

# Corporate Governance

The Dai-ichi Life Group strives to achieve sustainable growth and enhancement of corporate value over the medium to long term by fulfilling the duties entrusted by its multi-stakeholders while strengthening corporate governance.

Corporate Governance Structure .....	55
Leadership .....	57
Framework that Supports Corporate Governance .....	60
For Stakeholders .....	62
Internal Control System .....	63
Discussion: Corporate Governance at the Dai-ichi Life Group .....	69






## Basic Approach to Corporate Governance

The Company has developed a system of corporate governance as stipulated in the Basic Corporate Governance Policy to ensure transparent, fair, prompt and bold decision-making while balancing supervision and management, in order to respond to the entrustment of its multi-stakeholders, such as customers,

shareholders, society and employees, and to achieve sustainable growth and enhancement of corporate value over the medium to long term.

 Basic Corporate Governance Policy/  
Corporate Governance Report  
<http://www.dai-ichi-life-hd.com/en/about/control/governance/basic.html>

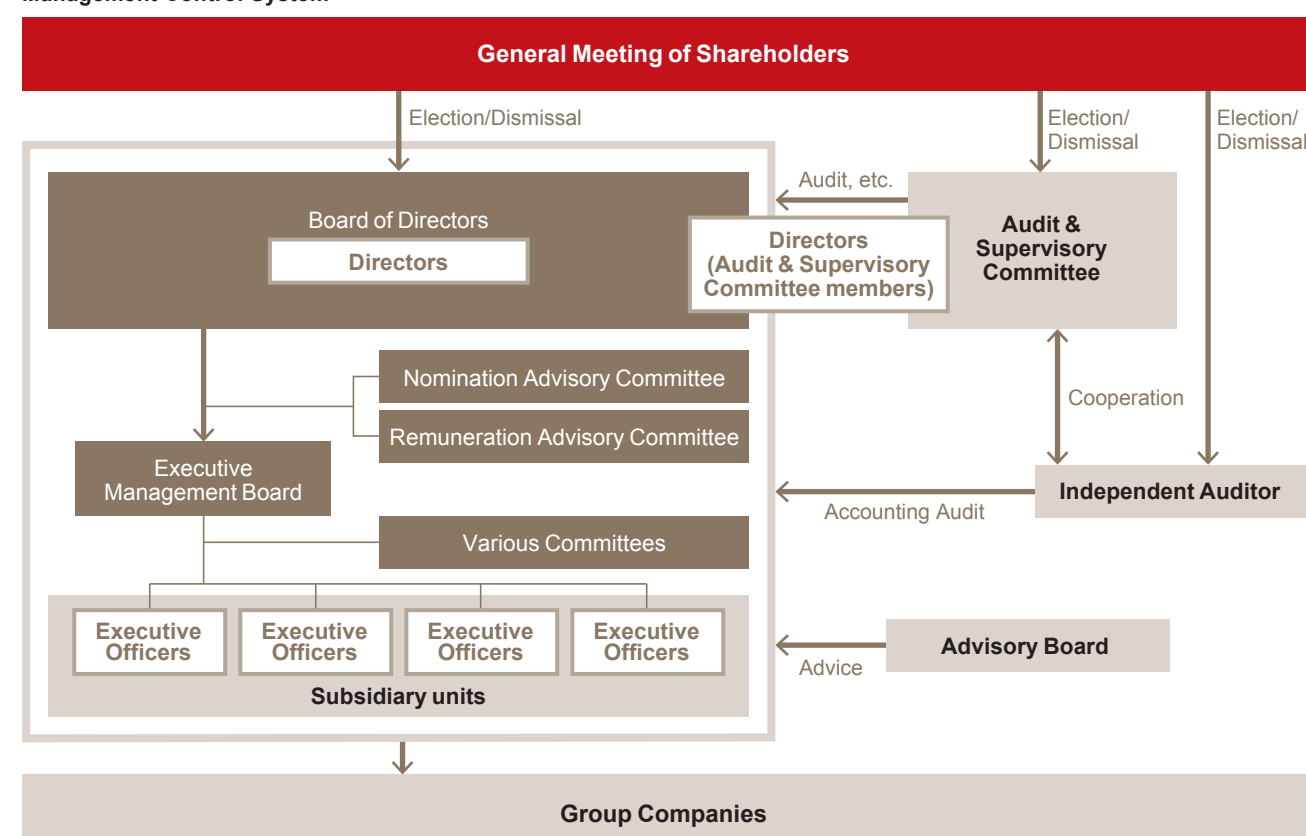
## Overview of the Corporate Governance Structure

The Company has established an effective corporate governance structure taking into account an outside perspective by electing outside directors, adopting the executive officer system, and putting voluntary committees in place in addition to the Audit & Supervisory Committee.

### Composition of Board of Directors

	Inside	Outside	Total
<b>Directors</b>	8 persons	2 persons	10 persons
<b>Directors serving as Audit &amp; Supervisory Committee members</b>	2 persons	3 persons	5 persons
<b>Total</b>	10 persons	5 persons	15 persons

### Management Control System



### Board of Directors (Met 17 times during FY2016)

The Board of Directors is responsible for making important decisions on the Group's management strategy, management plan, etc. and supervises the execution of business operations. The Board of Directors consists of inside directors with knowledge and experience necessary to perform management in an accurate, fair, and efficient manner and outside directors with the deep insight, rich experience, and independence necessary to fully demonstrate supervisory functions. The number of outside directors makes up one-third or more, in principle.

#### Major themes for deliberation (examples)

- Formulation and implementation status of a medium-term management plan, etc.
- Risk-taking plans and cash flow plans
- Business plans of overseas life insurance subsidiaries
- Dialogue with shareholders and investors

### Audit & Supervisory Committee (Met 10 times during FY2016)

As a body independent from the Board of Directors, the Audit & Supervisory Committee audits the execution of duties by directors and the development and implementation status of group internal control systems from a viewpoint of legality and appropriateness. It is also responsible for supervisory functions over the Board of Directors by expressing opinions on nomination and remuneration. The Audit & Supervisory Committee includes a person who has adequate knowledge about finance and accounting. It consists of internal members with knowledge about the life insurance business and



Audit & Supervisory Committee

outside members with excellent insight, rich experience, and independence.

#### Major themes for deliberation (examples)

- Progress of and process for formulating a medium-term management plan, etc.
- Status of improvement and enhancement of business administration and internal control system
- Election of the independent auditor
- Formation of opinions on the nomination, remuneration, etc. of Directors

### Nomination Advisory Committee

To further enhance management transparency, a Nomination Advisory Committee is established as an independent advisory committee under the Board of Directors. The Nomination Advisory Committee is responsible for assessing the qualifications of candidates for directorships and deliberating and deciding on proposals for the election and dismissal of directors and executive officers, and then referring its proposals to the Board of Directors. The Nomination Advisory Committee is made up of the Chairman of the Board, President, and external appointees who constitute a majority of the committee members.

