

September 30, 2019

Tokio Marine & Nichido Fire Insurance Co., Ltd.

Summary of Stewardship Activities (July 2018 to June 2019)

Tokio Marine & Nichido Fire Insurance Co., Ltd. (the “Company”) is involved in stewardship activities with the intent of making efforts for the improvement of and prevention of damage to the corporate value of investee companies as well as promoting sustainable growth of investee companies through constructive dialogues based on in-depth knowledge of the investee companies.

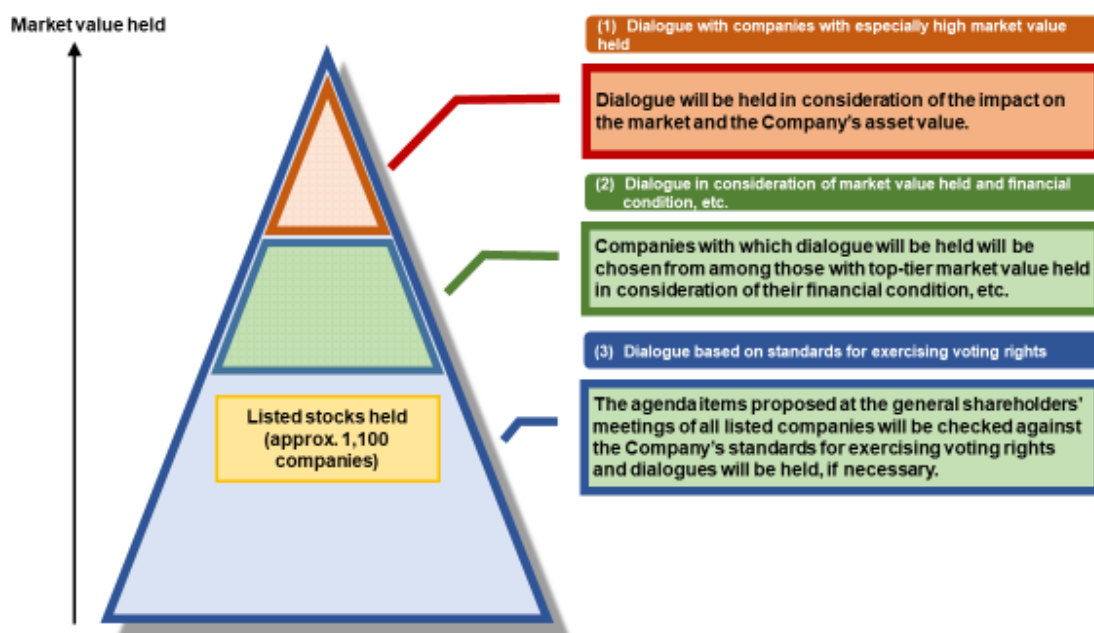
The following is a report on the state of these activities from July 2018 to June 2019.

## 1. Dialogues with investee companies

### (1) Overview of dialogues

As outlined in the <Overall picture> below, the Company holds “(1) Dialogue with companies with especially high market value held” and “(2) Dialogue in consideration of market value held and financial condition, etc.” throughout the year, as well as “(3) Dialogue based on standards for exercising voting rights” in the process of examining the agenda items proposed at the general shareholders’ meetings of investee companies.

<Overall picture>



(1) Dialogue with companies with especially high market value held and (2) Dialogue in consideration of market value held and financial condition, etc.

	Items	Details
1	Determination of companies with which dialogue will be held	<ul style="list-style-type: none"> <li>For the purpose of holding effective dialogue, companies with which dialogue will be held is determined in comprehensive consideration of the market value of individual stocks held and financial condition, etc., and the dialogue is carried out in a planned manner.</li> <li>For companies with especially high market value held, dialogue will be held in consideration of the impact on the market and the Company's asset value.</li> </ul>
2	Advance preparations	<ul style="list-style-type: none"> <li>The Company will collect information of investee companies through their disclosure materials such as the securities reports, financial results, investor relations (IR) briefing materials, and integrated reports, to analyze their financial aspects as well as non-financial aspects such as ESG initiatives. In addition, the Company works to deepen its understanding of investee companies by holding meetings with external analysts as necessary to obtain third-party opinions concerning the investee companies' strengths and issues, etc.</li> <li>The Company will also hold internal discussions centering mainly on the topic of what kind of improvement it should request to the investee companies, and decide on the policies for dialogue accordingly.</li> </ul>
3	Implementation of dialogue	<ul style="list-style-type: none"> <li>In scheduling a meeting with an investee company, the Company shares in advance its awareness of issues and other dialogue agendas with the investee company, as necessary, in an effort to hold a productive dialogue.</li> <li>The Company works to deepen its understanding of investee companies by interviewing them in detail about their business environment and management policy, etc. The Company will then communicate its awareness of issues to the investee companies and exchange opinions about the status of current initiatives taken and approaches to improvement.</li> </ul>
4	Storage of records	<ul style="list-style-type: none"> <li>By storing dialogue records in detail, the Company follows up on the improvement status of the investee companies and also uses them for dialogues to be held in the next fiscal year onwards.</li> </ul>

