

# Business Activities

## Individual Insurance Marketing

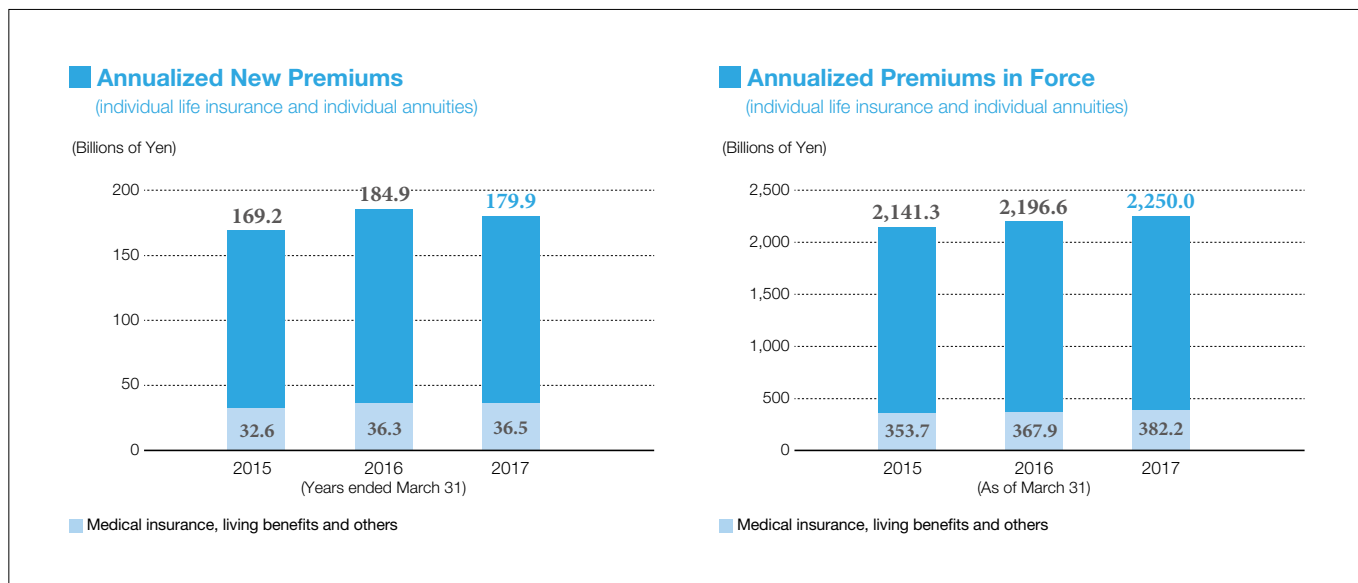
In our distribution channel of agency, we strive to expand sales of level premium protection-type products in third-sector insurance such as medical and nursing care insurance while building a more robust sales and service network.

As for products, in June 2016 we released two new riders to enhance “Best Style,” a product capable of providing comprehensive protection. In the same month, we began receiving applications from “Best Style” customers for revisions to their insurance coverage and whole life protection. As “Best Style” enjoyed strong showings backed by constantly high customer reputation, the total number of policies sold for this product exceeded 1,230,000 as of March 31, 2017.

In October 2016, we released “Simple Insurance Series Light! By Meiji Yasuda Life” to attract younger customers. Consisting of insurance products that are designed to be “simple,” “small amount” and “easy-to-understand,” this series also garnered extremely favorable customer reviews. As of March 31, 2017, the series has sold more than 260,000 policies.

As for our sales and service structure, we have striven to enhance our human resource development systems. For example, we have established a dedicated organization for hosting joint training sessions targeting employees in charge of urban areas while increasing the number of staff charged with supporting employee education. We also rolled out the Meiji Yasuda Relationship Associate (MYRA), a sales channel maintained by newly recruited sales personnel, in an even broader range of regions. Furthermore, we have established a new sales channel aimed at acquiring corporate customers among small and medium size businesses. These initiatives are expected to boost our market competitiveness, especially in urban areas. In addition, we were able to secure a strong workforce of more than 30,000 sales personnel (as of March 31, 2017), which, in turn, drove our efforts to reinforce our customer service structure.

We endeavored to enhance access to new customers by conducting campaigns in tandem with J. League, hosting various seminars and engaging in web-based promotions that employ digital marketing methodologies. Along with our efforts to market the aforementioned “Simple Insurance Series Light! By Meiji Yasuda Life,” these initiatives helped us expand our customer base. As a result, the number of customers as of March 31, 2017 (distribution channel of agency) rose to 6,580,000, a turnaround from the year-on-year decrease recorded in recent years.

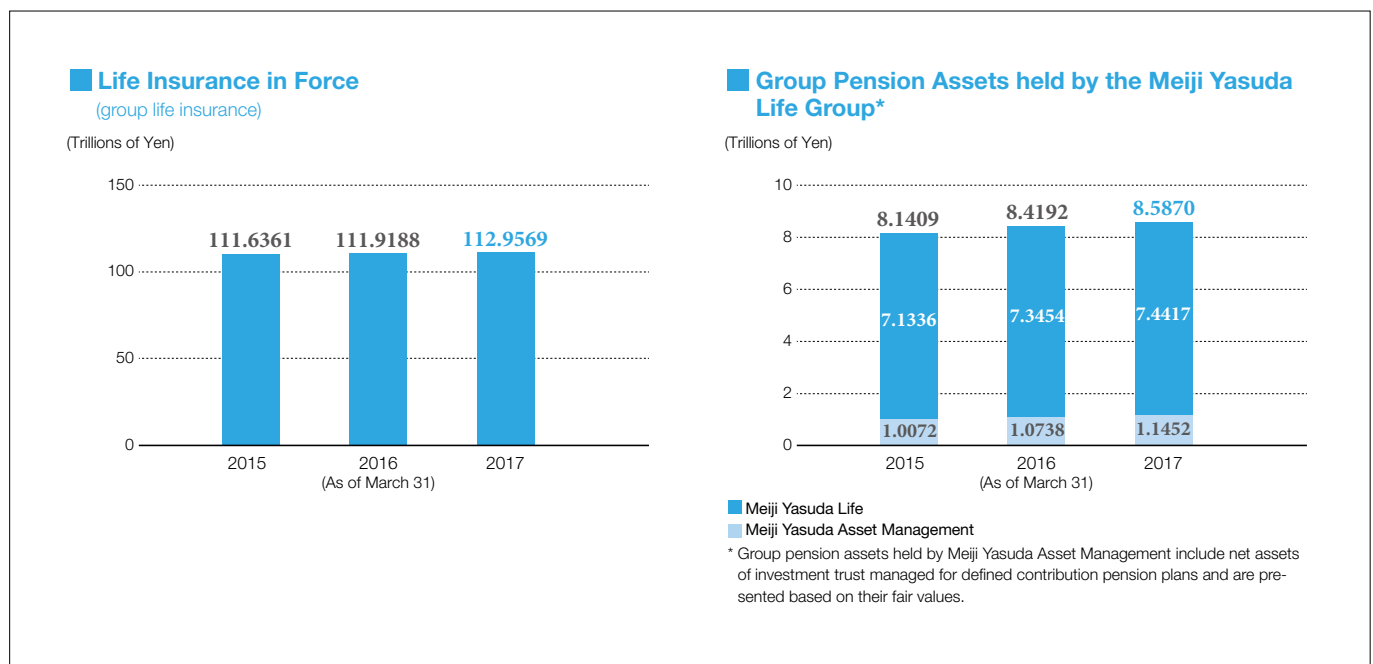


## Group Insurance Marketing

In group life insurance, we made proposals targeting new corporate and group customers to help them adopt our employee benefit systems while offering improved solutions to entities that already have our systems in place. Consequently, group life insurance in force totaled ¥112.9 trillion, achieving the seventh consecutive annual growth. Moreover, the sales of third-sector insurance have also expanded thanks to the introduction of a new medical rider, which we began underwriting in April 2016.

As for group pensions, we engaged in consulting services aimed at meeting diversifying asset management needs, thereby proposing such products as those finely tuned for customers who prefer stable investment performance. Backed by these efforts, we were able to step up the marketing of separate accounts assets as well as promoting products of our subsidiary that engages in investment advisory and consulting through our brokerage service.

In addition, efforts are now under way to increase contact with customers by leveraging the customer base we have gained through group insurance marketing. For example, our sales personnel ask existing corporate customers for approval of more frequent office visits and promotional events at their worksites to increase sales opportunities. In these ways, we are striving to boost the number of persons insured and sales of our products for corporate customers.



## General Agent Marketing

In the Bancassurance channel at banks and other financial institutions, besides single premium whole life insurance, which aims to address the needs of lifetime coverage, inheritance planning and stable wealth building, we provide an array of products tailored to diverse customer needs. While deliberately controlling sales of these products as necessary, we are endeavoring to build an optimal product lineup that is resilient to fluctuations in domestic interest rates.

We are also striving to secure a greater number of corporate agencies and tax accountant agencies and facilitate collaboration with these agencies, thereby cultivating new corporate customers. At the same time, we are providing agencies with training and other assistance.

# Business Activities

## Asset Management

We have implemented asset management activities centered on the surplus management type of asset liability management (ALM) while adopting an investment approach effectively tailored to the ultra-low interest rate environment and other market factors.

In the fiscal year ended March 31, 2017, we invested mainly in foreign currency denominated bonds, keeping our eyes on the gap between domestic and overseas interest rates, as well as foreign exchange rate trends, amid the ultra-low interest rate environment springing from the Bank of Japan's negative interest rate policy. When interest rates rose, we also executed purchases of Japanese government bonds. As such, we have maintained a policy of carrying out timely investment based on market conditions. Thanks to these efforts, we were able to maintain high levels of net unrealized gains on securities.

Furthermore, we strove to boost profitability by investing in domestic corporate bonds as well as funds that invest in domestic and foreign stocks.

To support the Japan Revitalization Strategy led by the government, we have proactively invested in growth fields in Japan and overseas, with the total investment mandate set at ¥400 billion for the 3.5 year period from October 2013 to March 2017.

In addition, we secure our financial soundness by adopting increasingly sophisticated methods to monitor indicators of domestic interest rate hikes and by upgrading our contingency plans for drastic changes in the market environment.

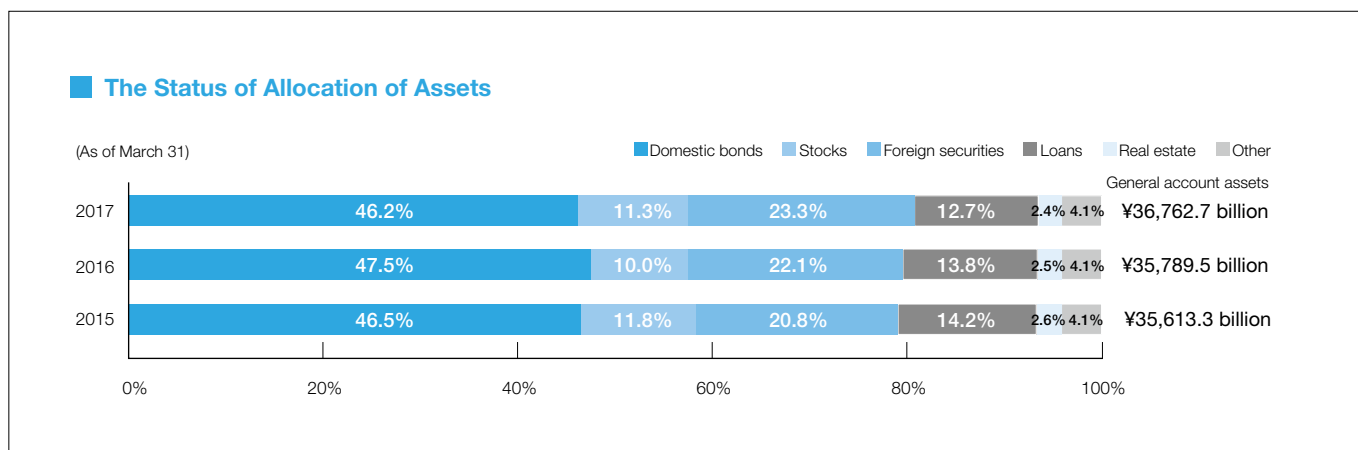
Based on its "Policies for Fulfilling Our Stewardship Responsibilities," Meiji Yasuda Life is engaging in such stewardship initiatives as dialogue with investees and the exercise of its voting rights. By doing so, we are helping our investees secure greater corporate value, which will, in turn, allow us to enjoy long-term returns as a shareholder.