The Company ensures transparency and objectivity of the decision-making through the Nomination Advisory Committee stipulated in the Articles of Incorporation.

### Remuneration Advisory Committee

To further enhance management transparency, a Remuneration Advisory Committee is established as an independent advisory committee under the Board of Directors. The Remuneration Advisory Committee is responsible for deliberating and deciding on proposals for matters relating to remuneration systems and then referring the proposals to the Board of Directors. The Remuneration Advisory Committee is made up of the Chairman of the Board, President, and external appointees who constitute a majority of the committee members.

The Company ensures transparency and objectivity of the decision-making through the Remuneration Advisory Committee stipulated in the Articles of Incorporation.

### Executive Management Board (Met 28 times during FY2016)

The Executive Management Board, consisting of the President and executive officers appointed by the President, meets to consider important management and executive issues.

### Advisory Board

The Company has established an Advisory Board to obtain extensive advice from outside experts from a medium- and long-term perspective regarding general management matters for the purpose of further strengthening and enhancing governance.

## Leadership (As of June 26, 2017)

### Directors



**Koichiro Watanabe**  
Representative Director,  
Chairman of the Board



**Seiji Inagaki**  
Representative Director,  
President



**Shigeo Tsuyuki**  
Representative Director,  
Vice Chairman



**Satoru Tsutsumi**  
Representative Director,  
Vice President



**Kazuma Ishii**  
Director, Senior Managing  
Executive Officer



**Masao Taketomi**  
Director, Managing  
Executive Officer



**Hideo Teramoto**  
Director



**Takashi Kawashima**  
Director



**George Olcott**  
Outside Director



**Koichi Maeda**  
Outside Director

### Directors



**Morinobu Nagahama**  
Director  
(Senior Audit &  
Supervisory Committee  
Member (Full-Time))



**Fusakazu Kondo**  
Director  
(Audit & Supervisory  
Committee Member  
(Full-Time))



**Rieko Sato**  
Outside Director  
(Audit & Supervisory  
Committee Member)



**Ungyong Shu**  
Outside Director  
(Audit & Supervisory  
Committee Member)



**Koichi Masuda**  
Outside Director  
(Audit & Supervisory  
Committee Member)

### Executive Officers

**Kenji Sakurai**  
Vice President

**Shinichi Aizawa**  
Senior Managing  
Executive Officer

**Satoru Sato**  
Managing Executive  
Officer

**Hideo Hatanaka**  
Managing Executive  
Officer

**Yuji Tokuoka**  
Managing Executive  
Officer

**Munehiro Uryu**  
Managing Executive  
Officer

**Hiroshi Shoji**  
Managing Executive  
Officer

**Tatsusaburo Yamamoto**  
Managing Executive  
Officer

**Sumie Watanabe**  
Executive Officer

**Norimitsu Kawahara**  
Executive Officer

**Ichiro Okamoto**  
Executive Officer

**Kyoichi Saito**  
Executive Officer

**Hisashi Takada**  
Executive Officer

**Hiroyuki Kanou**  
Executive Officer


**Toshiaki Sumino**  
Executive Officer

**Yasumasa Iwai**  
Executive Officer






**Tomohiko Asano**  
Executive Officer

Outside Directors

In order to increase the effectiveness of corporate governance, the Company elects outside directors to enhance the management oversight function from an external perspective that is independent of the Company's management team.

 Profile of Outside Directors/Number of Shares Held  
<http://www.dai-ichi-life-hd.com/en/about/company/executives/index.html>

Reason for Appointment of Outside Directors and Attendance at the Meetings of the Board of Directors etc. (As of June 26, 2017)

Name	Significant Concurrent Positions Outside the Company	Assumption of Office	Reason of appointment	Attendance at the meetings of the Board of Directors (FY2016)
 George Olcott	Director, DENSO CORPORATION Director, Hitachi Chemical Company, Ltd.	Assumed office in June 2015	He is an expert on human resources management and corporate governance of global companies, based on the knowledge he gained through a wide range of experiences, such as acting as managing director of financial institutions and as outside director of other corporations. He has also brought significant benefits to the Company by supervising and advising on various matters of corporate management based on his global and objective viewpoint. The Company believes he will continuously share his experience and expertise on oversight of corporate management. Therefore, we appointed him as an outside director.	Attended 17 Board of Directors meetings out of all 17 meetings held
 Koichi Maeda		Assumed office in October 2016	He has deep experience and insight gained through acting as business executive of highly public enterprises. He brought significant benefits to the Company by supervising and advising on various matters of corporate management based on his global and objective viewpoint at the board of directors meetings and other occasions. The Company believes he will continuously share his experience and expertise on oversight of corporate management. Therefore, we appointed him as an outside director.	Attended 7 Board of Directors meetings out of all 7 meetings held after his assumption of office
 Rieko Sato	Partner, Ishii Law Office Corporate Auditor, NTT DATA CORPORATION	Assumed office in June 2015	She is an experienced and trusted attorney, and she has had a wide range of experiences serving as outside corporate auditor of various corporations. She brought significant benefits to the Company by supervising management and advising on various legal matters of the Company based on her objective viewpoint. The Company believes she could continue to take advantage of her experience, etc. in audits and supervision of the Company's management. Therefore we appointed her as an outside director serving as Audit & Supervisory Committee member.	Attended 16 Board of Directors meetings out of all 17 meetings held Attended 10 Audit & Supervisory Committee meetings out of all 10 meetings held
 Ungyong Shu	President & CEO, Core Value Management, Co., Ltd. Director, DESCENTE LTD.	Assumed office in June 2015	He has a wide range of experiences as a managing director of financial institutions. He brought significant benefits to the Company by supervising and advising on various matters of corporate management based on his global and objective viewpoint. The Company believes he could continue to take advantage of his experience, etc. in audits and supervision of the Company's management. Therefore we appointed him as an outside director serving as Audit & Supervisory Committee member.	Attended 17 Board of Directors meetings out of all 17 meetings held Attended 10 Audit & Supervisory Committee meetings out of all 10 meetings held
 Koichi Masuda	Director, Audit & Supervisory Committee Member, The Daishi Bank, Ltd. Audit & Supervisory Board Member, Sumitomo Riko Company Limited	Assumed office in October 2016	He is an experienced and trusted certified public accountant, and he has had a wide range of experiences serving as outside corporate auditor and outside director (member of audit committee, and audit & supervisory committee) of various corporations. He brought significant benefits to the Company by supervising management and advising on various financial matters of the Company based on his objective viewpoint. The Company believes he could continue to take advantage of his experience, etc. in audits and supervision of the Company's management. Therefore we appointed him as an outside director serving as Audit & Supervisory Committee member.	Attended 6 Board of Directors meetings out of all 7 meetings held after his assumption of office Attended 10 Audit & Supervisory Committee meetings out of all 10 meetings held after his assumption of office

The five outside directors are all independent officers.


