

# External Directors' Roundtable Discussion

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## Theme 1 Review of the Past Year - Evolution and Challenges of Corporate Governance -

**Shingai** In last year's integrated annual report, we focused on the themes of governance and dialogue between members with supervision and execution roles, and I think it would be good to continue this year's discussion with the evolution of corporate governance (below, "CG").

We are one of the few listed life insurance companies in Japan, and as an institutional investor, we are in a position to promote CG, and we must take pride in our responsibility to set an example. The essence of CG is a

mechanism for transparent, fair, prompt and resolute decision-making based on the stakeholder model.

First of all, with regard to transparency and fairness, it is unfortunate that incidents of fraudulent mishandling of cash by employees occurred at Dai-ichi Life. The Audit & Supervisory Committee Members and other outside directors have been committed to clarifying the facts, analyzing the true cause of these incidents, and clarifying responsibility, with the help of third parties. In response, the

executives are now working diligently to formulate and thoroughly implement countermeasures, identify similar cases, and prevent recurrence over the medium- to long-term, including reforming the corporate culture, in a transparent manner.

Next, I believe that there is still some way to go in terms of speed and decisiveness. It is true that the new medium-term management plan has been evaluated by investors and shareholders as clearly showing the management's intentions. However there are expectations for us to implement and realize the plan quickly and decisively.

The life insurance business is a long-term business. Even if a company makes an omission, it does not mean

that business performance will deteriorate drastically. For this reason, to put it harshly, it is an industry that is prone to so-called "boiled frogs."

To prevent this from happening and to fulfill our responsibility to our stakeholders, I would like to ask the executives to exercise self-discipline and to work tirelessly for transformation. We, the outside directors, have a responsibility to support them in this process. For this reason, I believe that continuous evolution is necessary for CG as well.

At the same time, outside directors also need to continuously refine themselves. During the previous fiscal year, the outside directors alone held 17 meetings and had two study sessions with investors and analysts. On top of



that, we are deeply involved in the formulation of the medium-term management plan and continue to hold dialogues with President Inagaki and other people within the Group, including individual discussions, to continuously improve corporate value over the long-term.

**Maeda** With regard to CG, while we will respond to the expectation and trust of multi-stakeholders based on the basic policy, to do so, I think it is important to achieve a balance between management supervision and business execution. Although the Company underwent a transformation from an insurance company to a holding company in 2016, I think that in some respects we have continued with our previous approach to governance. Over the past few years, the outside directors have had numerous discussions about the direction of CG as a holding company, and we have also been in discussions with the executives.

In the management of the Board of Directors, the chairman of the board was changed from the chairman and representative director to the chairman and director, to clarify the roles of supervision and execution. In addition, being a company with an Audit & Supervisory Committee, we have strengthened the Nominations Advisory Committee and the Remuneration Advisory Committee by allowing outside directors who do not belong to the respective committees to participate as observers, to enhance the effectiveness of the committees by incorporating more diverse opinions. However, it is necessary to go back to the basics of the holding company's roles and continue to work on the evolution of group governance.

**Sato** I think that the previous fiscal year was a landmark

year in the history of the Dai-ichi Life Group. We, the outside directors, have been exchanging opinions and engaging in discussions with the executives with a great deal of awareness. The starting point for this was the fact that we found the opinions of shareholders that resonated with us. Therefore, we held a study session for outside directors only and discussed with the executives, which led to the formulation of the current medium-term management plan.

I am proud to say that we, outside directors, did our best, and I think we were also able to do this because the executives took our opinions seriously. After all, no matter what the outside directors say, if the executives do not listen, there will be no real discussions. In this way, I believe that the relationship between outside directors and executives has entered a different stage.

However, we should not be contented, because we are also institutional investor, and we need to set an example. In the current fiscal year, I hope to further discuss the future vision of the Group not only with the outside directors but also with the executives.

**Masuda** I also feel that the past year has been a period of the greatest progress in strengthening governance.

First of all, compared to the past, there have been more opportunities for internal and external directors to exchange opinions, and we have been able to communicate with many people, including President Inagaki. I believe that CG evolves through the accumulation of such opportunities, and I hope to be able to talk with many more people in the future.

In addition, since the previous fiscal year, there have been several incidents of fraud discovered at Dai-ichi Life, and I think this was one of the reasons why governance has been strengthened significantly. Although it can be very difficult to reform the corporate culture for a company with a long tradition, we need to strengthen and reform our governance with a greater sense of speed in light of the changing business environment.

For example, the proposed Corporate Sustainability Reporting Directive released by the European Commission in April will require companies to guarantee non-financial information such as climate-related risks from 2023. Although the directive only applies to listed companies in the EU, it will eventually be required of Japanese companies as well, so we need to collect and analyze the latest information and consider how to respond to it. As an outside director, I think it is necessary for us to stay informed of such major trends of the times and respond to them.

In addition, as the Board of Directors of a holding company, we need to discuss management control and resource allocation for the entire Group, which has a global business presence, from the perspective of increasing

corporate value. When doing so, it is important to always be aware of stakeholders such as employees, business partners, and contractors, not to mention shareholders, and I think the challenge is to be able to disclose and explain our actions to society with sufficient care.

**Inoue** Last fiscal year was the year to formulate the new medium-term management plan, so it was a very important year to discuss the medium- to long-term management direction. Being aware of this point, the outside directors have been exchanging opinions about what issues should be discussed since the end of the year before last.

In March of last year, the outside directors informed the president of our recognition of the two main issues: future management strategy issues and governance issues. There are four points as management strategy issues: changing our risk-taking policy and securing resources for business investment, reforming our domestic business, future growth strategies including global business, and renewing our corporate culture and behavioral patterns. The following six points were raised as governance issues: strengthening the leadership of the president as the top executive officer, improving the effectiveness of governance by the Board of Directors, whether the president of the holding company should serve concurrently as president of Dai-ichi Life which is an operating company, simplifying the global business supervision system, whether the C-Suite\* system should be introduced, and appointing and selecting next generation leadership.

