	44	2	4,259	1.0%

*1. No votes include opposition to proposal components

- *2. Including mergers, the transfer or acquisition of business, the exchange of shares, the transfer of shares and company splits
- *3. Including share repurchases, decreases in legal reserves, capital increases through third-party allocation, reductions of capital, consolidations of shares and the installation of anti-takeover measures (excluding the above a. – i.)

(c) Results of Voting for Shareholder Proposals

	Yes	No	Abstain	Total	Ratio of no votes
Number of voting	0	133	2	135	98.5%

(ii) Initiatives to Ensure the Appropriate Exercise of Voting Rights

With the aim of effectively exercising our voting rights in a way that supports investees' efforts to address the issues before them, we strove to take the status of each investee into consideration when weighing our decision to vote in favor of or against each item. We also endeavored to assure investees of the sincerity and validity of our vote. Examples of concrete initiatives follow.

Revisions to voting policies and announcement of such policies	<ul style="list-style-type: none"> • To help our investees improve their corporate value and strengthen their corporate governance structure, in October 2015 we revised our in-house voting standards and the disclosure document titled "Our Initiatives Related to the Exercise of Voting Rights for General Account Assets." We shared our views on business challenges the listed investees are now facing while explaining the revised voting standards to them through such means as company visits. • In the course of dialogue with investees facing business challenges or intending to announce proposals that will conflict with our voting standards, we focused on addressing such challenges and proposals, making sure that our standards are understood and our requests for improvement measures are communicated. • Through dialogue, we explained the changes in our voting standards to investees in detail and encouraged them to take improvement measures as we gradually implemented said standards.
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Process for exercise of voting rights based on dialogue with investees	<ul style="list-style-type: none"> • Prior to making voting judgments in line with our in-house standards, we closely examined proposals submitted by investees by holding interviews with them as necessary and reviewing the records of dialogue held on a regular basis. • Whenever we cast a no vote or abstained from voting, we clearly explained basis for our decision to facilitate the investees' understanding of our concerns and assure them that our decisions are well-grounded. In these ways, we encourage them to take steps to improve issues they are facing.
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(iii) Examples of No Votes

As a result of initiatives described in (ii) above, we cast no votes in the following cases.

Proposals	Issues	Matters examined and reasons for voting no
Appointment of directors	Proposal for re-appointment of outside directors with low attendance rate at board meetings	An investee proposed an outside director candidate whose attendance rate at board meetings in the previous fiscal year fell below the prescribed level. The cause of the absence was found to be the demands placed on the candidate at a concurrently held position. The lack of improvement was despite our request for measures to improve said director's attendance rate, which we made at a general meeting of shareholders held in the previous fiscal year. Taking these factors into account, we voted against the reappointment of this candidate.
	Proposal for appointment of directors by an investee without outside director	A certain investee has failed to reasonably explain why it has failed to appoint outside directors. We asked the investee about its stance on appointing outside directors and the current status of discussion for the appointment of such directors. In response, the company simply replied as it had at a general meeting of shareholders held in the previous fiscal year that it had yet to find an appropriate candidate. We concluded that the investee had neither discussed nor planned for the appointment of such directors, and we thus voted against the proposal.

Proposals	Issues	Matters examined and reasons for voting no
	Proposal for appointment of directors at an investee whose business performance has been stagnant for an extended period of time	We have regularly engaged in dialogue with an investee that has continuously failed to pay dividends due to stagnant business performance, thereby helping it execute improvement measures. However, reflecting the posting of a loss in the recent fiscal year, the company faced a significant deterioration in its financial standing and ruled out any prospect for the resumption of dividend payment. Taking these factors into account, we voted against a proposal for the reappointment of long-serving director candidates.
Provision of retirement benefits	Proposal for retirement benefits for outside corporate auditors	We engaged in dialogue with an investee whose proposals for retirement benefit recipients included outside corporate auditors, asking why the company wished to maintain such a retirement benefit scheme and the content of the benefits. However, as the investee declined to disclose the amounts involved, we suspected the benefits might exceed social norms and voted against this proposal.
	Proposal for retirement benefits provided by an investee with insufficient shareholder returns	An investee whose dividend payment ratio remains sluggish despite the possession of internal reserves proposed the provision of retirement benefits to its directors. As the amount of benefits was excessive compared with total dividends paid for the latest fiscal year, we voted against this proposal.
	Proposal for retirement benefits provided by an investee whose business performance is stagnant or who is failing to pay dividends	An investee that has long been failing to pay dividends and continuously recording sluggish ROE and low stock prices proposed the provision of retirement benefits to directors. Prior to casting a no vote, we engaged in dialogue with this company and communicated our opposition to the provision of such benefits by a company with stagnant performance.