Framework that Supports Corporate Governance

Election Standard, Term of Office, and Concurrent Position of Directors

Election Standard of Directors

The Company's Board of Directors shall elect candidates for inside directors who possess knowledge and experience, through which they are able to accurately, fairly and efficiently carry out the management of the Dai-ichi Life Group, and sufficient social credibility. Moreover, the Board of Directors shall, in principle, elect candidates for outside directors who satisfy the items described below to ensure that their supervisory functions are sufficiently performed.

- Those who possess superior views and extensive experience in certain sectors, including corporate management, risk management, compliance and internal control, corporate ethics, management quality, global management and macro policies
- Those who are considered to be independent from the management of the Company in light of the independence standards for outside directors that are separately set forth and disclosed

 Independence Standards for Outside Directors  
<http://www.dai-ichi-life-hd.com/en/about/control/governance/structure.html>

Term of Office

The term for the office of the Company's directors, excluding those who also serve as members of the Audit & Supervisory Committee, shall be until the close of the ordinary general meeting of shareholders with respect to the last business term ending within one year after election in accordance with the provisions set forth in the Articles of Incorporation.

Moreover, from the perspective of securing independence, the maximum term of office of outside directors, excluding those who also serve as members of the Audit & Supervisory Committee, shall be eight years.

On the other hand, the term for the office of members of the Audit & Supervisory Committee shall be until the close of the ordinary general meeting of shareholders with respect to the last business term ending within two years after election in accordance with the provisions set forth in the Articles of Incorporation. Moreover, from the perspective of securing independence, the maximum term of office shall be twelve years.

Concurrent Positions

If any directors concurrently hold positions of officers, etc., of companies other than the Company, such concurrent positions shall be limited to the extent that they are able to fulfill their duty of care and the duty of loyalty. Moreover, the situation of important concurrent positions shall be disclosed every year.

Support to Outside Directors

To secure effective deliberations, outside Directors are provided with handouts prior to meetings of the Board of Directors and depending on the significance or urgency of a given agenda, outside Directors are briefed in advance. In addition, certain resolutions by the Board of Directors are made only after multiple progress reports are made.

Outside Directors also attend internal corporate events and study sessions to gain a deeper understanding of the Company's business.

Examples of support to outside directors

- Hold meetings with management executives at key offices in and outside Japan
- Hold discussions with inside and outside officers relating to the Company's management strategy
- Attend internal corporate events
- Prior briefing on important agendas

Training for Directors

Upon assuming the position of Directors, opportunities are provided for Directors to fully understand the responsibilities and requirements of Directors and Audit & Supervisory Committee members and to obtain the necessary knowledge on the Dai-ichi Life Group's business, financial situation, and corporate structure. Training tailored to each Director and Audit & Supervisory Committee member is provided during their tenure and financial support is provided for related expenses.

Examples of training for Directors

- Extensive training program upon assuming office
- Provide supporting documentation including examples of matters reported through media that could possibly affect the business



Remuneration of Officers

- In deciding the remuneration of officers of the Company, the items described below shall be adopted as basic policies.
- Ensure transparency, fairness and objectivity for the remuneration of officers.
  - Strengthen incentives for improved results by adopting performance-linked remuneration.
  - Accomplish accountability by sharing returns with shareholders through remuneration linked to achievement levels based on indicators of the Company's results, and other targets, that have been determined in accordance with management strategies.
  - When determining the amount of individual remuneration, the appropriateness of the amount of remuneration shall be judged by taking into account the type of industry and referring to the level of remuneration at suitably comparable companies.

Remuneration System by Category of Company Officer

	Directors		Directors (Audit & Supervisory Committee members)	Remarks
	Inside	Outside		
Fixed remuneration	○	○	○	Remuneration according to duties and responsibilities
Corporate performance remuneration	○	—	—	Tied to the level of achievement of performance indicators in a medium-term management plan
Divisional performance remuneration	○	—	—	Tied to the level of achievement of performance indicators of the division of which each Director is in charge
Stock remuneration-type stock options	○	—	—	Set as an incentive to achieve management objectives and enhance corporate value in the medium- to long-term

Self-evaluation Regarding the Effectiveness of the Board of Directors

To guarantee the effectiveness of decision-making, all Directors evaluate the activities and deliberations of the Board of Directors. In turn, the results of these evaluations are analyzed by a third party.


The survey conducted in fiscal 2016 indicates generally high scores were received for the activities of the Board of Directors and the overall proceedings of discussions. Nevertheless, we will continue to make improvements aimed at further enhancing the activities of the Board of Directors and the discussions held therein.

Evaluation process

- Respondents: All directors who are members of the Company's Board of Directors
- Response method: Anonymous
- Main assessment items:
  - (i) Operation of the Board of Directors (general comments)
  - (ii) Composition of the Board of Directors
  - (iii) Support system for directors aimed at encouraging active discussion by the Board of Directors
  - (iv) Encouraging communication among directors
  - (v) Improving relationships with shareholders
  - (vi) General effectiveness of the governance system and the Board of Directors
- Tallying of results: Responses to the questionnaire were sent directly to and summarized by external consultants, the results and assessment were reported to and analyzed by the Board of Directors.

The Structure of Remuneration for Directors

Remuneration of directors (excluding outside directors and directors who also serve as members of the Audit & Supervisory Committee) shall comprise fixed remuneration, corporate performance remuneration, divisional performance remuneration and stock remuneration-type stock options. Moreover, the remuneration of outside directors and directors who also serve as members of the Audit & Supervisory Committee shall comprise fixed remuneration alone. The level of remuneration shall be established primarily by using surveys conducted by third parties on remuneration of managers of domestic companies.

 Total Remuneration Paid to Each Category of Company Officer  
<http://www.dai-ichi-life-hd.com/en/about/control/governance/structure.html>

Results of the Self-Assessment Survey regarding the Effectiveness of the Board of Directors (Summary)

- As a result of the questionnaire survey, it was found that, overall, the operation of the Board of Directors and content of discussion was highly assessed.
- Discussion of medium- to long-term strategy and selection of the agenda have improved due to the transition to a holding company structure
  - The support system for outside directors, such as the provision of information and opportunities to gain a deeper understanding of management, sending materials in advance, and providing explanations in advance, has improved compared to the results of the previous survey
- Also, many outside directors and inside directors concurrently serving as outside officers for other companies responded that the Board of Directors of the Company is being operated effectively, indicating that it has been given a relatively high assessment. However, it was indicated that there is room for improvement regarding the following points.
- Further strengthening of the oversight function as a holding company
  - Further promotion of well-focused operation such as clarification of points at issue in materials and explanations of matters and simplification of explanations in accordance with the content of proposals
  - Strengthening of communication such as the exchange of information solely by outside directors

 Self-evaluation of the Board of Directors  
<http://www.dai-ichi-life-hd.com/en/about/control/governance/structure.html>

For Stakeholders

Securing the Rights and Equal Treatment of Shareholders at the General Meeting of Shareholders (the "Meeting")

We are taking measures to develop an environment in which the rights of shareholders are ensured and appropriately exercised.