We were able to achieve a certain results with regard to our financial strategy in the new medium-term management plan, and we will continue to hold free and vigorous discussions on these issues at meetings of outside directors and between outside directors and the executives in order to achieve steady results this fiscal year.

\*A top management positions beginning with the letter "C," such as CEO and CFO.

**Olcott** I agree that the previous fiscal year was a year of great significance for the Company because we were able to have solid discussions toward the formulation of the medium-term management plan.

It is said that at Japanese companies, traditionally Board of Directors approves what executives have formulated without much discussion. This is even true when it comes to important matters such as the medium-term management plan. In the case of our Company, I don't think this was the case when we formulated our previous medium-term management plan, but looking back now, I feel that the previous medium-term management plan seems to be an extension of our traditional strategy, and this time we were able to have more in-depth discussions through a more thorough review process.

In addition, this time we were able to analyze the

competitive environment, benchmark not only domestic but also overseas competitors, and thoroughly discuss the cost of capital and capital allocation, which resulted in, for example, the decision to sell shares in Janus Henderson and a large-scale share buyback.

Through this process, I think the way of engagement between outside directors and the executives, especially the president, has changed a lot. Although I have served as an outside director of many companies, I don't think there is any company where the president and outside directors have such a constructive dialogue.

Although results have yet to be seen, I hope that we can look back in five years' time and say that the last year was a turning point.

**Shu** The first main point regarding governance is the dialogue with shareholders. I think that the executives actively responded to the shareholders' viewpoints. However, what is particularly commendable is that they did not just respond on the surface, but took it very seriously in terms of what the shareholders' requests were and how the Company should change itself to incorporate them.

The second point is that we were able to give the impression to shareholders and the market that the current medium-term management plan has taken a step in a direction that is not an extension of the past, and in the process, top management played a significant role and outside directors were able to provide reasonable cooperation. I think it will continue to be an extremely important point in governance for outside directors to contribute to the creation of an environment in which the entire executive team is unified under the leadership of top



management.

In terms of governance in general, while corporate management is supposed to be for the benefit of all stakeholders, not just specific stakeholders, it is important to know how to evaluate whether or not a company is successfully providing value to all stakeholders. If the provision of value to all stakeholders is circulating well, then the corporate value as a going concern should at least

exceed the value of dissolution. If this is not the case, then it is clear that the company's ability to provide value to customers, employees, and society will be limited in the medium- to long-term. Recognizing that a company's emphasis on social contribution is not an excuse for damage to shareholder value should be the starting point for the governance issues facing Japanese companies today.

## Theme 2 Process of Formulating the Medium-Term Management Plan

**Shingai** Let's look back at the process of formulating the medium-term management plan. While I am a believer in the stakeholder model, ever since I became an outside director in 2019, I have believed that being on the same page with shareholders is not sufficient. In particular, the low price-to-book value ratio (PBR) is a major problem. In order to solve this problem, ROE exceeding the cost of capital and future growth scenarios are essential.

With regard to the former, we had numerous dialogues with the executives, and they started reviewing the cost of capital and recognized a higher cost of capital, and then committed to achieving ROE that exceeds the cost of capital. As the first step of this action, we made it clear that we would aim to improve our risk profile by boldly reducing market risks. By doing so, we wanted to reduce our beta of the CAPM formula and deploy the generated

capital for investment in business growth and shareholder payout policies.

On the other hand, although the outline of the growth scenario is becoming clearer, we believe that there are still many things to be considered in order to realize it. From this perspective, although the Group has seen the light at the end of the tunnel for the financial turnaround, the realization of the business transformation is still an important issue going forward. In this era of VUCA, I believe that we will be required to constantly think and act while running.

**Shu** At the root of it all, there was a recognition that we needed to make a medium-term management plan that would lead to the creation of solid corporate value, and I think it was appropriate to focus on lowering the cost of capital to achieve this. With regard to the reduction of the cost of capital, there was a lot of discussion about the target and the time frame for risk reduction. Naturally, whether or not to reduce risk is also affected by the market environment, so we will continue to work on this issue with a greater sense of speed than we have discussed so far, while the market environment is favorable.

In addition, we need to continue to have disciplined discussions on what to do with the generated capital as a result of risk reduction, how to strike a balance between shareholders returns and growth investment, and how to prioritize areas for growth investment.

**Olcott** The current medium-term management plan focuses on improving the balance sheet, especially reducing market-related risks such as eliminating duration mismatches and reducing equity exposure. However, to improve stock price valuation, we must also be aware of the income statement. In particular, because margin pressure is increasing in the mature domestic life insurance market, a challenge for us is to make our management more conscious of our ability to earn profits by exploring new business opportunities and

reducing fixed costs.

Also, we have not been able to fully discuss the organization related matters. In order to realize our vision the medium- to long-term, for example, five years from now, we need to not only set numerical targets, but also determine what kind of organizational development we should pursue.

**Sato** The structure of a stock company is similar to the system in which the electorate elects the members of the Diet, the members elect the prime minister, and the prime minister assembles the Cabinet. Because we are elected and entrusted by our shareholders, I think it is important that we give attention to our shareholders first.

The medium-term management plan is based on issues we should be aware of when we face all of our stakeholders. In fact, based on the opinions of our shareholders, we have raised issues with our executives regarding the valuation of our stock price including cost of capital and the inadequate level of customer satisfaction.

I believe that the reason for making customer experience as one of the basic strategies in the medium-term management plan is because the executives felt the necessity to more sincerely contemplate customers.

In this way, we directors recognize the importance of keeping a close eye on all directions, including shareholders, customers, employees, and the global environment, and listening carefully to the voices of each. After that, we need to exchange opinions with the executives on these various points, and monitor whether the executives are able to fulfill their duties accordingly.