Proposals	Issues	Matters examined and reasons for voting no
Stock options	Proposal for provision of stock options to corporate auditors and external persons	An investee proposed stock option plans listing corporate auditors (without specifications regarding inside or outside) as well as “external collaborators” among eligible persons. Having engaged in dialogue with this investee, we concluded that these persons are not desirable as stock option recipients. Moreover, the investee failed to clarify what constituted an “external collaborator.” Taking these factors into account, we voted against the proposal.
Anti-takeover measures	Proposal for installation of anti-takeover measures that might provide monetary benefits to purchasers	We voted against a proposal by an investee with regard to the installation of anti-takeover measures that explicitly stated the possibility of providing purchasers with monetary benefits to buy back their stock acquisition rights.
	Proposal for anti-takeover measures without sufficient safeguards to exclude arbitrary decisions by the board of directors	An investee proposed anti-takeover measures that can be invoked through a decision making process in which a board of directors seeks advice from an independent committee. However, we voted against the proposal because the majority of the committee members could not be deemed sufficiently independent.
	Proposal for anti-takeover measures by an investee failing to pay dividends	Despite its constant failure to pay dividends, an investee proposed the installation of anti-takeover measures. Having engaged in dialogue with the investee before voting, we communicated our opposition to the installation of anti-takeover measures by a company with problematic performance and thus voted accordingly.
Revisions in the amount of director remuneration	Proposal for significant upward revisions in director remuneration	An investee proposed revisions in director remuneration that entailed a significant increase in the amount, which we deemed excessive when compared to the scale of the investee’s operations and its level of earnings. We voted against the proposal after we engaged in dialogue with the investee and found no sufficient reasons for a significant increase in remuneration.

(iv) Examples of Yes Votes Based on Dialogues and the Examination of Proposals

With regard to some proposals requiring close examination in light of our voting standards, we voted yes in the following cases based on dialogues with investees and positive assessments of the efficacy of steps undertaken to improve corporate value and other individual factors.

Proposals	Standards for voting judgments and examples of yes votes
<p>The appropriation of surplus by an investee whose dividend payout ratio remains sluggish</p>	<p>Standards for voting judgments: When an investee whose dividend payout ratio constantly falls short of the prescribed level despite the possession of internal reserves proposes the appropriation of surplus, we decide on how to vote based on the proposed usage of surplus, the status of share repurchase and the level of the investee's ROE.</p> <p>Example of a yes vote: A certain investee maintained firm business performance but failed to secure a dividend payout ratio above the level prescribed by our in-house standards. However, the investee has stably increased the amount of dividends while boasting a longstanding track record of share repurchase. Moreover, as we engaged in dialogue with this company, we were able to confirm that it intends to invest capital to secure its business growth and boasts ROE surpassing 10%. Taking these factors into account, we voted in favor of this proposal.</p>
<p>Appointment of directors at an investee whose ROE has long been sluggish, with stock prices remaining at low levels</p>	<p>Standards for voting judgments: When an investee proposes the re-appointment of director candidates who have long held such office despite constantly poor ROE compared with the prescribed level and sluggish stock prices, we confirm whether the company has established an ROE target and executed initiatives to improve business performance. In this way, we determine the future possibility of improvements before deciding on how to vote.</p> <p>Example of a yes vote: A certain investee saw a decline in profitability due to such factors as intensifying price competition while recording constantly poor ROE. After we engaged in dialogue with the investee to discuss possible improvement measures, the company succeeded in improving profitability thanks to such steps as the introduction of sales strategies leveraging its competitive edges and the restructuring of its business portfolio putting greater emphasis on areas of its strengths. As a result, we were able to confirm that ROE is highly likely to improve and the investee is committed to preparing and disclosing a roadmap for enhancing profitability. We thus voted in favor of this proposal.</p>