## Overview of Asset Management Results

With constant focus being placed on asset management centered on ALM, we worked to maintain optimal asset allocation consistent with the present market environment, giving due consideration to the gap between domestic and overseas interest rates, as well as trends in foreign exchange rates. By doing so, we strove to maintain a higher level of profitability despite the ongoing ultra-low interest rate environment in Japan. Specifically, we engaged in investment activities centered on foreign bonds.

General account assets as of March 31, 2017 stood at ¥36,762.7 billion, up ¥973.1 billion compared with March 31, 2016. Detailed year-on-year comparisons by asset type follow.

Domestic bonds fell ¥27.8 billion due mainly to a decline in bond prices in step with a rise in domestic interest rates. The value of stocks held increased ¥560.2 billion due to such factors as rising stock prices. Foreign securities rose ¥667.7 billion due mainly to the purchase of foreign bonds. Loans decreased ¥267.8 billion. This was attributable to decreases from repayments during the fiscal year, which exceeded the increase due to lending. Real estate holdings declined ¥10.9 billion due mainly to depreciation.



## Proceeds from Investment

Investment income increased to ¥800.2 billion, up 1.5% compared with the previous fiscal year, due mainly to increases in interest, dividends and other income, and gains on sales of securities. On the other hand, investment expenses grew to ¥172.0 billion, up 13.9% compared with the previous fiscal year, due mainly to an increase in losses on sales of securities.

As a result, proceeds from investment declined to ¥628.2 billion, down 1.4% compared with last year's figure. Investment return on base profit and overall investment return fell year on year to 2.52% and 1.89%, respectively, compared with the previous fiscal year.

### Rate of Return

Years ended March 31,	2015	2016	2017
<b>Investment Return on Base Profit =</b> (proceeds from investment in base profit – provision for interest on dividend reserves)/policy reserves in general account	2.64%	2.60%	2.52%
<b>Investment Return =</b> net investment income/average daily balance of general account assets	2.72%	1.99%	1.89%

## Pursuing High-Quality Administrative Service

In the individual insurance field, we are promoting paperless procedures for enrollment in new policies and policy maintenance by utilizing the “Meister Mobile” tablet terminals carried by sales personnel. As a result, 99% of applications for enrollment in new policies are performed online. These efforts helped decrease the number of incomplete applications and shortened the time necessary for customers to finish enrollment procedures. We have thus striven to enhance customer experience.

In addition, efforts are now under way to upgrade our structure for after-sales services to ensure its responsiveness to evolving customer needs in a rapidly aging society. For example, we are endeavoring to simplify application forms, speeding up the payment of insurance claims and benefits, and assisting policyholders who have policies eligible for overlooked claims and benefits with the filing of claim applications.

We also promoted our MY *Anshin* Family Registration Scheme that registers family members of policyholders as secondary contacts. This scheme is intended to ensure that our contact with policyholders, especially the elderly, can be secured even in the event of such emergencies as major disasters. We also carried out the MY Longevity Policy Checking Scheme, thereby helping policyholders who reach celebrated ages check whether they might have forgotten policies eligible for claims.

In the field of group insurance, we launched the web-based “MY *Hojin* Portal” support service in April 2015, with the aim of further enhancing convenience for personnel in charge of group life insurance policies at our corporate customers. We are expanding the scope of application forms that can be submitted via these services based on customer requests. Furthermore, we relaxed administrative rules related to application procedures while continuously refining our system for administrating the payment of insurance claims and benefits.

# Our Overseas Insurance Initiatives

In addition to the domestic insurance business, we are developing our overseas insurance business to secure a more robust profit base and ensure risk dispersion.

Currently, Meiji Yasuda Life's overseas insurance business encompasses seven subsidiaries and affiliates spanning five countries. With the aim of seizing growth opportunities in promising markets abroad, we are promoting initiatives to expand profit from existing subsidiaries and affiliates. At the same time, we are assessing and researching new investment candidates through overseas bases in New York, London and Hong Kong, in preparation for future business development.

## Overview of the Overseas Insurance Business

● Overseas bases in New York, London and Hong Kong



### TU Europa S.A. and TUIR Warta S.A. (Poland)

In 2012, we invested in two major Polish insurers TU Europa S.A. and TUIR Warta S.A. jointly with our alliance partner Talanx AG, a well known German insurer, thereby making these two companies our affiliates. By doing so, we became the first Japanese insurer to enter the Polish insurance market.

We are striving to reinforce the business foundation of these two companies, helping them expand their operations.



### Founder Meiji Yasuda Life Insurance Co., Ltd. (China)

In 2010, we invested in a Chinese life insurance company, the precursor of Founder Meiji Yasuda Life Insurance Co., Ltd., making it an affiliate. Efforts are now underway to expand business at this joint venture with the other two shareholders, namely, Peking University Founder Group Co., Ltd. (created by Peking University) and Haier Group (a leading Chinese manufacturer of consumer electronics and home appliances).



### Thai Life Insurance Public Company Limited (Thailand)

In 2013, we invested in major life insurer Thai Life Insurance Public Company Limited and thus made it our affiliate. Along with a track record that extends more than 70 years since its founding, Thai Life boasts significant brand recognition as an insurer run by Thai people for Thai people. Meiji Yasuda Life is assisting Thai Life with its efforts to strengthen the distribution channel of agency, thereby helping it achieve sustainable growth.





**StanCorp Financial Group, Inc. (Portland, the United States)**

In March 2016, we acquired a 100% equity stake in StanCorp Financial Group, Inc., a corporate group handling life insurance business, making it a wholly-owned subsidiary. Headquartered in Portland, Oregon, StanCorp boasts a solid track record extending more than 100 years, as well as a leading position in the field of group life insurance in the United States, the world's largest life insurance market. StanCorp maintains a management philosophy to lead the insurance industry by "helping people achieve financial well-being and peace of mind," with its business network extending to regions throughout the United States.

Having positioned this subsidiary as a strategic base in the United States for securing future growth for Group operations, Meiji Yasuda Life is supporting StanCorp's customer-oriented business approach. We are providing this subsidiary with management oversight and monitoring by, for example, dispatching our personnel to serve as a director at StanCorp, with the aim of helping it achieve business expansion and greater profitability.



**Meiji Yasuda America Incorporated**



**Pacific Guardian Life Insurance Company, Limited (Honolulu, the United States)**

In 1976, we acquired a majority equity stake in Pacific Guardian Life Insurance Company, Limited (PGL) to participate in its management, thereby becoming the first Japanese life insurer to enter the U.S. life insurance market. In 1985, we went on to increase our equity stake in PGL to 100%, making it our wholly-owned subsidiary. Currently, PGL provides life insurance tailored for the needs of customers in local communities, mainly in Hawaii and the west coast. Meiji Yasuda Life is helping PGL strengthen its operating base through arrangements including dispatching personnel to serve as a director.



**PT Avrist Assurance (Indonesia)**

In 2010, we invested in Indonesian life insurer PT Avrist Assurance. Since then, we gradually stepped up investment, increasing our shareholdings in Avrist, making it our affiliate in 2012. Meiji Yasuda Life is dispatching officers and employees to share its experience and know-how with Avrist, thereby helping this affiliate improve its corporate value through such measures as improving administrative services and strengthening sales capabilities.



# Governance and Compliance

## Operation of Mutual Company

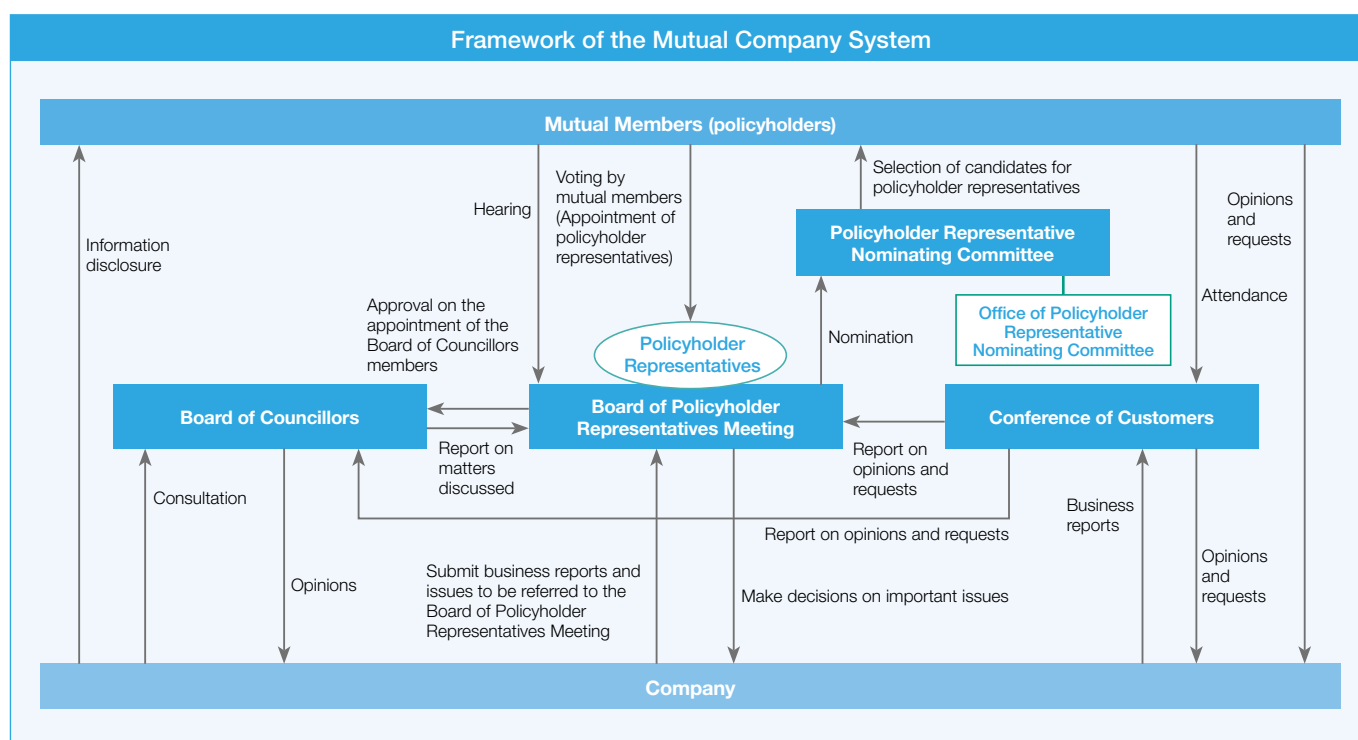
### Framework of the Mutual Company System

Although a life insurance company can be established as either a “stock company” or a “mutual company,” Meiji Yasuda Life was founded as a mutual company in accordance with Japan’s Insurance Business Act.

A mutual company is an incorporated body in which those\* who enroll in its insurance policies also become “mutual members.” These members own the mutual company, just as shareholders own a stock company. As of March 31, 2017, Meiji Yasuda Life’s mutual members numbered approximately 6.66 million.

Since Meiji Yasuda Life operates in the form of a mutual company, it is committed to placing the utmost emphasis on the interests of its policyholders. In addition to the Board of Policyholder Representatives Meeting, Meiji Yasuda Life maintains the Policyholder Representative Nominating Committee and the Board of Councillors, as well as the Conference of Customers to enhance the operation of its governance system to ensure that policyholders’ opinions and requests are better reflected in the Company’s management.