**Maeda** In formulating the medium-term management plan, outside directors and President along with other executive officers have had a series of discussions since June last year, and I believe that the ideas of the outside directors have been incorporated in essential areas.

In the convocation notice of the Annual General Meeting of Shareholders, it was announced that a total of 13 discussions were held, but I think the quality of discussions worth more attention than the quantity of discussions held. We started discussing financial strategies such as cost of capital and risk reduction plans, which were also raised as issues at the outside directors' meeting, and once we had some sense of financial strategy direction, we moved on to discuss growth strategies, which I think also lead to smooth flow of discussion.

In addition, during this period, there were fraud incidents that could harm the trust in the entire Group, and the outside directors raised the issue of the need for not only preventive measures but also a fundamental review of the corporate culture to firmly address the problem, and I



believe this view is reflected in the core of the medium-term management plan. In terms of the specific issues, while I think there is still room for improvement in the risk and cost reduction plans for the entire Group, I do think it is important to improve them by following the process, even if it is while running.

**Masuda** I think the most important role and function of outside directors is to contribute to improving the reputation from the capital market. Although our stock price has risen as a result of various measures, I don't think it is high enough yet.

Corporate valuation is an evaluation of a company's performance and its business plans, including its business and financial strategies. On the other hand, many shareholders believe that stock price is determined by total return, which is the combination of dividends and share buybacks. In any case, even though we have been making reasonable efforts to increase corporate value, I think we are still lacking speed.

If we take cost reduction as an example, perhaps this is something that we can achieve more quickly. In terms of new business development, probably there is still room for speedy improvements, such as how to organize the sales channels of the three life insurance companies in Japan and how to sort out the issues of product overlap and cannibalization. I am sure we will continue to discuss various issues as we follow up on the progress of the medium-term management plan, and I would like to keep asking the executives to address these points.

**Inoue** The most significant achievement was the financial strategy, where we were able to present an in-depth plan



that sets us apart from the past. Each of our seven outside directors has different expertise. Although the finance and accounting of life insurance is unique, I think it was significant that the outside directors, who are well versed in the finance and accounting of the life insurance business, took the lead in the discussions on the formulation of the financial strategy, asked the executives for the necessary data, and after the outside directors as a whole had digested the data, we were able to hold high-quality discussions with the executive team. We were able to do this because the executive team showed us all the weaknesses at the draft stage and engaged in sincere discussions.

### Theme 3: Expectations and Challenges for the Executives in Implementing the Medium-Term Management Plan

**Shingai** In the previous fiscal year, we formulated our medium-term management plan amid the spread of COVID-19, and we recognized that the business environment has accelerated efforts to address social issues, particularly digital transformation (DX), climate change, and environmental issues. This trend will continue to accelerate further.

In the age of VUCA, a medium-term management plan begins to become outdated just after the moment it is created. For this reason, I believe that we need a process of constantly rolling out what we will do in the future and what we will do in the medium term, always with an eye on the long-term.

This means (1) creating a concrete vision of the future that we want to achieve, and checking it constantly. Based on the prospective view of the demographic changes that already occurred, we need to review the constantly changing and accelerating megatrends, and constantly check and refine the picture of the future we want to achieve. This also means (2) a dynamic approach to the process of backcasting, recognizing the gap between the current situation and the future, renewing the management issues on a daily basis, and creating strategies to deal with them now.

In this process of examining and formulating strategies for coping with the current situation, I would like the executives to involve young people with high integrity and ability, who are full of an ownership mindset, and who have the potential to lead the next generations of management. This is because consistent and organizational

The balance between growth and returns is also a difficult issue. Although our announcement of a share buyback of 200 billion yen, or 10% of our market capitalization of over 2 trillion yen, was well received by the market, it is also important to actively allocate capital to growth and strategic investments to avoid falling into a contractionary equilibrium. In order to do so, we need to present a story of how we can improve the corporate value of the entire Group from a long-term perspective and gain the understanding of the market. I feel that dialogue with the market will become increasingly important.

will be necessary for successful transformation.

On the other hand, while the expansion of overseas business is a major pillar of our growth strategy, our next challenge is the evolution of group governance. From the Company's point of view, I would like to see digital technology used to promote decision-making in overseas businesses and the visualization of management and risk information. From my experience, I can say that it will lead to a greater transfer of authority to individual overseas companies, while strengthening the self-governance of each company. This is because individual companies will try to straighten themselves out when they are being monitored.

Lastly, I would like to talk about expectations. In addition to financial literacy, I would like the future executive team to improve their digital literacy. Keeping up to date with the possibilities of individual digital technologies and what they can do at this point in time, and improving their ability to utilize them will be essential in brushing up their picture of the future.

**Olcott** As I mentioned earlier, we need to think about our future state, and I think we need to be aware of the three "states" when we discuss them.

The first is the state of the world. Considering the trends in the domestic market and the progress of digitalization, the world will probably be very different in five to ten years. We need to determine what that will look like and think about what will be the source of our competitiveness.

The second is the state of the organization. What kind of organization do we need to be successful in the future?

We need to think about what kind of management resources we need and how we will acquire them. If the source of growth is overseas business, then we need the management resources and skills to do business overseas. In terms of human capital, we need to develop global literacy, that is, employees who can be active on a global scale. Great human capital exists overseas, but Japanese companies, not just ours, are not fully utilizing it. In addition, Japanese companies are still very domestic, and there is a lack of Japanese human capital with overseas experience. There is a shortage of human capital who have expertise not only in the business side, but also on things such as internal control, as well as knowledge of overseas markets. Therefore, it is necessary to develop human capital for an aggressive approach, for defense, and to enhance global literacy.