Specific examples of activities toward securing the rights and equal treatment of shareholders

- Prompt dispatch of Convocation Notices (three weeks prior to the Meeting) and website publication (five weeks prior to the Meeting, including an English version)
- Holding the Meeting on days that avoid conflicting with shareholders' meetings of other companies
- Adopting an electronic voting rights execution platform for institutional investors
- Prompt disclosure of a summary of the minutes of the Meeting and the voting results
- Mailing the Notices of Resolutions (featuring enhanced content, including an interview with the President, starting in 2017)

Dialogue with Shareholders and Investors

We are working to enhance dialogue with shareholders and investors through investor relations activities led by our executive management team. Opinions and requests

Specific examples of dialogue in fiscal 2016

- Individual interviews with institutional investors based inside and outside of Japan (around 400 times)
- Earnings results presentations for institutional investors and analysts (twice), conference calls (four times) and Analyst Day (once)
- Company briefings and seminars for individual investors (17 times)

Shares Held for Strategic Purposes


In principle, shares shall be held for pure investment purposes by Group companies engaged in the life insurance business, as part of asset management in the life insurance business; however, to a limited extent, there are shares held for strategic purposes, not for pure investment purposes, that carry other important purposes in terms of the Group's business strategies, such as strengthening relations through business alliances.

Group companies shall examine the medium- to long-term economic rationale, the future outlook and

obtained through investor relations activities are shared with the Executive Management Board and Board of Directors in an effort to enhance corporate value.

Appropriate Collaboration with Stakeholders Other than Shareholders

We recognize our customers, local community and society, shareholders and investors, business partners, and employees as stakeholders who are deeply involved in our business activities. Based on opinions and evaluations obtained through active communication with various stakeholders, we aim to promote higher-quality activities and enhance corporate value by reflecting our understanding of issues in our business activities.


 Stakeholder Communication  
<http://www.dai-ichi-life-hd.com/en/sustainability/group/stakeholder/index.html>

Securing Appropriate Information Disclosure and Transparency

The Dai-ichi Life Group discloses information in a timely and appropriate manner following its Basic Information Disclosure Policy in an effort to ensure management transparency. In addition to statutory disclosure, we proactively disclose information on management, quantitative financial information, and non-financial information such as governance and medium- to long-term corporate strategy.

Specific examples of information disclosure

- Financial results report
- Embedded value report
- Securities report
- Corporate governance report
- Integrated report
- Sustainability report


 Shares held for purposes other than investment  
<http://www.dai-ichi-life-hd.com/en/about/control/governance/reference.html>

## Establishment of Internal Control System

The Dai-ichi Life Group has an Internal Control Policy that stipulates the core philosophies for the establishment and operation of internal control to ensure the integrity and appropriate conduct of business activities at the Dai-ichi Life Group and to maintain and build corporate value.

In addition, the Company conducts Control Self Assessment (CSA) to enhance the effectiveness of internal

control. Through CSA, the Company identifies major risks in each operation, evaluates importance of the risks and the losses they may cause, and seeks to control risk and improve operations to ensure sound business operations.

 Internal Control Policy for the Dai-ichi Life Group  
[http://www.dai-ichi-life-hd.com/en/about/control/in\\_control/index.html](http://www.dai-ichi-life-hd.com/en/about/control/in_control/index.html)

### Internal Control Policy for the Dai-ichi Life Group

1. System for Ensuring Proper Operations within the Group
2. System for Ensuring Execution of Professional Duties in Accordance with Applicable Laws, Regulations and the Articles of Incorporation
3. System for Risk Management
4. System for Ensuring Efficient Execution of Professional Duties
5. System for Ensuring Appropriateness and Reliability of Financial Reporting
6. System for Preserving and Managing Information Concerning Execution of Directors' and Executive Officers' Duties
7. System for Execution of Duties of the Audit & Supervisory Committee
8. System for Ensuring Effective Internal Audits

## Implementation Status of the Internal Control System

### 1. System for Ensuring Proper Operations within the Group

In order to ensure appropriate operations within the Group, the Company has set the supervision category according to individual Group companies' business specifics, size and importance in the Group's management strategy. The Company conducts business supervision pursuant to global services agreements, etc. concluded with each of the Group companies. The Company has established basic policies for the Dai-ichi Life Group for important matters such as compliance and risk management in order to maintain and operate the Group internal control system, and makes these policies known to the Group companies. In addition, the Company has established and operated rules for prior approval by the Company of the Group companies' important matters which affect the Group, pursuant to global services agreements, etc.

### 2. System for Ensuring Execution of Professional Duties in Accordance with Applicable Laws, Regulations and the Articles of Incorporation

#### Basic Recognition

The Dai-ichi Life Group understands that complying with laws and regulations, its Articles of Incorporation, social standards, and rules in the market are the basis for conducting business activities. To fulfill its social responsibilities and public mission, the Company is developing systems to promote compliance in the group's business operations.

#### Policies and Regulations

The Dai-ichi Life Group has established the DSR Charter as its corporate action principles to continually meet the expectations of customers, society, shareholders, investors and employees for the purpose of contributing to the building of a sustainable society.

Based on this, our Internal Control Policy for the Dai-ichi Life Group includes basic matters concerning the

development and management of a group compliance system. Under this basic policy, matters such as the basic approach to the promotion of group compliance are outlined in Basic Compliance Policy for the Dai-ichi Life Group, and specific approval and reporting systems as well as the management method are outlined in Compliance Regulations for the Dai-ichi Life Group.

### Organizational Framework

The Company is endeavoring to develop and strengthen its compliance system as a Group by establishing the Compliance Unit, taking into account the attributes of each group company.

The Compliance Unit monitors the status of compliance promotion based on reports, etc. from each group company, and reports to the Board of Directors, the President, Executive Management Board, Audit & Supervisory Committee, etc. of incidents occurring in each Group company as required, according to their importance. The Internal Audit Unit conducts regular internal audits on the effectiveness and appropriateness of these measures.