\* Excluding those who enroll only in policies without dividends



### Board of Policyholder Representatives Meeting

In order to operate the Company in the way that directly reflects every member’s opinion, it is necessary to hold a “General Meeting of Policyholders.” In reality, however, inviting roughly 6.66 million policyholders nationwide to attend a single meeting is simply impossible.

Meiji Yasuda Life therefore has the Board of Policyholder Representatives Meeting, which consists of representatives selected from policyholders in accordance with the Insurance Business Act. As the highest decision making body of the Company, the Board of Policyholder Representatives Meeting reviews reports on financial results and deliberates on the appropriation of surplus and the appointment of directors, before making decisions on these and other important management issues.

#### Policyholder Representatives

In line with its Articles of Incorporation, Meiji Yasuda Life has set the number of policyholder representatives at 222. Of these, 120 representatives are selected from all 47 prefectures throughout Japan. While using a proportional representation system based on the number of policyholders residing in each prefecture, the Company selects a minimum of one representative from every prefecture. An additional 80 representatives are selected irrespective of where they reside. These measures are designed to ensure that representatives reflect the diverse demographic base of our mutual members, including people from every region and age group, as well as various occupations.

Furthermore, the Company appoints 22 representatives from policyholders who voluntarily apply to become candidates. As such, Meiji Yasuda Life maintains diverse and transparent processes for the selection of its policyholder representatives.

In light of the primary role of policyholder representatives, who attend the Board of Policyholder Representatives Meeting and engage in practical discussions involving question and answer sessions, we believe the size of this body is appropriate to reflect the consensus of all policyholders and supervise management from diverse perspectives.

## Policyholder Representative Nominating Committee

The Policyholder Representative Nominating Committee consists of members selected from policyholders and appointed by the Board of Policyholder Representatives Meeting. The number of committee members is limited to 10 or less.

In addition, Meiji Yasuda Life maintains a support team to assist the Policyholder Representative Nominating Committee. With the aim of securing a transparent selection process that is independent of management, the Company consigns supervision of this team to an outside individual who is not an employee of the Company.

## Board of Councillors

The Board of Councillors serves as an advisory body to management and is in charge of addressing policyholders' opinions and requests that are deemed important management issues, as well as other significant matters of concern. The board meets three times a year, and matters discussed at these meetings are reported to the Board of Policyholder Representatives Meeting.

The members of the Board of Councillors are appointed from policyholders or academic experts upon the approval of the Board of Policyholder Representatives Meeting. The number of such members is limited to 20 or less in accordance with the Company's Articles of Incorporation.

## Conference of Customers

Ahead of other insurers in Japan, in 1973 Meiji Yasuda Life began holding an annual Conference of Customers on a nationwide basis. These meetings were held at a total of 92 locations, including regional offices across Japan, from January to March 2017, with a total of 2,162 policyholders attending.

The conference provided briefings on the operating results for the first half of the fiscal year (April 1 to September 30, 2016), Meiji Yasuda Life's medium- to long-term management approach, and the Company's social contribution activities. In addition, a total of 7,751 opinions and requests were submitted by attendees. This input is very important for us.

These opinions and requests are reported to the Board of Policyholder Representatives Meeting and the Board of Councillors. In addition, whenever we receive opinions identifying issues in need of improvement, the department in charge of addressing the particular issue considers options and implements improvement measures, while the Customer Satisfaction Verification Committee, an advisory body to the Management Council, follows up to verify the status of implementation.

Policyholder representatives who attend the Conference of Customers are asked to make suggestions at the Board of Policyholder Representatives Meeting to reflect the policyholders' opinions and requests submitted at the conference. Moreover, we select a certain number of policyholder representatives from the attendees of the conference.

These are some of the ways the Board of Policyholder Representatives Meeting and the Conference of Customers complement each other.

To notify our members of the application procedures to attend the upcoming Conference of Customers during the fiscal year ending March 31, 2018, we will display posters at regional offices and other business bases, as well as making this information available via our website, prior to holding the conference. Related information is also available to policyholders upon inquiry at the nearest Meiji Yasuda Life regional office or business base.



Conference of Customers



# Governance and Compliance

## Management Structure

Meiji Yasuda Life has adopted the “Company-with-Committees” system (currently known as the Company with Three Committees system) to strengthen its corporate governance and increase transparency. The Board of Directors consists of 11 elected directors, including six outside directors who make up the majority. The Company also maintains Nominating, Audit, and Compensation committees, with the majority of each committee comprised of outside directors. Moreover, Meiji Yasuda Life has designated executive officers in charge of business execution, thereby ensuring clear institutional separation between management supervision and executive functions. In these ways, the Company secures a transparent management structure capable of ensuring solid oversight.

### Board of Directors

The Board of Directors reaches decisions on important management issues while supervising business execution undertaken by directors and executive officers. In addition, the Outside Directors Council is in place, with all the outside directors serving as members to deliberate key management matters.

#### Nominating Committee

The Nominating Committee determines proposals related to the election and dismissal of directors. These are submitted to the Board of Policyholder Representatives Meeting.

○ Teruo Kise\*  
Miyako Suda\*  
Masaki Akita\*  
Nobuya Suzuki  
Akio Negishi

#### Audit Committee

The Audit Committee audits the business execution of directors and executive officers, and prepares audit reports. It also submits recommendations to the Board of Policyholder Representatives Meeting on the election and dismissal of accounting auditors.

○ Seiichi Ochiai\*  
Teruo Kise\*  
Miyako Suda\*  
Keiko Kitamura\*  
Kenji Kojo

#### Compensation Committee

The Compensation Committee formulates the overall policy on remuneration for those in key positions, such as directors and executive officers, and thereby determines the content of remuneration for such individuals.

○ Shigehiko Hattori\*  
Seiichi Ochiai\*  
Keiko Kitamura\*  
Nobuya Suzuki  
Akio Negishi

○ Committee Chairperson  
\* Outside Director

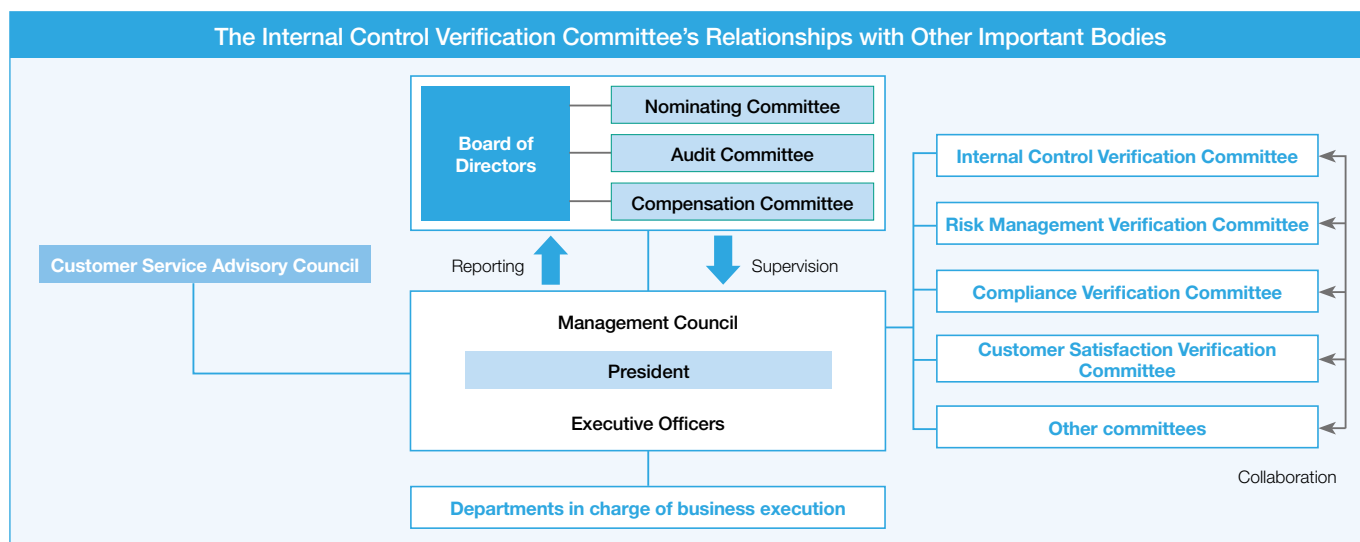
## Internal Control System

### I Development and Enhancement of the Internal Control System

Meiji Yasuda Life established the Basic Policies for the Internal Control System that guides its initiatives to develop and maintain sophisticated internal controls. Moreover, the Company set up the Internal Control Verification Committee, an advisory body to the Management Council with the aim of deliberating various matters related to internal controls from across-the-board perspectives.

Although it operates as a mutual company, Meiji Yasuda Life voluntarily adopts internal control and financial reporting systems as well as related in-house rules that are mandatory for all domestically listed companies, thereby enhancing the reliability of its financial reporting. At the close of its full-year financial results, the Company evaluates the status of its internal controls to confirm whether or not significant problems requiring disclosure were identified. Based on this evaluation, the Company prepares internal control reports. These reports are audited by our external auditors, who then issue an internal control auditing report.

To develop a robust internal control structure, designated personnel, such as internal control managers, have been assigned throughout the organization. These personnel spearhead the internal control self-assessments performed by each business unit and, by checking operations for the appropriateness of internal controls, they confirm whether legal requirements are met and business risk is managed. We are also developing an internal control structure that includes system platforms that enable us to quickly verify internal controls and rapidly correct any shortcomings. Within this structure, the Company also pursues other internal control activities, such as executing rigorous follow-up self-assessments, thereby ensuring the appropriateness of its business operations.



#### Our Basic Policies for the Internal Control System

In concert with the enforcement of the Company Act in May 2006, Japan's Insurance Business Act was revised, making it mandatory for insurers to resolve related policies at their board of directors meetings. Accordingly, Meiji Yasuda Life established basic policies governing such matters as its Audit Committee support structure, as well as systems to ensure the appropriateness of operations through legal compliance and risk management.

# Governance and Compliance

## Internal Audit Structure

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### Basic Approach

Meiji Yasuda Life has positioned internal auditing as an important process in which it obtains advice and recommendation from auditors who evaluate the status of its business operations from a fair and objective standpoint with the aim of helping the Company achieve its management targets. To secure the effectiveness of internal audits, the Company established its Policy on Internal Audit. In line with this policy, the Internal Audit Division has been put in place, operating under the dedicated supervision of the executive officer serving as Chairman of the Board. With the aim of ensuring that its audit function is strictly independent from business execution functions, the Company requires the approval of the Audit Committee for any change in its Policy on Internal Audit or the formulation of internal audit plans while consolidating all internal audit results to be reported to the committee.

Moreover, the head of the Internal Audit Department attends every Audit Committee meeting while regularly exchanging opinions with a full-time Audit Committee member. As such, the department maintains close collaboration with the Audit Committee.

### Initiatives to Reinforce Our Internal Audit Structure

To ensure that internal audits are carried out in an efficient and effective manner, internal audit plans are formulated based on risk assessments, with the scope of audits encompassing all business units and activities of Meiji Yasuda Life, its subsidiaries and affiliates. Specific audit themes include the status of countermeasures aimed at addressing key risks and the progress of the Medium-Term Business Plan. These themes are applied across-the-board in audits covering subsidiaries and affiliates. Meanwhile, headquarters and other business bases, including regional offices as well as group marketing departments, are subject to unit-specific audits aimed at determining the status of business activities at each business unit.

In addition, these audits involve off-site monitoring in which meeting materials and other documents are examined as necessary, with monitoring results being reflected in risk assessment process. The results of internal audits and the status of recommended improvement measures are swiftly reported to the Management Council, Audit Committee and Board of Directors.

Meiji Yasuda Life's main domestic subsidiaries and affiliates also have their own Internal Audit departments operating under the instruction of and receiving advice from their counterparts at the Company. Meiji Yasuda Life is cooperating with its overseas insurance subsidiaries and affiliates as necessary, with the aim of strengthening the internal auditing systems of the entire Group.