Finally, there is the state of CG. There will be no going back from trend of the times to have board with a majority of outside directors. Japanese companies are lagging behind their competitors in advanced countries in this regard. In order to create maximum value for all stakeholders, especially shareholders, it is necessary to have a more diverse and independent board of directors that not only provides decisive leadership in setting future strategies, but also thoroughly monitors the progress of the business.

**Shu** I believe that many Japanese companies have rely too much on a bottom-up process when formulating their medium-term plans, and as a result, the vector for changing the current situation has not worked. As I mentioned earlier, it was a good thing that our Company showed leadership at the management level this time, rather than leaving it up to the field. In the process of execution, which requires delivering results, I would like everyone to be more conscious than ever of the need to demonstrate leadership from the management level.

Secondly, I think we need to continue to work on improving our mindset. If the emphasis on employee value and customer value is not leading to the realization of shareholder value, then we need to change the way we provide customer value and employee value, respectively. I hope that we can create a system to tackle this issue with determination.

Finally, in order to secure the human capital necessary for global strategy, expansion into areas other than life insurance such as asset management, and acceleration of digitalization, it is important to have access to a diverse and broad range of human capital beyond the internal pool of personnel. I think it will be extremely important for us to promote diversity in terms of experience rather than diversity in terms of attributes to carry out the

strategies we have set.

**Sato** What I would like to see from the executives in the medium-term management plan is to become more customer-focused. Actually, when I first became involved in Dai-ichi Life, I thought marketing was not something that was very important. The reason is that although I received many explanations, I could not see the customers beyond those sales channel strategies.

However, in this medium-term management plan, I feel that we have taken a big step in the direction of facing customers directly by emphasizing the customer experience and including the Net Promoter Score (NPS) in key performance indicators (KPIs). At least, this is the case with domestic sales, and I have very high expectations for this change.

Nowadays, young people have less interest in insurance, and many of them are not at home, regardless of their age, which makes it difficult for sales staff to contact them. Then there are those who do not want to go to the trouble of visiting an agent or bank counter, and want to select insurance easier through digital channels. The needs of customers and how they purchase insurance will continue to diversify going forward. Because life insurance exists for the benefit of the customer, I would like the executives to have a more thorough understanding of who the customers are and what they are looking for. I strongly believe that we need to promote more customer-oriented products and ways to provide products that will further satisfy customers.

I think there is still a lot of room for development in the domestic life insurance business. Although young people also need insurance, I think the reality is that they are not





being reached. Rather than relying on past successes, I hope that we can change our mindset and come up with new mechanisms and new ways of doing things based on the ideas of young people. I would like to see such flexibility on the part of the current executives. The domestic life insurance business in particular is the root of the Group and we have many fans, so I hope that we can be a company that can fully support them.

**Maeda** In formulating the medium-term management plan, we had a lot of discussions about KPIs. As a holding company, our KPIs are focused on the indicators to be achieved by the entire Group, while each operating company focuses on the indicators to be achieved by its own business, and I think we have achieved a certain level of organization in this regard.

As a matter of course, the holding company will focus on financial strategic indicators, while NPS and other indicators will be classified as KPIs for the operating companies. However, the holding company will be required to work on achieving KPIs for the entire Group and at the same time monitor the progress of KPIs for each operating company. In this sense, I believe that the meetings between outside directors and the executives to exchange opinions, particularly on the monitoring of the medium-term management plan, will become increasingly important. In addition, as a precondition for this, I hope that we can go back to the basics and have thorough discussions about the functions and ideal form of the holding company in order to promote group strategies and global strategies.

**Masuda** We have chosen a company with an Audit & Supervisory Committee as an organization under the

Companies Act, and I hope that this form of governance will be viewed favorably as an advanced governance system that is comparable to companies with committees in Europe and the United States. Because it is human beings who operate the governance system, the form is important, but the substance is more important. This is my first expectation for the executives. My second expectation is to utilize the holding company structure. As a holding company, we need to effectively manage and allocate resources to the entire Group, including strategic investments such as new businesses. I think we need to have a proper discussion about what is the most important thing now and what should be prioritized, and put in practice governance with substance.

Although this medium-term management plan is for the entire Group, the main focus is on the three life insurance companies in Japan. In terms of growth areas such as overseas business, I feel that the strategic positioning and capital investment in early-stage businesses have not been fully discussed yet, compared to Protective and TAL, which are in mature markets. Although I think that the announcement of a large share buyback, taking into account the level of the stock price, has had an effect on the stock price, I think that we need to thoroughly discuss the capital that should be invested in growth businesses with an overall sense.

**Inoue** I appreciate that the CX Design Strategy in the new medium-term management plan is based on the concept of market-in rather than product-out, which is based on products and channels, and that the concept is based on the customer's perspective.

How do we understand the values, awareness, and emotions of our customers? Three domestic companies have adopted NPS as a KPI, and we will be monitoring it. NPS is said to capture not only the functional value of products and services, but also emotional satisfaction, making it an effective indicator for measuring customer loyalty. However, there are a few points to keep in mind when using this indicator.

Based on demographic trends, the percentage of millennials and Generation Z will grow significantly in the next 10 years. Individual values will also change, from ownership to usership and a growing interest in products people feel empathy with. We need to develop strategies that anticipate changes in the values and attitudes of not only existing customers but also our potential customers.

In addition, the true value of insurance products can be realized by customers when they receive insurance benefits in a distant future when the insurance event has occurred. In economic sense insurance is a "trust," and it is

difficult for customers to objectively evaluate the quality of the products, so NPS alone cannot fully capture the evaluation of the company by customers. Keeping these points in mind, we really need to manage business from a true customer perspective.

The implementation of the CX Design Strategy, which

## Theme 4 Dialogue with Stakeholders

**Shingai** The life insurance business requires a sound financial position over the very long-term. Therefore, implementing strategies with insight into the very long-term is a top priority for management. However, we must not forget that we are kept alive by the capital market. In other words, management is required to achieve a balance between long-term soundness and business growth with short-term results. And to achieve this, I think we need to maintain an attitude of openness in which we continue to engage in sincere dialogue with our shareholders and incorporating the insights received from them with utmost openness.