Proposals	Standards for voting judgments and examples of yes votes
<p>Re-appointment of outside directors whose attendance rate at board meetings is low</p>	<p>Standards for voting judgments: When an investee proposes the re-appointment of outside directors whose attendance rate at board meetings in the previous fiscal year falls short of the level prescribed by our standards, we confirm factors contributing to their absence at said meetings and check whether there are compelling reasons to accept the low attendance rate before deciding on how to vote. Example of a yes vote: With regard to some investees, we voted in favor of proposals of this nature when candidates' attendance rate at board meetings was influenced by such unavoidable reasons as the suspension of public transport services due to heavy snowfalls, typhoons and other natural disasters; a need to perform public duties, including participation in governmental meetings as an expert; and a failure to attend an extraordinary board meeting that has convened by the investee on very short notice.</p>
<p>Director candidates proposed by an investee without outside directors</p>	<p>Standards for voting judgments: With regard to investees that have yet to appoint outside directors, we confirm reasons why such directors are not appointed while engaging in dialogue with them to assess their views on and the status of discussions for the appointment of such directors. Example of a yes vote: A certain investee was forced to submit a proposal for director candidates that did not include outside directors because a premeditated outside director candidate rejected the company's offer in the last minute. We concluded that the investee had a compelling reason for not appointing any outside directors and thus cast a yes vote for the proposal.</p>

(2) The Status of the Exercise of Voting Rights for Separate Account Investees

We exercised our voting rights for separate account investees in accordance with the existing standards for general account investees from July 2015 to March 2016. We then enforced the standards for separate account investees, established in April 2015, from April 2016 onward.

Since April 2016, we cast a no vote for proposals made by 60 companies, with a total of 94 proposals subject to being voted down. When the stock of an investee is held under both the general and separate account asset categories, our voting judgments may differ on a case-by-case basis as we apply different standards to general and separate account investees.

The breakdown of voting results from April 2016 onward follows.

(a) The Number of Investees Subject to Our Exercise of Voting Rights

	Votes in favor of all proposals	Votes against at least one proposal	Abstentions for at least one proposal	Total	Ratio of no votes
Number of investees	307	60	0	367	16.3%

(b) Results of Voting for Individual Proposals

	Yes	No	Abstain	Total	Ratio of no votes
a. The appropriation of surplus	257	11	0	268	4.1%
b. Appointment of directors* ¹	335	56	0	391	14.3%
c. Appointment of corporate auditors* ¹	295	14	0	309	4.5%
d. Partial amendment of articles of incorporation	106	2	0	108	1.9%
e. Provision of retirement benefits	10	2	0	12	16.7%
f. Revisions in remuneration for directors or corporate auditors	133	1	0	134	0.7%
g. Issuance of stock acquisition rights	59	5	0	64	7.8%
h. Appointment of accounting auditors	4	0	0	4	0.0%
i. Business restructuring* ²	8	0	0	8	0.0%
j. Other proposals* ³	47	3	0	50	6.0%
Total	1,254	94	0	1,348	7.0%

*1. No votes include opposition to proposal components

*2. Including mergers, the transfer or acquisition of business, the exchange of shares, the transfer of shares and company splits

*3. Including share repurchases, decreases in legal reserves, capital increases through third-party allocation, reductions of capital, consolidations of shares and the installation of anti-takeover measures (excluding the above a. – i.)

(c) Results of Voting for Shareholder Proposals

	Yes	No	Abstain	Total	Ratio of no votes
Number of voting	0	58	1	59	98.3%

4. Future Initiatives

(1) Initiatives for General Account Investees

(i) Dialogue

Striving to enhance our ability to enable in-depth dialogue, we will help our investees improve their corporate value by engaging in ongoing dialogue centered on three priority themes, namely, 1) the establishment of key management indicators like ROE coupled with concrete initiatives toward achieving targets set for said indicators; 2) the further enhancement of shareholder returns; and 3) securing more robust corporate governance.

Furthermore, we will reinforce our personnel in charge of such dialogue while enhancing the efficiency of their activities. By doing so, we will engage in dialogue with as many investees as possible.

(ii) Exercise of Voting Rights

To help our investees improve their corporate value and upgrade their corporate governance structure, we will review our voting standards as necessary.

Before we revise our voting standards, we will endeavor to facilitate our investees' understanding of changes in such standards. We will therefore explain the content of our voting standards prior to enforcing them while requesting the execution of steps to improve issues that may conflict with such standards.

(2) Initiatives for Separate Account Investees

(i) Dialogue

We will continuously engage in dialogue with the investees to communicate our stance on the exercise of voting rights for those in this asset category while facilitating mutual understanding.

(ii) Exercise of Voting Rights

To help our investees improve their corporate value, we will review our voting standards as necessary.

(3) Disclosure of the Status of Our Stewardship Initiatives

In principle, the Company will update this document (the Status of Our Stewardship Initiatives) annually and publically post it on the Company's website.