### Initiatives to Maintain and Enhance the Quality of Internal Audits

To maintain and enhance specialist knowledge and skills possessed by internal auditors, we established in-house educational programs and are regularly providing training sessions. In doing so, we are striving to nurture expert human resources who can be accredited under the Certified Internal Auditor (CIA) scheme sponsored by The Institute of Internal Auditors (IIA), an international association of internal auditing professionals. Moreover, efforts are now under way to conduct training in collaboration with external auditors and other outside experts to secure in-house personnel capable of performing highly specialized auditing.

Also, we have formulated audit quality management programs to constantly enhance the quality of internal auditing, thereby carrying out the periodic evaluation of audit quality. Our internal audits for the fiscal year ended March 31, 2015 were assessed by a third party audit firm, which evaluated the quality of our audit results based on the International Standards for the Professional Practice of Internal Auditing set forth by the IIA. These assessments concluded that our audits deserve a "Generally Conforms" rating, which represents the highest degree of conformity to the standards.

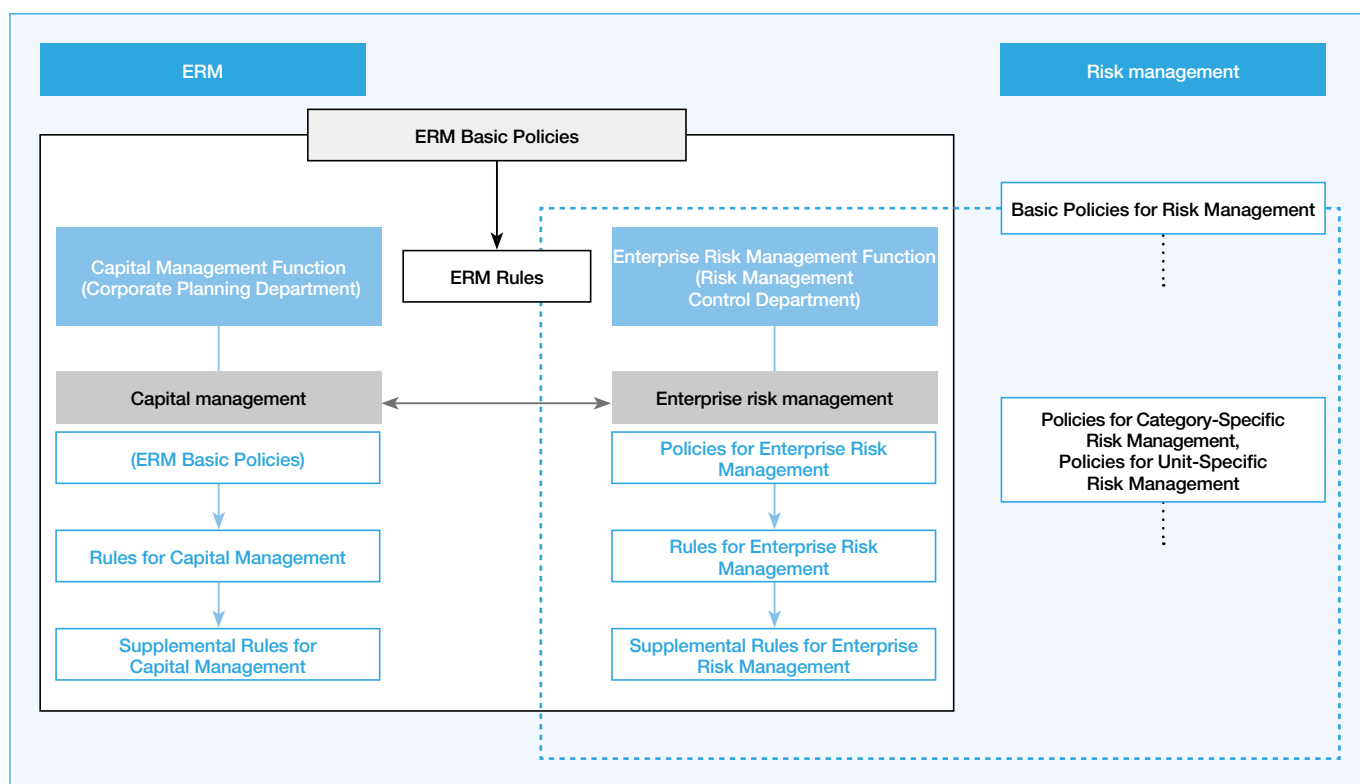
## ERM and Risk Management Structure

### Basic Recognition, ERM, and Risk Management Policies and Rules

Meiji Yasuda Life recognizes the importance of ensuring sound management and faithfully fulfilling contractual obligations over the long term to achieve its goal of delivering customers unwavering peace of mind. In line with this recognition, we view risk management as one of the most crucial elements of business management, with ERM, which aims to control all operational risk in a way consistent with management strategies, positioned as a key methodology. Accordingly, the Board of Directors, Management Council and other bodies set ERM and risk management policies and rules.

### ERM Structure

Meiji Yasuda Life has determined that its ERM structure must serve two functions: capital management and enterprise risk management. In line with this determination, the Company has charged its Corporate Planning Department with the former function while assigning the latter function to the Risk Management Control Department, which is in charge of overall risk management. These two bodies are expected to realize synergies in the practice of ERM while mutually providing checks and balances.

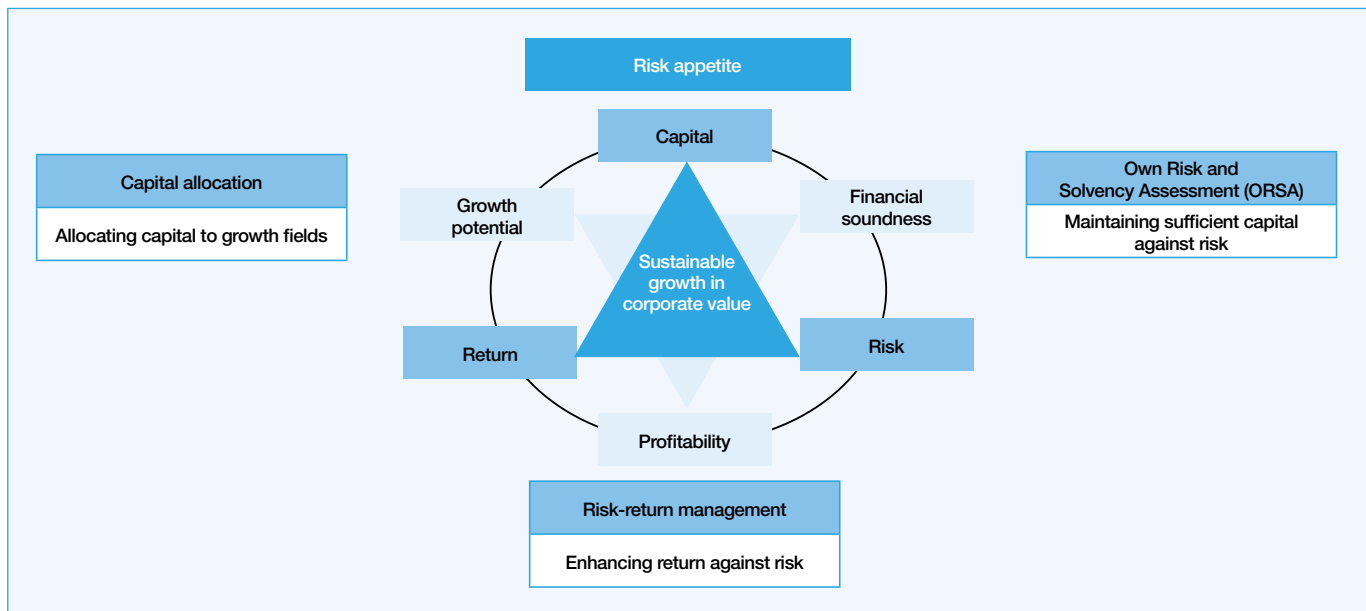


# Governance and Compliance

## The ERM Framework in Operation

With the aim of enhancing corporate value while striking a balance between growth potential, profitability and financial soundness, we have utilized our ERM framework in the formulation of MY INNOVATION 2020, a three-year program beginning in April 2017.

More specifically, to ensure sustainable growth in corporate value and based upon the Company's unique risk appetite, which clarifies the types and levels of acceptable risk, Meiji Yasuda Life engages in capital allocation, risk-return management and Own Risk and Solvency Assessment (ORSA) in an integrated manner. We also utilize ESR as the primary indicator of our financial soundness.



## Economic Solvency Ratio (ESR)

An economic-value based indicator that shows whether the Company has secured sufficient capital in contrast with its total amount of risk. (Adopting a 99.5% confidence level, the figure assumes an investment environment based on the Company's internal model.)

$$\text{ESR} = \text{capital} / \text{total amount of risk}$$

### ► Risk Appetite

At Meiji Yasuda Life, risk appetite designates the types and levels of risk the Company is willing to take. It clarifies Meiji Yasuda Life's targets for risk and returns, which, in turn, are utilized to direct its decision making and manage its business activities. The Company's risk appetite is set forth in its ERM Basic Policies and serves as a key element supporting business plan formulation and operations management.

### Outline of Meiji Yasuda Life's Risk Appetite

- Based on its management philosophy, the Company aims to deliver its customers unwavering peace of mind and, to this end, engages in risk-taking in the pursuit of its domestic life insurance business, asset management, affiliate businesses and other operations as long as its financial soundness is maintained at high levels.
- To maintain financial soundness that can earn an "AA" rating, the Company modifies its risk-taking practices based on the level of its ESR, striking a balance between growth potential, profitability and financial soundness. By doing so, the Company will secure stable profit while enhancing its corporate value.
- In the domestic life insurance business, the Company aims to diversify insurance underwriting risk. At the same time, the Company proactively underwrites certain types including medical and nursing care insurance.
- In asset management, the Company focuses on controlling interest rate risk, with due consideration given to the impact of interest rates on its liabilities. The Company also disperses its asset management risk while diversifying its asset management methodologies. In these ways, the Company engages in risk-taking, with the aim of securing the greatest profitability possible within its risk tolerance.
- In the affiliate business, the Company engages in risk-taking aimed at securing potential for sustainable future growth while avoiding the concentration of risk in the domestic life insurance business.

► **Capital Allocation**

Since its risk-taking approach is designed to secure both financial soundness and growth potential, Meiji Yasuda Life has set the maximum amount of risk that can be taken, with economic capital being allocated to each business category and risk type based on the maximum amount of risk specified by the Company. In general, organizations in each business category engage in risk-taking within the scope of allocated capital.

► **Risk-Return Management**

In line with its aim of securing profitability corresponding to risk, Meiji Yasuda Life employs a risk-adjusted return index, a profitability indicator that takes risk into account. The Company utilizes this indicator in the course of business planning, product development and asset management.

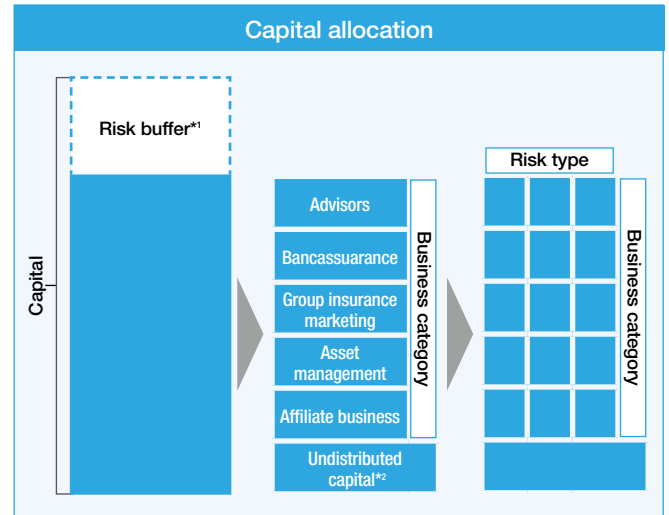
► **Own Risk and Solvency Assessment (ORSA)**

ORSA provides a comprehensive verification of an insurer’s risk-taking strategies by evaluating the sufficiency of its capital through comparisons of present and future risk and capital. To analyze internal and external conditions, Meiji Yasuda Life undertakes an ORSA whenever formulating or revising business plans, with the sufficiency of its capital being evaluated via such methods as stress tests based on foreseeable medium-term risk scenarios over three to five years.