At the same time, we have set up a vision to protect and enhance the happiness of all people. While the four experiential values are important, it is also very important to address the SDGs and ESGs. In doing so, we must always go back to what lies at the root of the SDGs, which is the realization of human rights to be able to live as human beings with dignity and equality, and to heal and make the earth safe. As part of this, I believe that we must consider the relationship with our stakeholders, such as society, customers, employees, shareholders, investees, and business partners, and fulfill our responsibilities and increase satisfaction of each of them.

Whenever we are confused about what is right in our daily work, it is important to broaden our perspective and ask ourselves what is required of us from the perspective of the larger community.

For example, when thinking about measures to reduce greenhouse gas emissions, or when in doubt about how to engage with investment partners or business partners, I hope that employees act with courage, thinking not about their own company's interests or the interests of their own department, but about the entire planet.

As I have experienced, the closer you get to the top of management, there are fewer employees in the company who express opinions that are painful to hear. Meanwhile, in this age of VUCA, the business environment is changing.

integrates the digital and real worlds, will require a different way of thinking, so enhancing the dynamic capability of the organization is an important medium- to long-term issue. The CG Code calls for ensuring diversity, including gender, nationality, work experience, and age, and I believe that increasing diversity is becoming even more important.

That's why it is essential for managers to have humble dialogue with stakeholders, including young people who will lead the future generation, to correct their own behavior and constantly renew the yardstick in managing the company.

**Sato** I agree with you. The term "stakeholders" refers to the holders of stakes, which means that all interested parties are included. I believe that nowadays it is considered that everyone that has any kind of relationship with anyone is a stakeholder, not only shareholders, employees and customers, but also local communities, governments, and the global community.

If a company thinks only of specific stakeholders, it will not be able to exist at all. A good example is a company that has recently neglected dialogue with its shareholders. I think it is the most important point.

Employees are also important, and I am aware that various efforts are already being made in this area, such as setting up a contact point for internal and external reporting.



Customers are also important because they determine the very existence of a company, so we must not make mistakes in the way we interact with them.

There are many other important matters, so I would like the executives to have a broad perspective and wide point of view, and to acquire the ability to conceptualize. I hope that they will do so in order to consider all stakeholders and respond to future changes in society.

**Masuda** As a listed company, we are evaluated by investors, and as an institutional investor, we are also in a position to evaluate the performance of our investees, so I think we need to enhance our dialogue on sustainability with our stakeholders from both perspectives.

Currently, when Japanese companies talk about sustainability in their integrated reporting, they tend to focus only on environmental and climate issues, but in Europe and the United States, the issues are expanding to include human rights issues. For this reason, first of all, as an institutional investor, I think we need to be more sensitive than ever to the sustainability of the companies we invest in and lend to. In addition, listed companies need to be aware of the fact that they will soon be required to disclose non-financial information as well as financial information in accordance with certain standards, and may be subject to assurances and audits.

In the VUCA era, the business environment is changing rapidly on a global scale. We cannot avoid the impact of global trends, so I would like the Company to be sensitive to them.

**Inoue** The new group vision is “the happiness of all people, including future generations” and “the realization of a sustainable society over the next 100 years.” Because life insurance is an super-long term product, we have always managed our business with future generations in mind, but how to reflect the interests of these future stakeholders in our strategy is a difficult question. This is because although we can talk to the current generation of stakeholders, we cannot directly listen to the voices of future generations.

What may be helpful is an experimental economics method called future design. If we use our imagination, we can see our grandchildren’s grandchildren as an extension of ourselves. This method involves envisioning a hypothetical future generation group as if they were your grandchildren’s grandchildren, or seven generations after you, and designing super-long term policies and strategies through negotiation role-plays with the current generation group. This method was devised to eliminate the various biases that can arise when trying to think from a super-

long term perspective as much as possible, and I hope that the Group will also devise ways to design our future based on the interests of our stakeholders 100 years in the future.

**Maeda** In this medium-term management plan, we have adopted the concept of reconnecting, which literally means to go back to the basics and enhance connections with each stakeholder. In particular, for our customers, we will never let another incident of fraud like this one happen, we will always be aware of the level of customer satisfaction through NPS and other measures, and we will quickly build a foundation that can provide the most appropriate experience value for each customer. Another example is the adoption of TSR as a KPI to reflect interests of our shareholders. It is time for us to make bold reforms in the way our employees work, and I hope that they will make full use of DX tools to realize a way of working that is appropriate for the Group.

Also, as an institutional investor, I am aware that we have been making steady efforts from early on, including ESG-conscious investments and company-wide efforts to become carbon neutral. In addition to this integrated report, I think we need to strengthen our efforts to further deepen our recognition through various media.

**Olcott** It has been 11 years since we were listed on the stock exchange, and the biggest issue for the Company to survive for the next 20 years is to improve our stock price evaluation. In the six years I have served as a director of the company, I am aware that the executive team has taken various measures to improve corporate value. Nonetheless, we have not always been able to obtain sufficient recognition from the capital market.

In light of this fact, in formulating the medium-term management plan last year, I felt that the executive team was more determined than ever to resolve issues that had hindered the rise of the stock price, such as improving the balance sheet problem, which can be said to be a characteristic of Japanese life insurance companies, and that the measures taken to solve the problem were more in-depth. I believe that this has led to an improvement in the capital market’s evaluation and support for our stock.

Now that we have completed our medium-term management plan, we have a good foundation for improving our corporate value. We now need to refocus on our earning power, while continuing our risk reduction efforts. For the long-term prosperity of the Group and all our stakeholders, we will keep a close eye on the steady implementation of the plan.

## 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 multiple stakeholders, such as customers, shareholders, society and employees, and to achieve sustainable growth and enhancement of corporate value over the medium- to long-term.

