

August 2014

<<Japan's Stewardship Code >> Aioi Nissay Dowa Insurance's Policies Related to the Principles

Aioi Nissay Dowa Insurance will respond to the Principles for Responsible Institutional Investors (Japan's Stewardship Code) according to the following policies.

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

The Principles for Responsible Institutional Investors (Japan's Stewardship Code) stipulate various principles thought to be useful for ensuring institutional investors fulfill their stewardship responsibilities as "responsible institutional investors" with an eye to both clients/beneficiaries and investee companies. Aioi Nissay Dowa Insurance agrees with this intent and accepts the Code.

The Company will make an effort to fulfill its stewardship responsibility by promoting investee companies' corporate value and sustainable growth in the medium to long term through constructive "purposeful dialogue" with investee companies.

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

The Company will manage transactions that may be conflicts of interest and appropriately conduct business to ensure the interests of clients are not unduly harmed.

The transactions subject to management and the method of management are stipulated in the Policy on Management of Conflicts of Interest.

**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.**

The Company will strive to accurately understand the state of investee companies from the viewpoint of improvement of corporate value and sustainable growth of investee companies from a medium- to long-term perspective by utilizing not only financial information on the companies, but also direct dialogue including non-financial aspects such as management strategy and responses to risks.

#### **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.**

The Company will make an effort to arrive at an understanding in common with investee companies from the viewpoint of improvement of corporate value and sustainable growth of investee companies from a medium- to long-term perspective, by engaging in constructive dialogue regarding management issues and shareholder return policies with investee companies, and also strive to solve problems by conveying opinions from the standpoint of a shareholder as required.

#### **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.**

1. The Company's basic policy on exercising voting rights is as follows.

(1) Basic approach to exercising voting rights

The Company sees the exercise of voting rights to be an important means of influencing the management and improving the corporate value of investee companies, and decisions are not made uniformly based on formulaic short-term criteria, but rather in terms of the enhancement of corporate value in the medium to long term and improvement in shareholder returns, among others.

(2) Process of exercising voting rights

When exercising voting rights, the Company verifies items such as those listed below for each potential investment, with a focus on such aspects as whether the company in question is managed with an emphasis on growth of the company and the interests of shareholders, and whether the company is engaged in any antisocial behavior. Proposals are also judged based on the results of dialogue with the company concerned following a detailed examination of individual issues as required.

Shareholder returns

Retirement benefits for directors and corporate officers

Expansion of authorized capital

Takeover defense measures

Business reorganization, etc.

2. As noted above, when exercising voting rights, rather than making uniform decisions based solely on formulaic short-term criteria, the Company believes it is important to conduct constructive dialogue in terms of enhancing corporate value and encouraging the sustainable growth of the investee company from a medium- to long-term perspective, which in turn can be tied to a shared understanding and improvement in any problems. Therefore, because we believe simple disclosure of voting results tallies does not necessarily provide an accurate representation of these stewardship activities of the Company, we will be disclosing cases related to the exercise of voting rights in which approval was not obtained.

**6. Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.**

The Company will periodically report on its stewardship activities on the Company's website.

**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.**

Through stewardship activities such as "dialogue with companies, the Company will work to obtain a deeper understanding of investee companies and their business environments in an effort to ensure stewardship activities are conducted more appropriately in the future.