**The ERM Basis of the Medium-Term Business Plan**

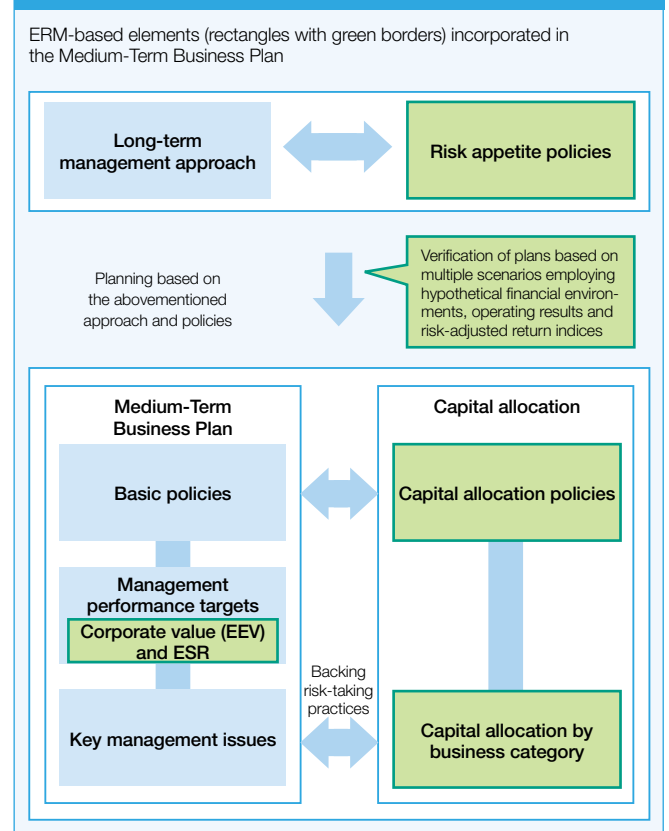
Meiji Yasuda Life aims to maintain financial soundness that can earn an “AA” rating and, to this end, is controlling its risk-taking approach based on the level of its ESR which is a key financial soundness indicator. More specifically, the new Medium-Term Business Plan has established an ESR target of 150 to 160% or more for the fiscal year ending March 31, 2020, taking into account international trends in capital regulations.

Moreover, the Company has formulated the Medium-Term Business Plan in alignment with its risk appetite. To maintain financial soundness, the Company is striving to meet its ESR target while engaging in risk-taking based on the capital allocated to each operation. In these ways, we endeavor to achieve management performance targets for profitability and growth, with the aim of securing sustainable growth in corporate value. (Please see page 21 for the management performance targets set forth in the Medium-Term Business Plan.)



\*1 Retaining adequate capital to ensure financial soundness capable of withstanding changes in external factors  
 \*2 Capital retained by management in order to ensure financial soundness and in preparation for risk-taking through new investment, M&A and other future undertakings

**The Utilization of ERM in the Medium-Term Business Plan**

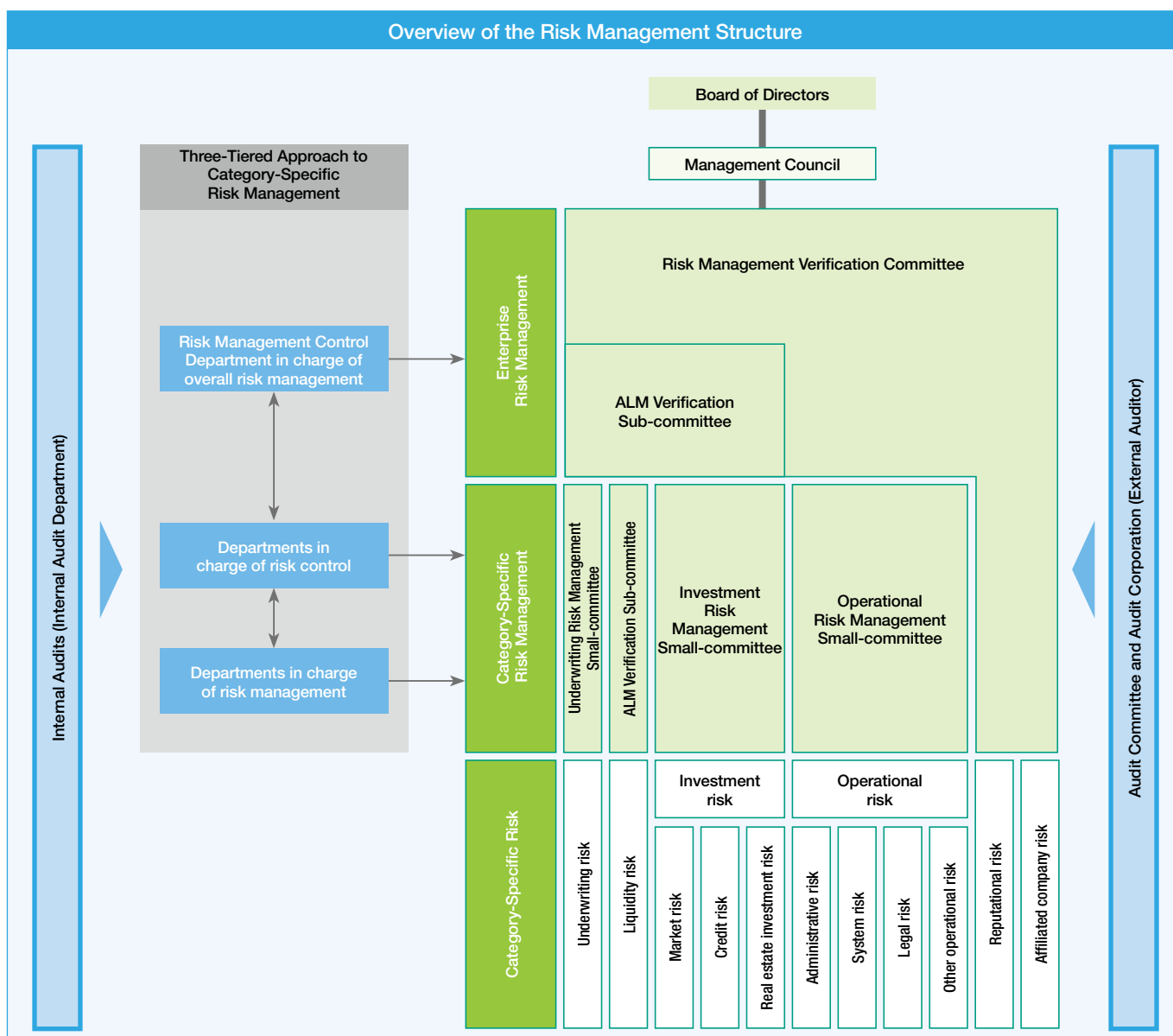


# Governance and Compliance

## Risk Management Structure

The department in charge of overall risk management (Risk Management Control Department) develops and promotes the overall risk management system, integrating our risk management structure. It monitors and supervises the overall status of risk management while also providing expert advice to departments in charge of risk control and departments in charge of risk management, both of which are established to handle category-specific risk. Moreover, the Risk Management Verification Committee serves as an advisory body for the Management Council and oversees sub-committees and small-committees specialized to deal with category-specific risk in their respective areas, with the aim of ensuring regular monitoring and appropriate control of all manner of risks.

To enhance the effectiveness of our risk management, the Internal Audit Department undertakes internal audits, while the Audit Committee carries out inspections and the External Auditor undertakes external audits. These audits examine the appropriateness and efficacy of risk management functions, as well as the risk management system.



## Enterprise Risk Management

In addition to maintaining an integrated risk management framework to handle all category-specific risks, Meiji Yasuda Life pays close attention to the enterprise risk associated with its entire operations. More specifically, the Company performs risk management employing a PDCA cycle, in which it undertakes the quantitative and qualitative evaluation of enterprise risk, including potential risks that may significantly impact its business operations, while monitoring and controlling for such risk. The Company also employs ORSA, a process for verifying the appropriateness of its risk-taking strategies, as a core methodology to promote enterprise risk management.

Furthermore, the Company has developed an overarching framework for assessing and managing risks associated with the entire Group in step with the expansion of the scope of its overall operations, quantitatively measuring the risk related to such operations.

The status of these risk management activities is periodically reported to the Risk Management Verification Committee, the Management Council and the Board of Directors.

### ▶ ALM Risk Management

Risk management employing an Asset Liability Management (ALM) approach has two basic roles. It helps the Company perform asset management attuned to the probable cash flows of liabilities, based on the characteristic of insurance claims and benefits under insurance policies. Moreover, ALM can be utilized to better reflect the current asset management environment in the Company's product development and sales strategies.

Accordingly, Meiji Yasuda Life has positioned ALM as an important management method and is endeavoring to appropriately control asset-liability mismatches.

### ▶ Key Risk Management

Meiji Yasuda Life identifies key risks (such as a drastic plunge in stock prices, the occurrence of a major earthquake or a contagious pandemic), which can cause significant loss to the Company, taking into account the impact of these events on its business operations based on their magnitude and probabilities. In addition to closely monitoring indicators suggesting the occurrence of these events, we are implementing preemptive countermeasures as necessary and working to maintain a robust risk management process aimed at ensuring flexible response in the event a key risk materializes.

### ▶ Risk Tolerance and Risk Limitation Management

Based on the Company's risk appetite, we engage in risk-taking in the course of our domestic life insurance business, asset management, affiliate businesses and other operations provided our financial soundness is maintained at high levels. To this end, Meiji Yasuda Life has clarified management's views on and approach toward risk-taking, including criteria that need to be met upon assuming risk, in order to specify its risk tolerance as written rules. These rules are used to determine quantitative limits on the risk that can be taken as necessary, helping us maintain appropriate control over our risk-taking.

### ▶ Stress Tests

In addition to employing the Value at Risk (VaR)\* method (one of several ERM methodologies that measures enterprise risk based on maximum foreseeable loss), we conduct stress tests to simulate conditions that exceed normal forecasts and cannot be assessed with VaR, such as drastic economic deterioration and major disasters including earthquakes. Through stress tests, we perform multivariate analysis on such factors as the assumed impact on assets and liabilities, as well as the level of increase in insurance payments.

Test results are utilized to verify the appropriateness of the Company's risk-taking strategies and discuss measures for strengthening the financial foundation.

\* A method for measuring specific portfolio risk based on the maximum foreseeable loss that can be incurred in a certain period of time with a certain probability. Utilizing statistical analysis, VaR boasts advantages in accurately and uniformly assessing the value of risk associated with each asset type.

## Category-Specific Risk Management

We categorize and manage risks based on their causative factors and characteristics. We are striving to ensure that newly emerging risk is rapidly identified by giving due consideration to the uniqueness of risk in each category. Moreover, as risks are identified, the incidents are quantitatively and qualitatively evaluated so that appropriate risk control measures can be implemented as necessary.



# Governance and Compliance

## Promoting Compliance

In line with its Basic Code of Compliance, Meiji Yasuda Life defines compliance as “acting with fairness and integrity, not only by complying with laws and in-house rules, but also through the exercise of common sense.” We recognize that every officer and employee of the Group must practice compliance to achieve our management philosophy aimed at delivering our customers unwavering peace of mind. With this in mind, we are implementing the following initiatives to promote compliance.

### I Thoroughly Disseminating Our Philosophy on Compliance

Guided by its management philosophy, the Meiji Yasuda Life Group aims to deliver its customers unwavering peace of mind while striving to live up to the expectations of customers, local communities and employees. To that end, our “Code of Corporate Conduct (CSR Action Policies)” is in place, setting forth action principles aimed at fulfilling our corporate social responsibility. These principles also serve as basic compliance policies and standards.