### Initiatives to Strengthen Corporate Governance

The Dai-ichi Life Insurance Company, Limited

#### Fiscal 2010

- Listed its stock on the Tokyo Stock Exchange (First Section)

#### Fiscal 2011

- Introduced share remuneration-type stock options

#### Fiscal 2013

- Established the Advisory Board

#### Fiscal 2014

- Established Independence Standards for Outside Directors
- Established an Internal Control Policy for Dai-ichi Life Group
- Commenced self-assessment of effectiveness of the Board of Directors

#### Fiscal 2015

- Established a Basic Corporate Governance Policy

Dai-ichi Life Holdings, Inc.

#### Fiscal 2016

- Transitioned to a holding company structure (October 2016)
- Transitioned to a company with an Audit & Supervisory Committee (October 2016)
- Commenced self-assessment of the effectiveness of the Audit & Supervisory Committee

#### Fiscal 2017

- Commenced self-assessment of the effectiveness of Nominations Advisory Committee and Remuneration Advisory Committee

#### Fiscal 2018

- Introduced a restricted stock remuneration scheme

## Corporate Governance Structure

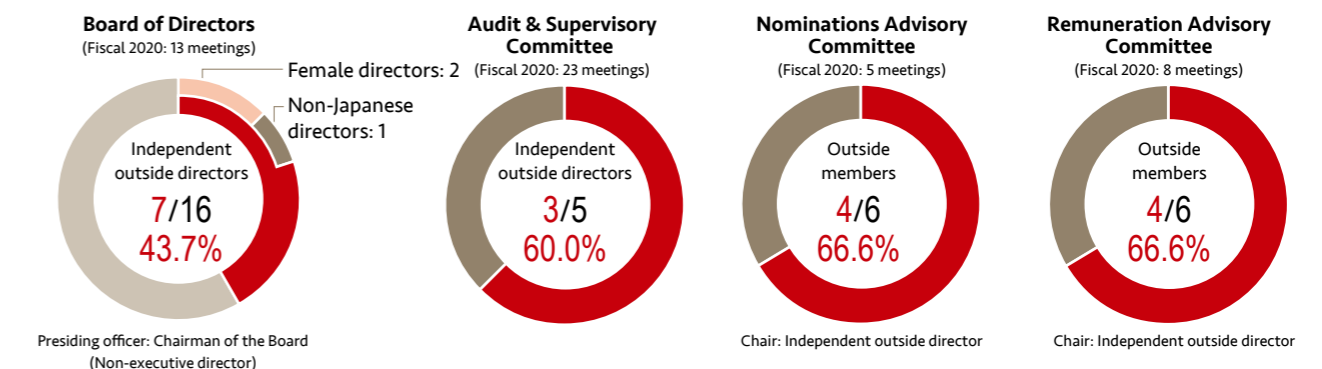
In addition to establishing an Audit and Supervisory Committee, the Company has appointed outside directors (more than one-third of its directors) and established voluntary committees

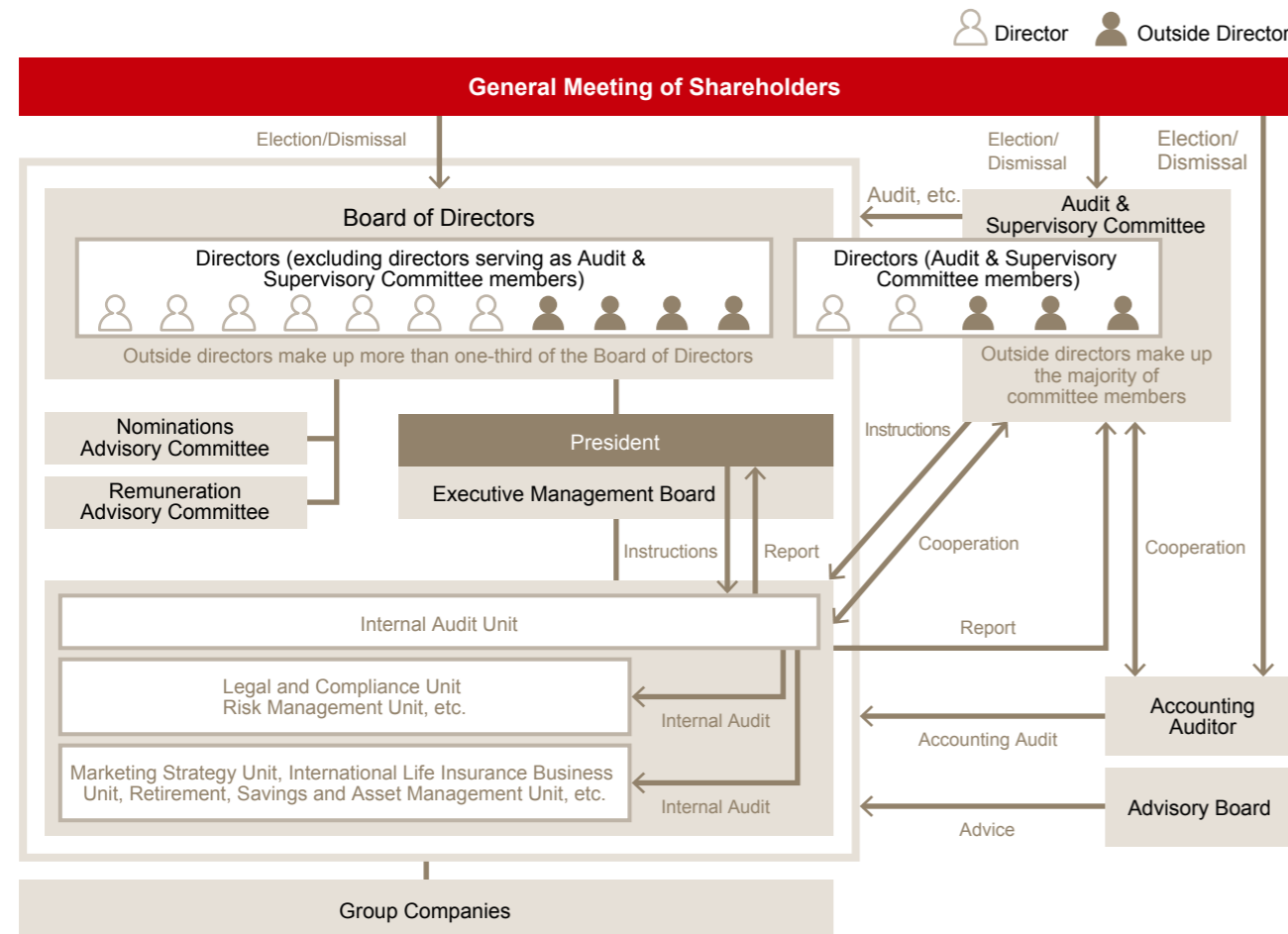
(whose majority consists of outside directors). Through this and other means, the Company forms an effective corporate governance structure founded on external perspectives.