(3) Dialogue based on standards for exercising voting rights

The Company holds dialogue themed on the content of agenda items proposed at shareholders' meetings as necessary based on standards for exercising voting rights.

(2) Examples of dialogues with investee companies

Issue: Profitability

Details of dialogue	Responses by investee companies after dialogue
<ul style="list-style-type: none"><li>With a company failing to achieve ROE targets set in its medium-term business plan, the Company verified the necessity of initiatives to improve future profitability.</li></ul>	<ul style="list-style-type: none"><li>This company replied that it will carry out drastic cost reductions through projects including consolidation of sales stores and business operation reforms.</li><li>Subsequently, the above initiatives were announced in its new medium-term business plan.</li></ul>
<ul style="list-style-type: none"><li>With a company with concerns over future cost increase as a result of intensified competition and the introduction of new environmental regulations, the Company verified this company's countermeasures to improve profitability.</li></ul>	<ul style="list-style-type: none"><li>This company replied that it will pursue cost reductions and profit growth through "selection and concentration" by selling off unprofitable businesses and reviewing business relationships.</li><li>Subsequently, this company announced that it will implement structural reforms to improve profitability.</li></ul>
<ul style="list-style-type: none"><li>With a company with deteriorated profitability due to sales at low prices, the Company verified this company's concrete sales strategies.</li></ul>	<ul style="list-style-type: none"><li>This company replied that it will make efforts to improve profitability through reforms to raise awareness at the sales site and promotional activities offering new added value.</li></ul>

Issue: Capital policies

Details of dialogue	Responses by investee companies after dialogue
<ul style="list-style-type: none"> <li>With a company with continued strong business performance and sound financial structure, the Company verified this company's investment strategies for further growth.</li> </ul>	<ul style="list-style-type: none"> <li>This company replied that it will seek out investable businesses by leveraging the network and knowledge of an overseas investee company.</li> <li>Subsequently, this company announced that it will engage in a business targeting inbound foreign tourists in collaboration with an overseas investee company.</li> </ul>
<ul style="list-style-type: none"> <li>With a company with solid business performance, the Company verified this company's capital policies including shareholder return measures and investment policies.</li> </ul>	<ul style="list-style-type: none"> <li>This company replied that it will make a policy to maintain a medium- to long-term capital structure comprising shareholder returns, internal reserves, and strategic investments in a balanced manner.</li> <li>Subsequently, this company indicated a policy to increase shareholder dividends at the announcement of its financial results.</li> </ul>
<ul style="list-style-type: none"> <li>With a company expecting not to reach its new investment limit set in its medium-term business plan, the Company verified the reason therefor and this company's policies on strategic investments going forward.</li> </ul>	<ul style="list-style-type: none"> <li>This company replied that it was selecting investment projects more carefully than before, placing a priority on the strategic nature of investments.</li> <li>Subsequently, in its new medium-term business plan, this company stipulated its new investment policies for both untapped and existing areas.</li> </ul>