The “Meiji Yasuda Sales and Service Policy” lays out our motto of enhancing after-sales service and meticulously accommodating the needs of the elderly as well as the rule of providing detailed product explanations, and other matters such as severing relationships with antisocial forces and responding appropriately to money laundering and other financial crimes. By doing so, it aims to ensure compliance throughout our business operations, including the solicitation of insurance, with the aim of maintaining the trust of customers.

Moreover, to ensure that every officer and employee practices compliance to build closer relationships with customers, “Our Pledge” sets out commitments to maintain proper bearing and a strong moral compass, as well as to act appropriately with sincerity in fulfilling work responsibilities.

To ensure that we never lose sight of the significance of compliance, every member of the Group carries a card bearing the “Code of Corporate Conduct (CSR Action Policies),” “Meiji Yasuda Sales and Service Policy,” and “Our Pledge” so that each of us will always remain faithful to our customers. In these ways, we are striving to instill deep-seated awareness toward compliance.

In addition, the “Compliance Manuals” are a set of comprehensive manuals aimed at ensuring that every employee is well-versed in the procedures and instructions necessary to maintain compliance. The manuals cover a range of laws, regulations and in-house rules that must be observed by employees in their day-to-day business conduct.

### I Compliance Promotion Structure

To develop a sophisticated compliance promotion structure, we have put the Compliance Control Department in place to carry out integrated management of compliance issues throughout the Meiji Yasuda Life Group, including subsidiaries and affiliates.

Also, we established the Financial Crime Prevention Office under the Compliance Control Department, thereby building a centralized structure. This enables us to implement more robust countermeasures against the threat of antisocial forces as well as money laundering, insider trading and other financial crimes through the integration of related in-house functions.

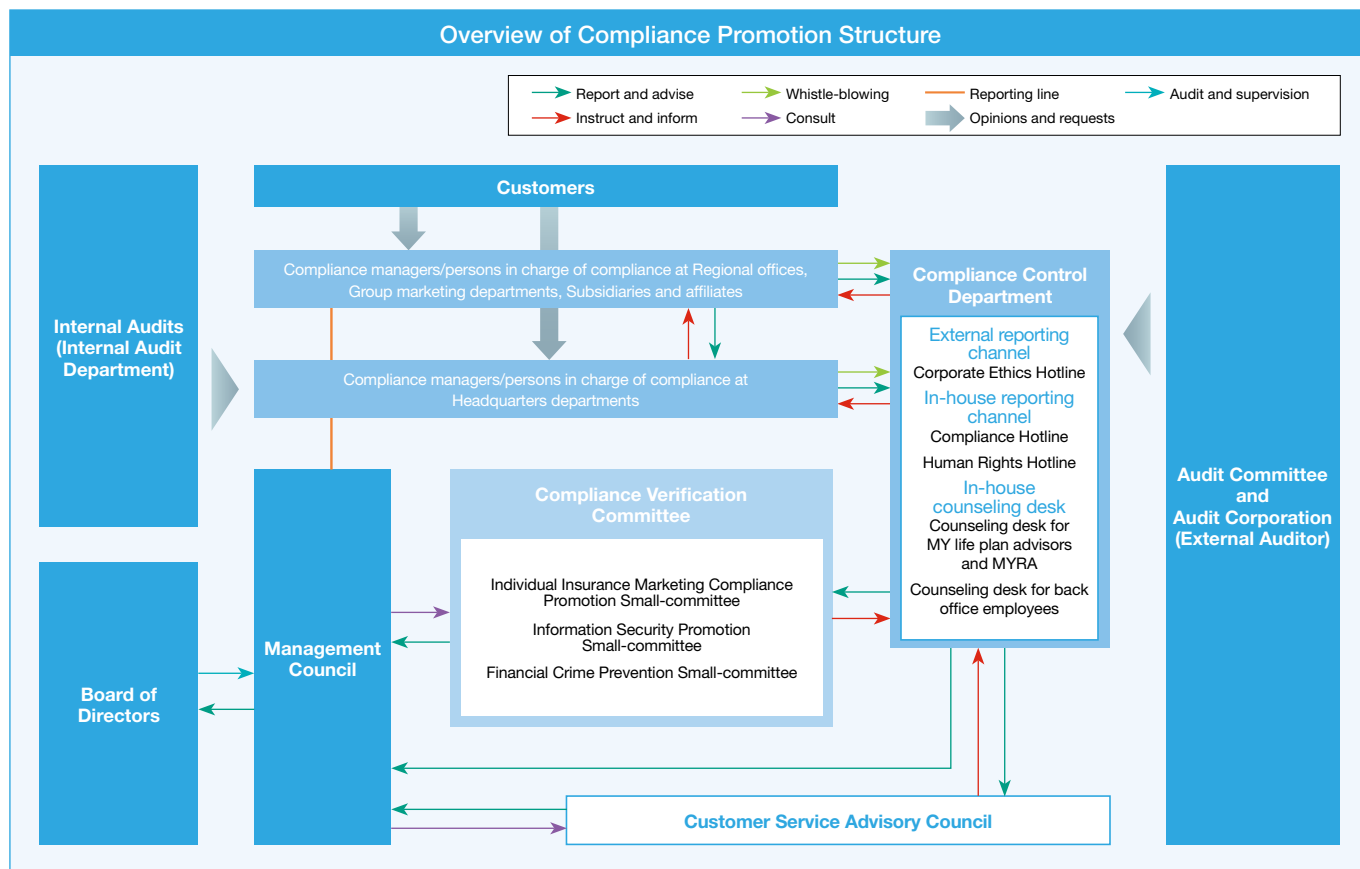
In cooperation with compliance managers and persons in charge of compliance at each business section, the Compliance Control Department also implements preemptive measures such as compliance education while dealing with compliance issues when improprieties are identified. In addition, any occurrence of impropriety is reported to the Compliance Control Department through the compliance managers and persons in charge of compliance at the departments in question. To ensure the prompt reporting of potential impropriety, we provide our people with multiple points of contact. For example, our “Corporate Ethics Hotline” provides an external reporting channel, while we maintain other in-house reporting channels that include a “Compliance Hotline” and “Human Rights Hotline.” We also maintain dedicated in-house counseling desks for MY life plan advisors, Meiji Yasuda Relationship Associates (MYRA) and back office employees.

The “Compliance Verification Committee” pursues compliance on a comprehensive basis. It plans and develops compliance systems throughout the Meiji Yasuda Life Group while providing guidance to departments charged with business execution. Moreover, the Customer Service Advisory Council is in place, with external specialists serving as some of the council members. This council deliberates such important matters as the development and improvement of compliance systems aimed at supporting customer-focused business operations, thereby serving as an advisory body on these matters.

### I Initiatives to Promote Robust Compliance

Every fiscal year, we draw up a “Compliance Practice Plan” setting forth concrete action plans aimed at promoting compliance. In line with the companywide action plan, headquarters and regional offices, as well as group marketing departments, each formulate their own specific action plans to address individual issues confronting them and thereby work to ensure compliance in a proactive manner. The Compliance Verification Committee and other bodies report the status of these action plans to the Board of Directors.

## Overview of Compliance Promotion Structure



## Countermeasures against the Threat of Antisocial Forces and Financial Crimes

Meiji Yasuda Life places utmost value on its customers and aims to become a company that is trusted by every customer as well as society as a whole. Therefore, Meiji Yasuda Life recognizes that for the Company to fulfill its responsibility as a corporate citizen, severing ties with antisocial forces and implementing robust countermeasures against such financial crimes as money laundering and insider trading is an essential management task.

In line with this recognition, our “Code of Corporate Conduct (CSR Action Policies)” sets forth policies of severing any relationships with antisocial forces, preventing our business transactions from being exploited as a vehicle for money laundering and other financial crimes, and abstaining from conducting any unfair transactions such as insider trading. In addition, we formulated “Basic Concepts Guiding Our Business Execution,” which lays out more concrete guidelines designed to embody the spirit of the “Code of Corporate Conduct (CSR Action Policies).” Specifically, these rules oblige employees to decisively refuse unlawful requests from antisocial forces and to collaborate with related departments to handle the issues on an organizational basis. In addition, the provision of monetary and other benefits to such forces is strictly prohibited by these rules. The rules also urge employees to pay close attention to avoid engaging with members of antisocial forces in the course of the sale of insurance, the execution of investment and the procurement of goods.

## Protection of Personal Information

Meiji Yasuda Life established its “Basic Policies for the Protection of Personal Information” and has disclosed these policies through such media as its corporate website.

In line with the aforementioned policies, the Company strives to develop a robust information management system, ensuring that information is protected on every stage of its lifecycle, from acquisition to disposal of information, while strictly controlling the handling of its information by subcontractors.

# Governance and Compliance

## Stewardship Initiatives

### I Our Initiatives Related to Principles for Responsible Institutional Investors (Japan's Stewardship Code)

In line with its "Policies for Fulfilling Our Stewardship Responsibilities," announced in August 2014, Meiji Yasuda Life is maintaining ongoing and constructive dialogue with its investees from a long-term perspective, engaging in discussions with regard to their initiatives to secure sustainable growth and corporate governance systems. Maintaining such dialogue also helps us ensure the appropriate exercise of our voting rights. In addition, we are regularly verifying the appropriateness of dialogue and the exercise of voting rights.

Although our fundamental concept for stock investment has been to yield stable returns over the long term in step with growth in each investee's corporate value, we will step up our efforts to fulfill our responsibilities as an institutional investor by practicing the abovementioned policies and by encouraging our investees to maximize their corporate value through dialogue and other activities.

In addition, we regularly announce the latest status of such activities on our corporate website.



<http://www.meijiyasuda.co.jp/profile/csr/governance/>  
(Japanese only)

#### Policies for Fulfilling Our Stewardship Responsibilities

##### 1. Purpose

These policies aim to stipulate basic matters concerning Meiji Yasuda Life's efforts to fulfill its stewardship responsibilities while clarifying the Company's commitment to act appropriately as a responsible institutional investor.

##### 2. Fundamental Concept

From the stance of a long-term perspective, the Company recognizes that securing investment profits while controlling risk is essential to fulfill its obligation to its customers. Therefore, the Company's fundamental concept for stock investment is to yield stable returns over the long term in step with growth in each investee's corporate value.

In doing so, Meiji Yasuda Life engages in dialogue with investees to encourage them to maximize their corporate value, thereby fulfilling its responsibilities as an institutional investor.

##### 3. Concrete Initiatives

###### (1) Assessing the latest status of investees

We will continuously monitor developments at our investees and accurately assess the quantitative and qualitative aspects of their operating status, thereby maintaining ongoing dialogue and appropriately exercising our voting rights.

###### (2) Dialogue

We recognize that maintaining dialogue with investees and helping them maximize their corporate value is key to fulfilling our responsibilities as an institutional investor over the long term. Moreover, improved corporate value will lead to greater shareholder value, which will, in turn, be attributable to Meiji Yasuda Life as a shareholder. Therefore, from the stance of a long-term perspective, we will engage in dialogue with the Company's investees with regard to their initiatives to achieve sustainable growth and corporate governance. By doing so, we will ensure that they can share our perspective. In this process, we ask investees to make improvements when problems have been identified.

In addition, we will document dialogue with investees and preserve a record of the dialogue, thereby ensuring that discussions will remain constructive and be held on an ongoing basis.

Meiji Yasuda Life never intends to receive undisclosed important information from investees in the course of dialogue. In cases where the Company happens to receive such information from an investee, we will immediately suspend the transaction of its shares and take other necessary steps in accordance with laws, regulations and in-house rules.

###### (3) Exercise of voting rights

We will undertake the appropriate exercise of voting rights in accordance with the Company's in-house rules and the following concepts.

- Our basic stance on the exercise of voting rights is to respect the uniqueness of each investee's management approach and corporate governance

system. However, with regard to companies that have problems in their structures and ineffective functions in relation to initiatives to enhance the interests of shareholders or in relation to their corporate governance, we encourage the investee to enhance corporate value and the interests of shareholders from a long-term perspective by proactively engaging in dialogue and by undertaking the appropriate exercise of voting rights.