### Overview of the Corporate Governance Structure

As of June 21, 2021

Corporate governance model	Company with an Audit & Supervisory Committee
Term of office for directors	1 year (2 years for Audit & Supervisory Committee members)
Limit on duration of term	Outside directors: 8 years Directors serving as Audit & Supervisory Committee members: 12 years
Voluntary advisory bodies for the Board of Directors	Nominations Advisory Committee, Remuneration Advisory Committee
Remuneration systems for directors and officers	(1) Basic remuneration, (2) Performance-linked remuneration, (3) Restricted stock remuneration (see p. 89)
Independent auditor	KPMG AZSA LLC





**Board of Directors**

The Board of Directors is responsible for making important decisions on the Group's management strategy, management plan, etc. and supervises business operations execution. The Board of Directors consists of internal directors with knowledge and experience necessary to manage in an accurate, fair, and efficient manner and outside directors with the deep insight, rich experience, and independence necessary to fully demonstrate supervisory functions. In principle, outside directors make up more than one-third of the board. The diversity of the Board of Directors is also taken into consideration.

**Audit & Supervisory Committee**

As an independent body 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 legal and appropriateness standpoint. It is also responsible for supervisory functions over the Board of Directors by expressing opinions on their appointment and remuneration. The Audit & Supervisory Committee includes at least one member with considerable knowledge about finance and accounting. It consists of internal members with knowledge about the life insurance business and outside members with excellent insight, rich experience, and independence.

**Nominations Advisory Committee/ Remuneration Advisory Committee**

To further enhance management transparency, these committees are established as voluntary advisory committees for the Board of Directors to refer proposals to the Board of Directors after deliberating and deciding on the following.

- Nominations Advisory Committee: election and dismissal of directors
  - Remuneration Advisory Committee: issues related to remuneration
- These committees are made up of the chairman of the Board, president, and outside directors, who constitute a majority of the committee members.

The establishment of the Nominations Advisory Committee and the Remuneration Advisory Committee are stipulated in the Articles of Incorporation.

**Nominations Advisory Committee**

Title	Name
Outside Director	Koichi Maeda*
Outside Director	George Olcott
Outside Director	Yuriko Inoue
Outside Director (Audit & Supervisory Committee Member)	Rieko Sato
Director, Chairman of the Board	Koichiro Watanabe
Representative Director, President	Seiji Inagaki

\* The chairman of the Nominations Advisory Committee and the Remuneration Advisory Committee.

**Remuneration Advisory Committee**

Title	Name
Outside Director	Koichi Maeda*
Outside Director	Yasushi Shingai
Outside Director (Audit & Supervisory Committee Member)	Ungyong Shu
Outside Director (Audit & Supervisory Committee Member)	Koichi Masuda
Director, Chairman of the Board	Koichiro Watanabe
Representative Director, President	Seiji Inagaki

**Executive Management Board**

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

**Advisory Board**

To further strengthen and enhance governance the Company has established an Advisory Board to seek extensive advice from outside experts on a medium- to long-term perspective regarding general management matters.

**Leadership** (As of June 21, 2021)

**Directors**

**Koichiro Watanabe**



Director, Chairman of the Board  
Assumed office in July 2001  
Age: 68  
Board of Directors meetings attended: 13/13  
Other major occupations:  
• Director, Chairman of the Board, The Dai-ichi Life Insurance Company, Limited  
• Chairman, Central Council for Education, Ministry of Education, Culture, Sports, Science and Technology, Government of Japan  
• Vice Chair, Subdivision on Universities, Central Council for Education, Ministry of Education, Culture, Sports, Science and Technology, Government of Japan  
• Vice Chair, Director of Japan Business Federation  
• Chair of Committee on Education Reform, Japan Business Federation  
• Chair of Committee on Consumer Affairs, Japan Business Federation  
• Vice President, The Japan Quality Award Council, Japan Productivity Center

His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including corporate planning, human resources management, public relations and government relations, and he has deep experience and knowledge in the life insurance business. He has duly performed his duties as a member of the Board of Directors since July 2001 by making use of his abundant experience and insight. In addition, he has promoted business strategy for the growth of the Group through his service as director, chairman of the Board since April 2017. The Company believes he is qualified to be a member of the Board of Directors, and therefore appointed him as a director.