Issue: ESG

Details of dialogue	Responses by investee companies after dialogue
<ul style="list-style-type: none"> <li>With a company highlighting the importance of regional revitalization in its management strategies, the Company verified this company's concrete initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>The Company verified that this company, in collaboration with regional governments, etc., will work diligently on social contribution activities, including concrete initiatives toward revitalizing regional communities and reconstruction assistance activities, in an effort to contribute to regional revitalization in Japan.</li> </ul>
<ul style="list-style-type: none"> <li>With a company in an industry handling plastic bottles, the Company verified concrete details of this company's initiatives and issues, amid the changing environment surrounding plastic bottle containers, including the problem of marine pollution due to plastic containers.</li> </ul>	<ul style="list-style-type: none"> <li>This company made explanations on concrete details of its initiatives and future quantitative targets, including further utilization of light-weight plastic bottles and improving the re-use rate of plastic bottles.</li> <li>Subsequently, in the integrated report disclosed by this company, concrete details of its initiatives and targets were stipulated.</li> </ul>
<ul style="list-style-type: none"> <li>With a company facing the urgent task of strengthening its governance structure, the Company verified the state and the direction of this company's governance reform.</li> </ul>	<ul style="list-style-type: none"> <li>This company made explanations on its concrete initiatives toward enhancing the transparency of management, including replacing the members of its board of directors and significantly increasing the number of its outside directors.</li> </ul>

Issue: Disclosure

Details of dialogue	Responses by investee companies after dialogue
<ul style="list-style-type: none"> <li>With a company that holds regular financial results briefings for institutional investors and enjoys a certain reputation in the market, the Company verified this company's measures for information disclosure with even higher quality.</li> </ul>	<ul style="list-style-type: none"> <li>The Company verified that this company was considering the preparation of an integrated report and the disclosure of ESG information, in an effort to further raise its reputation in the market.</li> <li>Subsequently, this company disclosed its new integrated report.</li> <li></li> </ul>
<ul style="list-style-type: none"> <li>The Company requested a company that has not disclosed numerical targets related to ESG (KPIs: Key Performance Indicators) to provide disclosure in a more detailed manner.</li> </ul>	<ul style="list-style-type: none"> <li>This company replied that it was considering the disclosure of targets related to ESG.</li> <li>Subsequently, concrete quantitative targets related to ESG were disclosed.</li> </ul>
<ul style="list-style-type: none"> <li>The Company requested a company with insufficient information disclosure related to product strategies to consider providing detailed information disclosure.</li> </ul>	<ul style="list-style-type: none"> <li>This company replied that it was aware of the necessity of disclosing sales strategies including product strategies to the extent possible.</li> <li>Subsequently, this company expanded its disclosure on its website.</li> </ul>

## 2. Exercise of voting rights held in investee companies

### (1) Overview of the exercise of voting rights

The Company determines whether to vote for or against an agenda item which may significantly damage corporate value by examining its content and holding dialogue. The details of the process are as follows.

	Items	Details
1	Consideration of agenda items	<ul style="list-style-type: none"> <li>The agenda items proposed at the general shareholders' meetings of all listed companies will be checked against the Company's standards for exercising voting rights to consider whether examination or dialogue is needed.</li> </ul>
2	Implementation of examination and dialogue	<ul style="list-style-type: none"> <li>Subsequent to the above consideration, the Company carries out the examination and holds dialogue concerning the content of the agenda items.</li> </ul>
3	Exercise of voting rights	<ul style="list-style-type: none"> <li>The Company exercises voting rights based on a comprehensive judgment taking account of the content of these dialogues, etc.</li> <li>In addition, also for companies with which the Company held "(1) Dialogue with companies with especially high market value held" and "(2) Dialogue in consideration of market value held and financial condition, etc." (refer to page 2), the Company exercises voting rights based on a comprehensive judgment taking account of the content of the dialogue, etc.</li> </ul>

The examination items highlighted by the Company in exercising voting rights are as follows:

- Appointment and dismissal of directors (companies reporting net losses for a given consecutive period of time, companies with scandals, etc.)
- Appointment and dismissal of corporate auditors (companies with scandals, etc.)
- Awarding of retirement benefits to directors and corporate auditors (companies reporting net losses for a given consecutive period of time, etc.)
- Increase in the amount of remuneration for directors and corporate auditors (companies reporting net losses for a given consecutive period of time, etc.)
- Advantageous issuance of new shares and subscription rights to shares
- Organizational restructuring such as merger, acquisition, and transfer and inheritance of business
- Acquisition of treasury shares from specific shareholders at a price above the fair value and capital reduction involving a decrease in net assets
- Introduction of takeover defense measures
- Presence of outside directors
- Attendance rate of outside directors and outside corporate auditors at the meetings of the Board of Directors and the Board of Corporate Auditors, respectively
- Shareholder proposals, etc.