- With regard to proposals submitted to the shareholders meetings, we will carefully examine each proposal. If we determine a proposal may be problematic from the perspective of securing the investee's corporate governance functions or it may pose a negative impact on the interests of shareholders, we will make a suggestion or take action as a shareholder.
- We provide details of our stance on the exercise of voting rights in "Our Initiatives Related to the Exercise of Voting Rights for General Account Assets" ([http://www.meijiyasuda.co.jp/profile/csr/governance/pdf/vote\\_approach.pdf](http://www.meijiyasuda.co.jp/profile/csr/governance/pdf/vote_approach.pdf)) and "Our Initiatives Related to the Exercise of Voting Rights for Separate Account Assets" ([http://www.meijiyasuda.co.jp/profile/csr/governance/pdf/separate\\_account.pdf](http://www.meijiyasuda.co.jp/profile/csr/governance/pdf/separate_account.pdf))

###### (4) Periodic reporting

We will periodically update the implementation status of these policies on our corporate website. To see the latest information, please visit the following URL. ([http://www.meijiyasuda.co.jp/english/about-us/pdf/stewardship\\_report.pdf](http://www.meijiyasuda.co.jp/english/about-us/pdf/stewardship_report.pdf))

###### (5) Initiatives aimed at better fulfilling our stewardship responsibilities

The "Responsible Investment Promotion Small-committee" monitors the status of dialogue with investees and the exercise of voting rights, thereby verifying the appropriateness of these activities periodically. Based on the results of this verification, we will review our "Policies for Fulfilling Our Stewardship Responsibilities," "Our Initiatives Related to the Exercise of Voting Rights for General Account Assets" and "Our Initiatives Related to the Exercise of Voting Rights for Separate Account Assets" as necessary. Through these initiatives, we will develop and enhance our structure to better fulfill our stewardship responsibilities into the future.

###### (6) Management of conflicts of interest

In cases where a conflict of interest emerges in the course of the implementation of our stewardship initiatives, we put the utmost value on the interest of our customers. To prevent the interest of our customers from being unjustly damaged, we appropriately manage our stewardship initiatives in line with the "Policies for Managing Conflicts of Interest," (<http://www.meijiyasuda.co.jp/reciprocity/index.html>) which are intended to prevent a conflict of interest in all aspects of the Company's business operations.

\* Japanese only

## IT Governance

### I Developing a Solid IT Governance Structure

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Striving to become a life insurance company that cares about people first, Meiji Yasuda Life proactively works to develop various business processes, including those supported by Information Technology (IT).

To constantly provide high-quality products and services tailored to customer needs, we prioritize development projects for our IT systems based on their potential contribution to management performance as well as their investment efficiency. At the same time, we manage such development projects with an eye to realizing the optimal combination of system resources while implementing thoroughgoing risk mitigation measures, thereby building a business process of superior quality.

In the fiscal year ended March 31, 2017, we invested around ¥20 billion in IT system development projects, especially those aimed at helping enhance our competitive advantages and facilitate business expansion in growth fields.

Specifically, we developed IT systems associated with the release of the “Simple Insurance Series Light! By Meiji Yasuda Life,” as well as the introduction of a single application procedure that simultaneously meets requests under different types of applications ranging from policy maintenance to claim payments. As such, we directed our IT-related resources to develop new products and enhance customer convenience.

### I Business Continuity at the Time of Major Disasters and Other Emergencies

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Meiji Yasuda Life has built its system infrastructure within computer centers that are located in areas with firm ground. Moreover, these facilities boast vibration-damping and earthquake-resistant structures, with backup power generation equipment installed at each center.

To fulfill our longstanding obligations set forth in insurance policies, we also develop Business Continuity Plans (BCPs) aimed at preventing the disruption of our core operations, such as the payment of insurance claims and benefits, during the time of emergencies. If a major natural disaster or similar event were to strike our main computer centers, we would launch backup systems installed in the Kansai area in accordance with our BCPs and thereby continue core operations.

### I Initiatives to Protect Customer Information

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As we are entrusted with the handling of personal and other important information of our customers, we continuously reinforce our measures to prevent information leakage, ensuring that tablet terminals used by sales personnel retain no customer information, switching over our PCs to “dataless” workstations, restricting the use of electronic recording media and executing the encryption of data transmitted to external entities via network and electronic recording media. Moreover, our Information Systems Department acquired ISMS\* certification, striving to realize an even higher security level in its information management activities.

To counter the external threat of cyberattacks, we have established a dedicated Computer Security Incident Response Team (CSIRT) in charge of handling such incidents. Furthermore, we are remaining apprised of the latest developments by leveraging external sources that share this information. We are also updating our incident response procedures to minimize damage caused by cyberattacks while implementing periodic drills.

\* A certification under the ISMS conformity assessment employing a third-party evaluation scheme based on the ISO 27001 standard

# Governance and Compliance

## Our Initiatives to Strengthen Corporate Governance

Meiji Yasuda Life operates as a mutual company in which policyholders\* act as mutual members and, therefore, is striving to better reflect policyholders' intentions in its operations. Moreover, the Company has worked to strengthen corporate governance and enhance management transparency by, for example, selecting some policyholder representatives from voluntary candidates, shifting to the Company with Three Committees system and developing an internal control system.

Although Japan's Corporate Governance Code, enacted for domestically listed companies, does not legally apply to mutual companies, Meiji Yasuda Life recognizes that the code comprises important principles for realizing effective corporate governance. In line with the spirit of the Corporate Governance Code, Meiji Yasuda Life is voluntarily incorporating steps to ensure responsiveness to principles stipulated in the code.

Meiji Yasuda Life also established and announced its Corporate Governance Guidelines, which set forth its fundamental concepts and basic policies on this matter, with the aim of developing a more sophisticated corporate governance structure through such initiatives as facilitating proactive information disclosure and stepping up dialogue with policyholders.

The Company constantly discloses and updates the status of its corporate governance structure and its initiatives aimed at strengthening this structure through a "Corporate Governance Report" posted on its corporate website.

\* Excluding those who enroll only in policies without dividends

### Corporate Governance Guidelines

Guided by its management philosophy, Meiji Yasuda Life strives to deliver its customers unwavering peace of mind and, to this end, practices the following fundamental concepts in our effort to strengthen the Company's corporate governance structure.

#### Our Fundamental Concepts regarding Corporate Governance

We recognize that providing customers with lifelong protection is a life insurers' essential mission. More specifically, in light of the unique characteristics of life insurance policies whose duration may extend to the ultra-long term, we believe that establishing a sophisticated corporate governance structure, capable of better supporting our mutual company system, is of primary importance to ensure the payment of insurance claims and benefits, as well as to help our customers enjoy peace of mind and affluent lives.

We recognize that our relationships with various stakeholders (including customers, employees and communities) are indispensable to achieving sustainable corporate growth. We therefore strive to build appropriate and robust relationships with each stakeholder.

We regularly review these guidelines to promote our initiatives to strengthen corporate governance. By doing so, we improve our corporate governance structure, maintain the soundness of our operations and secure the ability to make prompt decisions aimed at realizing sustainable growth in business operations as well as corporate value.

## I. General Provision

**1. A Company Placing Utmost Value on Customers** Giving due consideration to the characteristics of the mutual company system, we will strive to enhance customer satisfaction by appropriately reflecting customer feedback in the Company's operations. Specifically, we collect and analyze customer requests and opinions, including those communicated as secondhand information. In these ways, we commit ourselves to being a company that places utmost value on its customers.

**2. Information Disclosure and Transparency** We appropriately disclose our corporate information as required by the law, and further, proactively disclose other management information that can be deemed beneficial to our customers and other stakeholders from the perspective of securing the transparency and fairness of management decisions, or that otherwise upholds the effectiveness of corporate governance.

**3. Internal Controls** We recognize that a sophisticated internal control system constitutes a key factor to winning the trust of our customers and other stakeholders. In line with this recognition, we established and announced the Basic Policies for the Internal Control System. Putting these policies into practice, we continuously strengthen our internal auditing systems and enhance our compliance and risk management structures.

## II. Management Structure

**4. Board of Policyholder Representatives Meeting** We strive to ensure that the intentions of our mutual members are better reflected in management through the operation of the Board of Policyholder Representatives Meeting, which consists of policyholder representatives selected from among mutual members and serves as the highest decision-making body of the Company.

**5. Selection of Voluntary Candidates for Policyholder Representatives** We continuously work to diversify the selection process for policyholder representatives by, for example, choosing some representatives from the voluntary candidates.

**6. Provision of Information to Policyholder Representatives** We promptly provide policyholder representatives with information that may help them reach appropriate decisions at the Board of Policyholder Representatives Meeting.

**7. Company with Three Committees** We have adopted a Company with Three Committees system based on recognition that this system is best suited for our goal of accelerating decision making and enhancing management efficiency. Under this system, we secure a clear separation between functions for the supervision and execution of business operations, with the Nominating, Audit and Compensation committees being put in place. In principle, we delegate the execution of business operations to executive officers, except for matters to be referred to the Board of Directors in accordance with the law.

**8. Composition of Outside Directors** We appoint a sufficient number of outside directors to ensure they comprise the majority of directors (currently, six out of 11 directors) and ensure these directors represent diverse backgrounds. With an eye to securing the effectiveness and consistency of management supervision by outside directors, we limit their term of service to eight years in principle. In these ways, we reinforce the overall function of the Board of Directors to ensure more robust supervision of management.

**9. Board of Directors** To realize our management philosophy, our Board of Directors supervises management and makes decisions on basic policies for business operations while engaging in constructive discussions on concrete strategies and plans aimed at supporting appropriate business execution.

**10. Role of Directors** Fully aware of their obligation to loyally perform their fiduciary duties with due care and prudence, our directors strive to secure the effectiveness of the Board of Directors' function for management supervision, in addition to maintaining appropriate and robust relationships with stakeholders. To this end, they engage in thoroughgoing discussions at Board meetings and require the Company to provide necessary information, thereby fulfilling their roles and duties in an effective manner.

**11. Role of Outside Directors** Our outside directors bring an objective perspective and employ their diverse standpoints to supervise management in terms of the appropriateness of business execution. At the same time, they contribute their expertise and provide advice aimed at helping the Company achieve sustainable growth in business operations and in corporate value. As they have independent positions from the Company, they also work to ensure that opinions voiced by policyholders and other stakeholders are better reflected in decisions made at the Board meetings.

**12. Outside Directors Council** Having established the Nominating, Audit and Compensation committees in accordance with the law, we also put the Outside Directors Council in place to secure robust communication among outside directors and to facilitate the exchange of opinions between outside directors and the Chairman of the Board, President, relevant directors and executive officers with regard to important management issues.

**13. Roles of Executive Officers** Our executive officers work to maintain the Company's financial soundness and secure sustainable growth in business operations and corporate value within the scope of their authorities delegated by the Board of Directors with regard to business execution. They also strive to nurture human resources to lead the Company's future operations.

**14. Medium-Term Business Plan** As we aim to accomplish the Medium-Term Business Plan, we make sure that the progress under this plan is appropriately evaluated and reported to the Board of Directors. In cases where a target set forth in the plan has been missed, we thoroughly analyze the causes, reflect these in formulating future plans, and provide sufficient explanation to our mutual members (policyholders).

**15. Training of Directors and Executive Officers** Our directors and executive officers strive to realize their maximum potential, and the Company provides them with necessary opportunities to develop their competencies.

## III. Relationships with Policyholders and Other Stakeholders

**16. Structure to Maintain Dialogue with Mutual Members (Policyholders)** We work to maintain favorable relationships and smooth communications with our mutual members (policyholders) through the Board of Policyholder Representatives Meeting, Reporting Meetings for Policyholder Representatives, the Conference of Customers and other opportunities aimed at facilitating dialogue.

**17. CSR** We recognize that to grow sustainably in tandem with society, it is essential to win the trust and understanding of our customers and other stakeholders. With this in mind, we established and announced our Code of Corporate Conduct (CSR Action Policies), which guides and empowers our social contribution and environmental protection activities aimed at better accommodating the needs of local society.