The Group Compliance Committee is established to discuss important matters concerning group compliance and compliance framework of each group

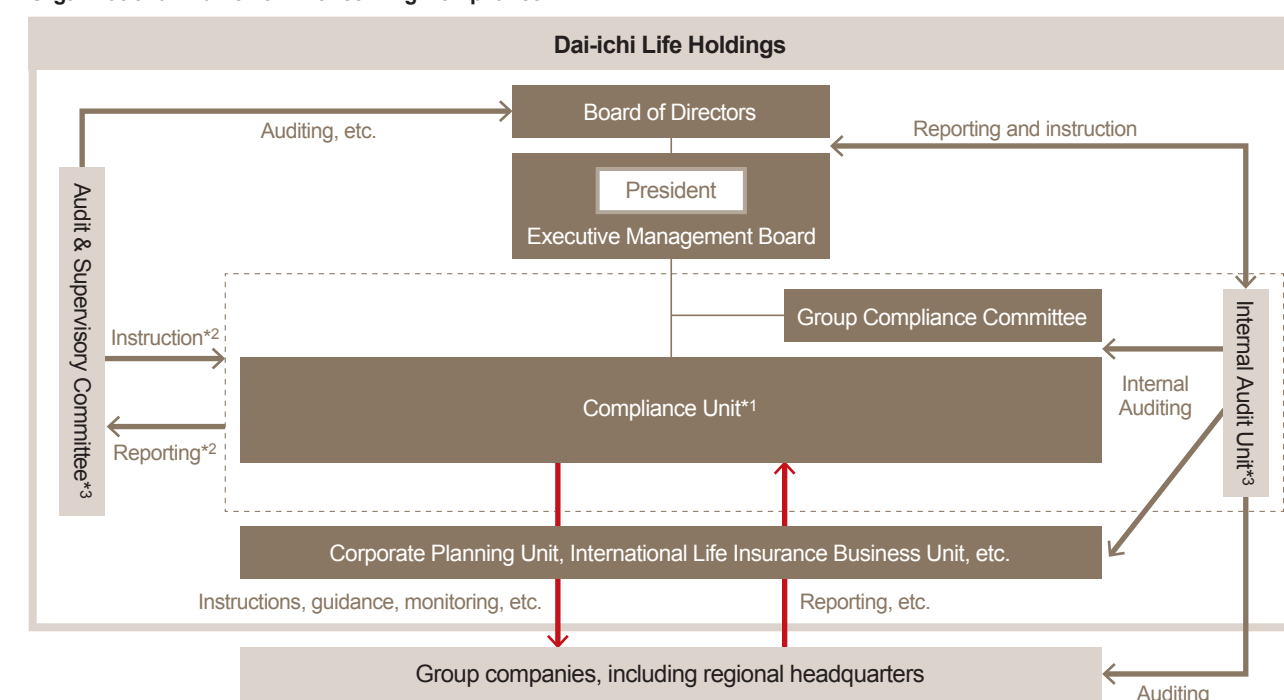
company, and reports to the Executive Management Board, the President, and the Board of Directors, apart from regularly convening to monitor compliance status of group companies.

The Company has also established a hotline in the Compliance Unit and a consultation service (with external lawyers) in accordance with the Whistleblower Protection Act, to act as a channel through which employees from the Group can report and consult on compliance matters. The Company operates these systems with full respect for privacy so that the whistleblowers will not be subject to unfavorable treatment resulting from their whistleblowing or consultation.

### Promotion of Compliance

At the Dai-ichi Life Group, Group companies set out annual plans such as compliance programs in accordance with the challenges identified for each fiscal year and take initiatives for each issue based on such plans, as well as checking the progress of such plans and revising their challenges as required to promote compliance in a plan-do-check-action (PDCA) cycle. In addition, each company enhances education and training to deepen knowledge of laws, regulations and internal rules, and to raise awareness of compliance.

### Organizational Framework Concerning Compliance



\*1 Compliance Unit coordinates with other units as appropriate.

\*2 Dotted frame shows the entities which Audit & Supervisory Committee makes instruction to, and receives reporting from.

\*3 Audit & Supervisory Committee and Internal Audit Unit coordinate with each other.

## Information Asset Protection

### Basic Recognition

The Dai-ichi Life Group recognizes that compliance with laws and internal regulations, undertaking appropriate measures for information asset protection, and defending information assets from cyber attacks or internal misconduct are the basis for gaining the trust of its customers, society, shareholders, investors and other stakeholders.

### Policies and Regulations

Internal Control Policy for the Dai-ichi Life Group stipulates the core requirements for implementing practices that ensure the safekeeping of information in the group. This policy serves as the basis for Information Assets Protection and Management Policy for the Dai-ichi Life Group, the stipulations of which include the philosophies underlying the safekeeping of information, and also Information Assets Protection and Management Regulations for the Dai-ichi Life Group that stipulate specific approval and reporting framework and other management practices. Furthermore, in order to deal with increasingly sophisticated cyber-attacks, we have set out Group Cyber Incidents Response Regulations.

### Organizational Framework for Information Asset Protection

The Company has established practices under which important matters relating to information asset protection are dealt with by the Group Compliance Committee. Information Security Management Group has been established within the Compliance Unit to provide a permanent organization for promoting appropriate safekeeping of information at group companies. In addition to providing advice and support as needed according to the attributes of each group company such as the quantity and nature of the information they hold, the Information Security Management Group is also involved in implementing appropriate management framework for information safekeeping at these companies.

The Internal Audit Unit conducts regular internal audits of how well these measures are operating and reports their findings to the Board of Directors and Executive Management Board.

### Promotion of Information Safekeeping Practices

In accordance with the laws and regulations of relevant countries, the Dai-ichi Life Group has established a framework for the safekeeping of information by introducing security measures where needed and appropriate in order to prevent leakage, loss, or tampering of personal and other confidential information.

## Handling of Antisocial Forces

### Basic Recognition

All the Dai-ichi Life Group's organizations are united in their resolve to reject any coercion from antisocial forces that threatens the order and security of civil society or that disrupts sound economic and social development or corporate activities. The Dai-ichi Life Group is fully committed to halting the development of any relationships with these forces in all of its transactions to prevent any damage from occurring.

### Policies and Regulations

In accordance with the Group Basic Policy on Handling of Antisocial Forces based on the Internal Control Policy for the Dai-ichi Life Group, which establishes basic approaches and policies to halt the development of any relationships with antisocial forces in order to prevent any damage, the Company has established Group Antisocial Forces Handling Regulations, strengthening its unified Group-wide stance towards eliminating antisocial forces.

### Systems for Handling Antisocial Forces

The Company has designated the General Affairs Unit to be in charge of streamlining and strengthening systems to block the development of any relationships with antisocial forces or to prevent damage that may occur, taking into account the attributes of each company, in daily operations and has given guidance and support as required in taking an appropriate response as a group.

We regularly monitor the status of group companies and receive reports on initiatives to eliminate antisocial forces from group companies as Group-wide responses.

The Company has made preparations whereby in the event business with an antisocial force is identified, the matter is reported to a director or other officer in a timely and appropriate fashion and efforts are made to promptly cut off the ties in question. Top management is also appropriately involved through procedures including regular reporting to the Board of Directors concerning the handling status of efforts to sever ties with antisocial forces.

In addition, to ensure that we have no relations with and to prevent damage related to antisocial forces, the Company is permanently committed to developing close cooperative systems with external specialist organizations, such as local police offices, National Center for Removal of Criminal Organizations, and lawyers.

## 3. System for Risk Management

### Basic Recognition

To ensure sound and proper business operations and to ensure that we fulfill the obligations arising from our insurance policies, we identify and evaluate potential risks, take appropriate action based on the specific characteristics of each risk and comprehensively manage those risks. We are committed, on a group-wide basis, to improving soundness through the management and control of the financial base, including risk volume and capital.

We have also established a crisis management system and a risk management system to respond to catastrophes and large-scale disasters in addition to our everyday risk management system.