(2) Proposals which the Company voted against when exercising its voting rights

The Company voted against the following five proposals of five companies.

<p>Proposal 1) Reappointment of a director: Reporting of net losses for a given consecutive period of time</p> <ul style="list-style-type: none"><li>• Company A's sales had rapidly declined due to the effects of poor performance at overseas departments, resulting in the reporting of net losses for a given consecutive period of time. Through dialogues, the Company requested a concrete explanation of the company's domestic and overseas marketing strategies and effective measures, but could not receive a clear answer.</li><li>• Consequently, in light of the high probability of Company A's reporting further losses in the future, the Company reached a conclusion that it could not approve the reappointment of the director and president of Company A, and voted against the proposal.</li></ul>
<p>Proposal 2) Reappointment of directors: Reporting of net losses for a given consecutive period of time</p> <ul style="list-style-type: none"><li>• Company B was in a state where sales were slow due to the insufficient capture of new customers while advertising expenses and directors' remuneration were on a rising trend, resulting in a corporate structure with constant reporting of net losses. Through dialogues, the Company verified this company's measures to improve performance including strategies to capture customers and cost reductions.</li><li>• However, this company's cost-reduction countermeasures were insufficient, while it continued to increase directors' remuneration. Based on this fact, the Company reached a conclusion that it could not approve the reappointment of the director and chairman and the director and president of Company B, and voted against the proposal.</li></ul>
<p>Proposal 3) Reappointment of a director: Reporting of net losses for a given consecutive period of time</p> <ul style="list-style-type: none"><li>• Company C reported net losses for a given consecutive period of time due to poor performance in its main business. Through dialogues, the Company verified this company's corporate strategies toward becoming profitable, including M&amp;A opportunities.</li><li>• However, in light of the fact that the M&amp;A did not materialize and that net losses continued to be reported in the financial statements after the dialogues, the Company reached a conclusion that it could not approve the reappointment of the director and president of Company C, and voted against the proposal.</li></ul>
<p>Proposal 4) Awarding of directors' retirement benefits: Reporting of net losses for a given consecutive period of time</p> <ul style="list-style-type: none"><li>• Company D had a corporate structure making it prone to reporting net losses due to the decrease in sales in conjunction with the changes in the environment and the trend of increasing costs as a result of capital investments and other factors. Through dialogues, the Company verified countermeasures to be taken going forward and requested detailed explanations on sales strategies toward becoming profitable and cost-reduction plans, but could not receive a clear answer.</li><li>• In light of the fact that net losses continued to be reported in the financial statements after the dialogues, the Company reached a conclusion that it could not approve the awarding of retirement benefits to a retiring director of Company D, and voted against the proposal.</li></ul>
<p>Proposal 5) Reappointment of an outside director: Low attendance rate at Board of Directors' meetings</p> <ul style="list-style-type: none"><li>• As the attendance rate at Board of Directors' meetings of an outside director of Company E became lower than before, through dialogues, the Company requested that the company share awareness of issues and create an environment that would improve the attendance rate of the outside director.</li><li>• However, as an improved attendance rate could not be attained, the Company reached a conclusion that it could not approve the reappointment of the outside director of Company E, and voted against the proposal.</li></ul>

(3) Aggregation of the results of the exercise of voting rights

The aggregation of the results of the exercise of voting rights by the Company from July 2018 to June 2019 is as follows:

Agenda items	Total	For	Against
<b>1. Company proposals</b>	<b>3,355</b>	<b>3,350</b>	<b>5</b>
(1) Appropriation of surplus	787	787	0
(2) Appointment of directors	1,050	1,046	4
(3) Appointment of corporate auditors	655	655	0
(4) Partial amendments to the articles of incorporation	238	238	0
(5) Payment of retirement benefits	101	100	1
(6) Revision to the amount of remuneration for directors and corporate auditors	144	144	0
(7) Issuance of subscription rights to shares	33	33	0
(8) Appointment of accounting auditor	21	21	0
(9) Organizational restructuring related	24	24	0
(10) Other Company proposals (of which, takeover defense measures)	302	302	0
	31	31	0
<b>2. Shareholder proposals</b>	<b>115</b>	<b>0</b>	<b>115</b>
<b>Total of 1. and 2.</b>	<b>3,470</b>	<b>3,350</b>	<b>120</b>