# Governance and Compliance

## Interview with an Outside Director



Meiji Yasuda Life recognizes that providing customers with life-long protection is a life insurer's essential mission. More specifically, in light of the unique characteristics of life insurance policies whose duration may extend to the ultra-long term, we believe that establishing a sophisticated corporate governance structure as a mutual company is the most important management issue.

In line with this belief, the Company has announced its Corporate Governance Guidelines, which set forth fundamental concepts and basic policies on corporate governance consistent with the spirit of Japan's Corporate Governance Code that was enacted in June 2015 for listed companies.

Under these guidelines, the Company has been endeavoring to upgrade its corporate governance systems. Prior to the formulation of the new Medium-Term Business Plan (April 2017 to March 2020), Meiji Yasuda Life utilized such venues as Outside Directors Council meetings to promote constructive discussions on its medium-term management approach and the adoption of ERM and other methodologies while helping outside directors enhance their understanding of the Company's business activities. Moreover, Meiji Yasuda Life's Board of Directors performs a self-evaluation to identify issues it needs to address and countermeasures to improve its operations while disclosing these matters to the general public.

Here, we invited Mr. Seiichi Ochiai, who has been serving as an outside director since 2012 and has served as the Chairperson of the Company's Audit Committee since 2014, to ask about his views on the Meiji Yasuda Life's initiative to enhance its corporate governance and what roles outside directors should play in this pursuit.



### Director

#### Seiichi Ochiai

- 1981 Professor at Faculty of Law of Seikei University
- 1990 Professor at Graduate Schools for Law and Politics and Faculty of Law of the University of Tokyo
- 2007 Professor at Chuo Law School
- 2007 Registered as an attorney-at-law
- 2007 Professor emeritus at the University of Tokyo (continuing)
- 2012 Outside director of Meiji Yasuda Life Insurance Company

## Question

### How do you evaluate initiatives undertaken hitherto by Meiji Yasuda Life to strengthen corporate governance?

## Answer

Meiji Yasuda Life has adopted the “Company-with-Committees” system—currently known as the Company with Three Committees system—which clearly separates functions for management supervision and business execution. Because of this, matters pertaining to business execution are generally delegated to executive officers, with the exception of legally mandated matters requiring decisions by the Board of Directors. While the “Company with a Board of Auditors” system allows the Board of Directors to engage in both decision making and management supervision, the Company with Three Committees system is designed to delegate a significant portion of decision making functions to executive officers, thereby enabling the Board of Directors to devote greater attention to fulfilling supervisory functions.

This type of Board of Directors is oriented toward the so-called “monitoring model,” with a primary role of exercising supervision over top management executives by evaluating and overseeing their decision making and business execution. At Meiji Yasuda Life, the Board of Directors is thus acting on behalf of the interests of all policyholders through the oversight of executive officers who are entrusted with corporate management. With this in mind, the Company’s outside directors, including myself, are striving to fulfill our important mission to support the monitoring functions of the Board of Directors.

Furthermore, Meiji Yasuda Life has Nominating, Audit and Compensation committees in place while maintaining the Outside Directors Council, which as necessary convenes meetings attended only by outside directors. This council functions very well as a body for identifying matters that require explanations from top management and allowing for the frank, unfettered exchange of opinions. I evaluate the Company’s decision to establish the Outside Directors Council highly, as this has helped enhance the effectiveness of the Board of Directors’ monitoring activities.

The realization of robust corporate governance depends on, first and foremost, top management’s strong commitment to enhancing governance systems. Otherwise, governance can be easily deprived of its effectiveness. Fortunately, Meiji Yasuda Life has top management leaders who are enthusiastic about the enhancement of corporate governance. Working hand in hand with them, we as outside directors are committed to enhancing Meiji Yasuda Life’s governance systems, with the goal of bringing greater benefits to each policyholder.

## Question

### What do you think of your role as Audit Committee Chairperson?

## Answer

Although the Company with Three Committees system mandates that the monitoring of business execution by directors and executive officers should be performed by the Board of Directors, the Audit Committee also plays a crucial role in supporting the “monitoring model.” In fact, results of internal audits, undertaken primarily by the Audit Committee, are reflected in the monitoring activities of the Board of Directors, thus helping it ensure timely and appropriate supervision of business execution.

Meiji Yasuda Life’s Audit Committee operates under close collaboration among non-executive directors who serve as the committee members, staff at the Internal Audit Division and the accounting auditors. Maintaining smooth collaboration is essential to obtaining accurate audit findings. Accordingly, as the Committee Chairperson, I take great care to ensure strong collaboration while leading the committee to help it fulfill its role.

For the Audit Committee to fully realize its function, the committee and its members must be furnished with sufficient information with regard to matters subject to auditing. Therefore, I think the office of the Audit Committee also plays an important role. Its independence from other organizations, as well as the sufficiency of its personnel, also merit consideration. Going forward, I am determined to do my best as Committee Chairperson to help the Audit Committee realize its full potential with the support of the office of the Audit Committee and other relevant bodies.



# Our Social Contribution Activities

Remaining true to the spirit of mutual assistance, which led to our founding as a mutual company, we are implementing social contribution activities aimed at better accommodating the needs of society on a local level.

In particular, we have been active in supporting the sound upbringing of children. Having named such activities the “*Kodomo-no Ashita Ouen* (Support the Future of Children) Project,” we are assisting the development of future generations in a comprehensive manner.

## Our Ongoing Support of Meiji Yasuda J. League

We have been supporting J. League since the signing of a title partner contract, and the 2017 season marks the third year of the Meiji Yasuda J. League. Our regional offices across Japan have also entered sponsorship deals with J. League and other football clubs in areas where they operate. Employing partnerships with these clubs, we are engaged in nationwide initiatives to support the sound upbringing of children and the vitalization of communities by, for example, hosting football clinics for elementary school students and organizing tours for supporters to cheer live at the stadium for their favorite J. League club. Please see pages 27 and 28 for more details on these initiatives.

## Initiatives Aimed at Contributing to Communities and the Sound Upbringing of Children

### Community Safety Initiative

In September 2014, we launched community-based initiatives in which sales personnel check on children and elderly people living in the neighborhood in the course of their customer visit activities. Whenever they recognize something unusual, they report it to police stations or local municipal authorities, thereby preventing unexpected incidents from occurring. In this way, we are contributing to the safety of local communities.



### Donations to NPOs

In the fiscal year ended March 31, 2017, the Company made donations to NPOs engaged in initiatives to address social issues, selecting eight recipients from around the country in collaboration with the Japan Philanthropic Association. The beneficiaries included organizations supporting the elderly, people with disabilities and sexual minorities.



### Presenting Yellow Patches

Our longstanding traffic safety campaign of presenting Yellow Patches to new elementary school children has now been in service for more than half a century. Each Yellow Patch confers insurance protection against traffic-related injuries while helping drivers better spot the children, thereby protecting them from accidents. Since 1965, we have presented approximately 64,430,000 children with these patches.

Note: This activity is conducted in tandem with Mizuho Financial Group, Inc., Sompo Japan Nipponkoa Insurance Inc. and The Dai-ichi Life Insurance Company, Limited.



## | Creative Education through Music

### *Fureai Concerts*

Since 1984, we have been sponsoring the *Fureai* Concerts featuring Shigeki Torizuka of the famous pop group “The Wild Ones,” to give children with disabilities a chance to interact with live music. Over the past 33 years, the concerts have been held at 146 special-needs schools around Japan.



### *Love & Peace Charity Concert and Classes in Playing Music of the “Future”*

Aiming to nurture a rich aesthetic sense by providing children with opportunities to become more familiar with music, we have since 2009 been sponsoring the “Love & Peace Charity Concert,” performed by the famous composer Shigeaki Saegusa across Japan, as well as “Classes in Playing Music of the ‘Future’” at elementary schools and junior high schools.



## | Supporting Orphans with Their Pursuit of Education

### *Ashinaga Charity & Philanthropy Walk*

In Japanese, *Ashinaga* means “Daddy-Long-Legs,” a fitting name for this activity in which Meiji Yasuda Life employees take part. This walking event and the related charitable fund raising campaign raise money to support orphans with their schooling and mental health-care. In 2016, the number of employees and their families who participated in this activity totaled approximately 38,000.



## | Community Contributions Undertaken Overseas

### *The Standard’s Employee Giving Campaign*

StanCorp Financial Group, Inc., a wholly-owned U.S. subsidiary, provides support in the areas of health disabilities, education and cultural development through the annual Employee Giving Campaign. This campaign encourages employees to get actively involved in contributing to their communities by offering a dollar-for-dollar match of their donations by the company. Meiji Yasuda is supporting this campaign and last year’s campaign benefited more than 1,500 schools and nonprofit organizations across the United States.

StanCorp Financial Group is also engaged in other community contribution through employees’ volunteering and The Standard Charitable Foundation.



# Our Social Contribution Activities

## Initiatives Undertaken by Our Foundations

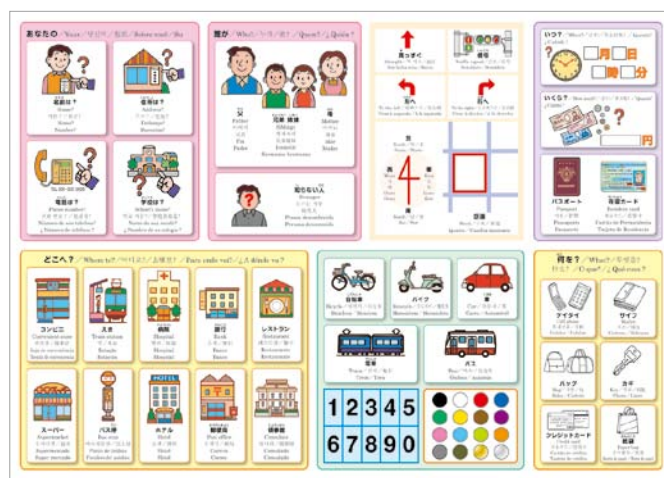
### Meiji Yasuda Life Foundation of Health and Welfare

Established in June 1962 and certified as a public interest incorporated foundation in 2012, this foundation undertakes a range of surveys and research on health promotion while working to disseminate its know-how on raising the general public's health awareness. Moreover, the foundation provides subsidies to young researchers, with the aim of contributing to society as a whole.

Note: In December 2016, this foundation spun off part of its operations related to health research (including the Shinjuku Health Checkup Center) to the Meiji Yasuda Health Development Foundation, which started its operation in April 2017.

### Meiji Yasuda Mental Health Foundation

Established in March 1965 and certified as a public interest incorporated foundation in 2012, this foundation's calling remains centered on supporting the sound upbringing of children. To assist parents raising children with autism and other developmental disorders, the foundation provides expert counseling and other services. It also provides similar counseling services directly to the children facing the challenges. Moreover, the foundation sponsors training programs to nurture specialists in mental healthcare and child psychology while also providing researchers in this field with subsidies. In addition, with the initial aim of overcoming barriers attributable to language disorders, the foundation has promoted the use of communication assistance boards, which have, in turn, become a popular support tool for a broadening range of people, including those with disabilities, foreigners and the elderly.



Communication assistance board used by police officers

### The Meiji Yasuda Cultural Foundation

Established in June 1991 and certified as a public interest incorporated foundation in 2012, this foundation aims to preserve regional cultural heritage, especially performing arts conveying folklore and handcrafting techniques. To this end, it focuses on providing subsidy systems to foster young artisan apprentices who will take over and preserve this rich heritage. The foundation also provides subsidies to young classical musicians who have ambitions to study abroad to become world-renowned performers. In these ways, the foundation contributes to the betterment of people's quality of life and Japan's cultural development.

### Meiji Yasuda Institute of Life and Wellness, Inc.

Founded in July 1991, the institute is engaged in survey, research, training and consulting services aimed at promoting wellness in an aging society. Specifically, it addresses problems confronting the elderly, including nursing care, as well as such matters as healthcare, medical treatment and social welfare issues, such as child raising, in addition to life planning, pension plans, consumer awareness and employee benefit plans.