### Policies and Regulations

Our Internal Control Policy for the Dai-ichi Life Group includes our basic philosophy and policies regarding risk management. The approach used to manage each type of risk is developed in line with Risk Management Policy for the Dai-ichi Life Group. In addition, each of the risk

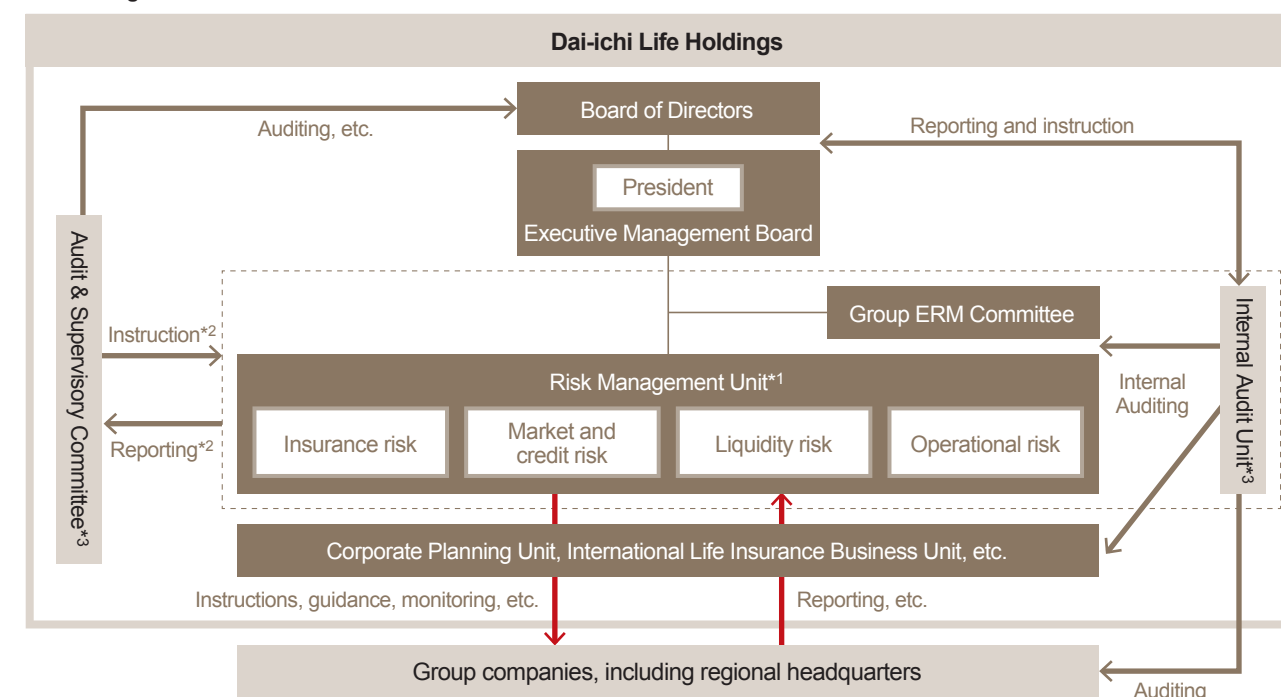
management regulations and standards is translated into practical rules, following our series of Risk Management Regulations for the Dai-ichi Life Group.

### Organizational Framework

To ensure the integrity and appropriate conduct of the group, the Risk Management Unit coordinates and implements group-wide policies for risk management in accordance with Risk Management Policy for the Dai-ichi Life Group. The Risk Management Unit also plays a central role in monitoring and controlling the status and integrity of risk management across the group, while also seeking to improve how risk management is exercised.

There is also a Group ERM Committee that sits regularly to formulate Risk Management Policy, monitor compliance, and conduct studies aimed at improving how risk management is exercised. The Internal Audit Unit assesses the effectiveness and appropriateness of this risk management infrastructure. An Audit & Supervisory Committee conducts audits of all aspects of risk management at the group, including management personnel.

### Risk Management Framework



\*1 Risk Management Unit coordinates with other units as appropriate.

\*2 Dotted frame shows the entities which Audit & Supervisory Committee makes instruction to, and receives reporting from.

\*3 Audit & Supervisory Committee and Internal Audit Unit coordinate with each other.



## Implementation of ERM Practices

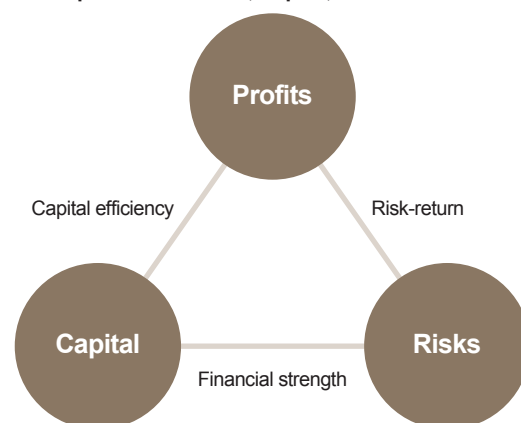
The Dai-ichi Life Group conducts enterprise risk management (ERM) whereby it undertakes its business activities based on business plans, capital strategy that reflects the current situation regarding capital, risks, and profits.

The Risk Management Unit assesses the suitability of business plans, capital strategy formulated as part of ERM, and also seeks to improve group risk management while also controlling capital, risks, and profits in an appropriate manner based on the presence, nature, and characteristics of risk through activities such as setting and managing margins for risk.

The Dai-ichi Life Group controls the integrity of the group through activities such as consolidating different types of risk and making capital provision on an economic value, book value, and regulatory basis. The management of risk on the basis of economic value is conducted using embedded value (an indicator used by life insurance companies to represent corporate value) and coherent risk assessment techniques.

To identify and evaluate aspects that are not captured by the model-based quantification of risk, stress testing is conducted using worst-case scenarios based on possible future events or actual past events, such as financial market panics or large natural disasters. This is then used as a basis for analyzing the factors that influence the integrity of the organization and reporting the results to the Board of Directors, Executive Management Board, and others, and for considering and implementing management and financial measures and ways to improve monitoring of market and other conditions as required.

## Relationship Between Profits, Capital, and Risks



## Crisis Management

The Company has a Group Crisis Management Policy and is pursuing a variety of crisis management responses by comprehensively identifying and managing the Group's crisis management status as well as developing a crisis management promotion system in normal times to prepare in advance for preventing crises and for reducing risks in preparation for expected crises.

Specifically, we work to avert crises by proactively detecting concerns about a crisis and instructing and alerting group companies and units, in addition to requiring group companies to report events that may cause a crisis. In addition, in times of crisis, we rapidly establish an initial response system, including a communication system, in order to promptly respond and accurately collect information during a crisis and to implement responses to resolve the crisis in cooperation with group companies.

## 4. System for Ensuring Efficient Execution of Professional Duties

The Company has formulated internal regulations related to decision-making, organization, and the division of responsibilities and authorities to ensure the efficient execution of professional duties by directors, executive officers and employees. The Company has also established an Executive Management Board which discusses important management and executive issues. The Company has also formulated a medium-term management plan for the Dai-ichi Life Group, and the Executive Management Board, etc. confirms and evaluates the performance of the plan.

## 5. System for Ensuring Appropriateness and Reliability of Financial Reporting

Internal Control Policy for the Dai-ichi Life Group stipulates the core requirements for implementing practices that ensure the reliability of financial reporting and timely and appropriate disclosures. Under this basic policy, the Company established Evaluation Regulations for Internal Control over Financial Reporting, which outlines procedures to appropriately evaluate internal control over financial reporting. In accordance with these policies and regulations, in order to ensure the reliability of financial reporting, we have developed and implemented an evaluation system for effectiveness of internal control over financial reporting.

We prepare an internal control report, which verifies that our internal control over financial reporting was effective and submit this report together with the annual securities report.

In addition, this internal control report with a base date as of March 31, 2017 was subject to an internal control audit by the accounting auditor with an assessment being expressed in the form of unqualified opinion.

## 6. System for Preserving and Managing Information Concerning Execution of Directors' and Executive Officers' Duties

To preserve and manage information concerning the execution of directors' and executive officers' duties, the Company establishes internal regulations necessary for preserving information relating the execution of duties by the directors and executive officers, such as minutes of important meetings such as the Board of Directors and the Executive Management Board, and written approvals containing material information, and preserve and manage information accordingly.

## 7. System for the Execution of Duties of the Audit & Supervisory Committee

The Company has a system in place to ensure the effectiveness of audits by the Audit & Supervisory Committee as follows.

- The Company set up the Audit & Supervisory Committee's Center and appointed employees to assist the Audit & Supervisory Committee. With respect to personnel transfer, evaluation and others for these employees, their independence from directors is ensured. These employees are authorized to collect information necessary for audit purpose.
- The Company has established the system for a timely and appropriate report to the Audit & Supervisory Committee in the event of any act that violates any law, ordinance, the Articles of Incorporation or other rules or any event that causes or may cause severe damage to the Company or Group companies. In addition, the operational status of the whistle-blowing system is regularly reported to Audit & Supervisory Committee members (full-time).
- The Company has established a system whereby Audit & Supervisory Committee members (full-time) attend important meetings and committees including

meetings of the Executive Management Board, and verify the functional and operational status of the internal control system.

## 8. System for Ensuring Effective Internal Audits

### Basic Recognition

To ensure the financial soundness and appropriate business operations of the Group as a whole, the Company recognizes that it is important for the internal audit section of the Company to conduct internal audits and provide advice for improvement as necessary to assure that all of the activities of the Group are appropriate and effective. The measures and practices necessary for ensuring effective internal audit have been put in place, including those for maintaining the independence of the internal audit section.

### Policies and Regulations

The Company has stipulated the core philosophies and policies for internal audit in Internal Control Policy for the Dai-ichi Life Group and Internal Audit Policy for the Dai-ichi Life Group (the "Internal Audit Policy"). The Company has also established Internal Audit Regulations for the Dai-ichi Life Group in accordance with the Internal Audit Policy to define the principles of internal audit and to effectively and efficiently implement all the activities relating to Group's internal audit.

### Organizational Framework

The Company has set up the Internal Audit Unit as an independent organization to ensure its effective checking function to other organizations. The Internal Audit Unit verifies and assesses the appropriateness and effectiveness of internal control framework and activities of the Group, identifies flaws, provides advice for improvement and reports to the Board of Directors, Executive Management Board, etc. on the results of internal audits.

### Reporting to the Audit & Supervisory Committee

The Company has the Audit & Supervisory Committee in which external directors compose the majority of its members. The Internal Audit Unit conducts internal audits under audit policy, plans and perspectives of the Audit & Supervisory Committee, and reports to the Audit & Supervisory Committee on its internal audit plans and results.



# Aiming to Build a Global Governance System that Achieves Sustainable Value Creation

The Dai-ichi Life Group has promoted business diversification and geographical diversification proactively, seeking to enhance its sustainable creation of value. We invited Nicholas E. Benes, Representative Director of The Board Director Training Institute of Japan—who has extensive knowledge in the area—to discuss the Dai-ichi Life Group’s ideals for its future governance.



**Seiji Inagaki** (Right)  
President and Representative Director

**Toshiaki Sumino** (Left)  
Executive Officer,  
Chief of Corporate Planning Unit

**Profile of Nicholas E. Benes**

After obtaining a JD/MBA degree in the United States, Nicholas Benes joined the investment banking division of J.P. Morgan. He worked there for 11 years with responsibility in a variety of product areas. He subsequently established an M&A advisory boutique in Japan. In addition to serving as an outside director at numerous companies, in 2013 he proposed the creation of Japan’s Corporate Governance Code. He currently serves as Representative Director of The Board Director Training Institute of Japan, which provides training and consulting for executives and directors with the aim of strengthening governance.

**Nicholas E. Benes**  
Representative Director  
The Board Director Training Institute of Japan

**Morinobu Nagahama** (Left)  
Director (Senior Audit & Supervisory  
Committee Member (Full-Time))

**Rieko Sato** (Right)  
Outside Director (Audit & Supervisory  
Committee Member)

## Building a governance system that supports the expansion and diversification of business

The Group transformed itself through demutualization and shifted to a holding company structure to respond swiftly and optimally to changes in the business environment

**Benes** Management at Dai-ichi Life has changed significantly over the past 10 years, with overseas expansion in 2007, demutualizing and listing in 2010, and shifting to a holding company structure in 2016. Could you explain the background to these changes?  
**Inagaki** The domestic life insurance business environment has become increasingly challenging. Take the declining population and the introduction of the negative-interest-rate policy, for example. In this environment, the Group has promoted both business and geographical diversification in order to maintain its ability to sustainably create value. Specifically, we have created three domestic life insurance companies, expanded into the overseas life insurance business, including the Asia-Pacific region and the U.S., and strengthened our domestic and overseas asset management businesses. We have now become a diversified group with three domestic life insurance

companies, six overseas life insurance companies, and two domestic and overseas asset management companies. We have continuously sought to develop the optimal governance system for tackling changes in the business environment and achieving healthy growth. The results of these efforts translated into the process of shifting from a mutual company to a stock company, and then to a holding company structure.  
**Benes** What were the main objectives for shifting to a holding company structure?  
**Inagaki** The Group aims to speed up growth through the reallocation of capital within the Group. Within the Group, an extremely large but mature domestic life insurance business co-exists with new businesses that have yet to grow to significant size. We opted for a holding company that can focus on governance of the entire Group, rather than giving a single operating company the role of appropriately and swiftly determining how much capital to allocate to each business. Another objective was to build the business foundation for executing bold strategies in the future. For example, whereas the business scope of subsidiaries of life insurance companies is strictly regulated under the Insurance Business Act, an insurance holding company can expand into a wide range of business.

## Pursuing best practice as a company with an Audit & Supervisory Committee

Leveraging a sophisticated internal control system in pursuit of highly effective governance

**Benes** Could you explain the reasons why Dai-ichi Life Holdings chose to be a company with an Audit & Supervisory Committee?  
**Inagaki** Before our final decision, there were differing opinions, and we had serious discussions with all



members of our board and senior executives. The reason why we finally decided to be a company with an Audit & Supervisory Committee was the belief that since the holding company’s main duty is the management and administration of Group companies, it is best for its Board of Directors to act as a “monitoring board” focusing on supervisory functions.  
**Benes** Do you think governance is working well, as a company with an Audit & Supervisory Committee?  
**Nagahama** Yes. The Audit & Supervisory Committee at Dai-ichi Life Holdings strives to ensure highly effective governance. Once we launched the system, we wanted to run it as one having the best practices. We set high standards, taking into account the Companies Act and the expectations of society, and based on the know-how we have built up to date. I myself have been involved in the Company’s internal control system for a long time, having also served as the officer in charge of internal auditing. At present, as the Chairman of the Audit & Supervisory

Committee, I am constantly working to increase the efficiency of supervision while utilizing the internal control system, including liaising between the internal audit units and our external audit firm.

**Benes** The life insurance business is based on long-term policies that run for several decades. Actuarial accounting is also complex, so a high level of expertise and a long-term management perspective is required. Is it difficult to deeply understand the business and make the supervisory functions work?

**Nagahama** At the Audit & Supervisory Committee, we take plenty of time to interview each executive officer. After identifying the business issues raised by each executive, we check whether and how these issues are actually addressed in the execution of duties by that person.

**Sato** In the beginning, I did not necessarily support adoption of the Audit & Supervisory Committee system. The corporate auditor (*kansayaku*) system is unique to Japan and is sometimes described as difficult for people from overseas to understand, but its corporate auditors are endowed with extremely strong authorities and an “independent decision-making” system in which each individual corporate auditor can request reports and carry out investigations. So, some argue that governance functions meaningfully because of this aspect. Compared to this, in the case of the Audit & Supervisory Committee, it is not the individual members who have the authority to investigate but the committee that makes such decisions, as a group.

Nevertheless, in the course of discussions, I came to recognize that an extremely sophisticated internal control system was already established at the Company. I realized that if it was linked well to the internal control system, the functions of the Audit & Supervisory Committee would be fulfilled when an issue was raised by an outside director, even if that person did not have an individual authority to investigate. Believing that Dai-ichi Life Holdings could achieve highly effective governance that would be a model to other companies with an Audit & Supervisory Committee if we “aim for best practice,” I supported adoption of the new system on that assumption. Now that we have made the transition, my concerns have been eliminated, and I actually think that we can check the



appropriateness of the execution of directorial duties more widely than regular corporate auditors.

**Benes** How do you make sure that the outside directors are informed well enough to maintain effective oversight?

**Nagahama** Since the establishment of the holding company in October 2016, the Board of Directors has met 12 times, and the Audit & Supervisory Committee has met more frequently. In addition to that, preliminary briefings are held for the outside directors, depending on the importance of the agenda items.

**Sato** Including some internal events we participate in so that we can understand the business better, I think we actually visit the Company about three times a month. Also, I do think that the outside directors are well informed, including the advance distribution of materials for the Board of Directors. Moreover, aside from meetings that are conducted internally, we have independently held “executive session” meetings that allow for free discussion between the outside board members, in order to deepen our understanding of agenda items and enhance discussions.

**Benes** That’s an extremely positive initiative. Exchanging opinions in such forums will stimulate discussion at the Board of Directors.

**Inagaki** I myself have served on the Board of Directors at U.S.-based Janus Capital Group (now Janus Henderson Group) as an outside director. We had onsite meetings once a quarter in principle, with video conferences held when necessary.

**Benes** There is also the approach of reducing the frequency of meetings while deepening debate at each individual meeting. Were there any other initiatives like that at the Janus Board of Directors that could be instructive?

**Inagaki** At the Audit Committee, which was a sub-committee to the Board of Directors, there were various innovations to enhance the effectiveness of governance. For example, the executive directors would leave the meeting to give the Audit Committee members, composed of the auditor and the outside directors, the opportunity to exchange opinions among themselves. I felt that it was a very sound organization. We hope to pursue the best governance for the Group while also learning from such cases at overseas companies.

## Building a global management system in anticipation of the next generation

### Focusing on securing and training diverse personnel as a true global company

**Benes** The overseas business has come to account for about 30% of consolidated net income in fiscal 2016, so having a global management structure will be even more important going forward. Could you explain under what kind of structure you currently use?

**Sumino** We supervise and support each overseas Group company through regional headquarters established in New York and Singapore. We hold an Executive Summit with the aim of sharing our corporate philosophy and values with overseas Group management. We also try to share information, strategies and policies at each level within the Group at events such as the Global Management Conference, where managers from each company get together.

**Benes** Are there any cases in which the management of overseas Group companies take part in the management of the holding company?

**Inagaki** At the moment, there are five executives who are treated as executive officers of the Company, and they take part onsite or by conference call when we deliberate on overseas strategy matters.

**Benes** Training the next generation of personnel to run the global business in the future is also important.

**Sumino** Exactly. In order to build up a diverse employee base, we are actively promoting mid-career employment and the employment of non-Japanese personnel, in addition to hiring new college graduates. While expanding the pool of human capital in this way, I hope that we will also be able to train people who can drive the overseas business, and develop candidates for next-generation executive positions in the process. We are also enhancing global employee interaction and training programs. In fiscal 2016, about 30 overseas Group employees



participated in interaction programs in Japan, and we plan to increase this number to around 50 in fiscal 2017. In conjunction with these efforts, I think we have to develop a multi-lingual internal information infrastructure, to support the globalization of our business.

**Benes** Speaking from my own experience, increasing diversity and cementing human networks within the Group will be a major advantage in remaining globally competitive. The individual strengths of talented personnel combined with human networks will surely help you to overcome the challenges you face to come up with new ideas.

### “Respecting each other, learning from each other, growing together”

**Benes** I think that when you try to strengthen the supervisory and oversight functions for overseas Group companies, there is always a possibility of friction due to cultural differences and other factors. As a holding company, what approach do you take to this?

**Inagaki** The life insurance business is basically a local business, and it is a business that will not run well based on top-down instructions and orders alone. Koichiro Watanabe, Chairman of the Board, expressed the approach that forms the basis of the Company’s global management, in the concepts of “respecting each other,” “learning from each other,” and “growing together.” At a very fundamental level, I think that these concepts express the essence of good governance. The Dai-ichi Life Group has treasured this mindset since the days when it was a mutual company devoted to the domestic life insurance business. These concepts have remained alive after the Group has transformed itself through business and geographical diversification, and I would like to make sure that they will be resolutely passed on in the future.