- Apr. 1976 Joined The Dai-ichi Mutual Life Insurance Company
- Jul. 2001 Director
- Apr. 2004 Managing Director
- Jul. 2004 Managing Executive Officer
- Jul. 2007 Director, Managing Executive Officer
- Apr. 2008 Director, Senior Managing Executive Officer
- Apr. 2010 Representative Director, President, The Dai-ichi Life Insurance Company, Limited
- Oct. 2016 Representative Director, President, Dai-ichi Life Holdings, Inc.
- Apr. 2017 Representative Director, Chairman of the Board
- Jun. 2020 Director, Chairman of the Board (to present)

**Seiji Inagaki**



Representative Director, President  
Assumed office in June 2016  
Age: 58  
Board of Directors meetings attended: 13/13  
Other major occupations:  
• Representative Director, President, The Dai-ichi Life Insurance Company, Limited  
• Chair of Business and Industry Advisory Committee to the OECD Japan, Japan Business Federation  
• Vice Chair of Executive Board, Business at OECD (BIAC)

His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including corporate planning and investment planning, and he has deep experience and knowledge in the life insurance business. He played a central role in the demutualization of the Company in 2010 and led the development of a system to implement the Group's growth strategy. In addition, he has duly performed his duties as a member of the Board of Directors since June 2016 and as a representative director and president since April 2017. He has developed a growth strategy to further strengthen and expand the Group's business foundation. The Company believes he is qualified to be a member of the Board of Directors, and therefore appointed him as a director.

- Apr. 1986 Joined The Dai-ichi Mutual Life Insurance Company
- Apr. 2012 Executive Officer, The Dai-ichi Life Insurance Company, Limited
- Apr. 2015 Managing Executive Officer
- Jun. 2016 Director, Managing Executive Officer
- Oct. 2016 Director, Managing Executive Officer, Dai-ichi Life Holdings, Inc.
- Apr. 2017 Representative Director, President (to present)

**Hideo Teramoto**



Representative Director, Vice Chairman  
Assumed office in June 2012  
Age: 61  
Board of Directors meetings attended: 13/13  
Other major occupations: Not applicable

His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including corporate planning, marketing planning and IT planning, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties as a member of the Board of Directors since June 2012. The Company believes he is qualified to be a member of the Board of Directors, and therefore appointed him as a director.

- Apr. 1983 Joined The Dai-ichi Mutual Life Insurance Company
- Apr. 2009 Executive Officer
- Apr. 2010 Executive Officer, The Dai-ichi Life Insurance Company, Limited
- Apr. 2011 Managing Executive Officer
- Jun. 2012 Director, Managing Executive Officer
- Apr. 2015 Director, Senior Managing Executive Officer
- Oct. 2016 Director, Senior Managing Executive Officer, Dai-ichi Life Holdings, Inc.
- Apr. 2017 Director
- Apr. 2020 Director, Vice Chairman
- Apr. 2021 Representative Director, Vice Chairman (to present)

**Tetsuya Kikuta**



Representative Director, Senior Managing Executive Officer  
Assumed office in June 2020  
Age: 56  
Board of Directors meetings attended: 10/10  
Other major occupations: Not applicable

His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including asset management business, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties in overseas life insurance companies as a member of the Board of Directors of Dai-ichi Life Insurance Vietnam and Tower (currently TAL), and as a member of the Board of Directors of The Dai-ichi Life Insurance Company, Limited since April 2018. The Company believes he is qualified to be a member of the Board of Directors, and therefore appointed him as a director.

- Apr. 1987 Joined The Dai-ichi Mutual Life Insurance Company
- Jun. 2014 Executive Officer, The Dai-ichi Life Insurance Company, Limited\*
- Oct. 2016 Executive Officer, The Dai-ichi Life Insurance Company, Limited\*
- Apr. 2017 Managing Executive Officer
- Apr. 2018 Managing Executive Officer, Dai-ichi Life Holdings, Inc.
- Jun. 2020 Director, Managing Executive Officer
- Apr. 2021 Representative Director, Senior Managing Executive Officer (to present)

\* Due to the transition to a holding company structure on October 1, 2016, The Dai-ichi Life Insurance Company, Limited until September 30, 2016 and that from October 1, 2016 are different companies.

## Leadership (As of June 21, 2021)

## Directors

## Hiroshi Shoji

Director, Managing Executive Officer  
Assumed office in June 2021  
Age: 57  
Other major occupations: Not applicable



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including profit management and actuarial duties, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties as a member of the Board of Directors of The Dai-ichi Life Insurance Company, Limited since October 2016. The Company believes he is qualified to be a member of the Board of Directors, and therefore appointed him as a director.

Apr. 1988 Joined The Dai-ichi Mutual Life Insurance Company  
Apr. 2015 Executive Officer, The Dai-ichi Life Insurance Company, Limited  
Oct. 2016 Executive Officer, Dai-ichi Life Holdings, Inc.  
Apr. 2017 Managing Executive Officer  
Jun. 2021 Director, Managing Executive Officer (to present)

## Toshiaki Sumino

Director, Managing Executive Officer  
Assumed office in June 2021  
Age: 51  
Other major occupations: Not applicable



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including corporate planning and investment planning, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties in overseas life insurance companies as a member of the Board of Directors of Protective Life Corporation and as CEO of DLI NORTH AMERICA. The Company believes he is qualified to be a member of the Board of Directors, and therefore appointed him as a director.

Apr. 1992 Joined The Dai-ichi Mutual Life Insurance Company  
Oct. 2016 Executive Officer, Dai-ichi Life Holdings, Inc.  
Apr. 2020 Managing Executive Officer  
Jun. 2021 Director, Managing Executive Officer (to present)

## Mamoru Akashi

Director, Managing Executive Officer  
Assumed office in June 2021  
Age: 56  
Other major occupations:  
Director, Managing Executive Officer, The Dai-ichi Life Insurance Company, Limited



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including marketing planning and over-the-counter sales, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties as a member of the Board of Directors of The Dai-ichi Frontier Life Insurance Co., Ltd. since April 2013 and as a member of the Board of Directors of The Dai-ichi Life Insurance Company, Limited since April 2020. The Company believes he is qualified to be a member of the Board of Directors, and therefore appointed him as a director.

Apr. 1988 Joined The Dai-ichi Mutual Life Insurance Company  
Apr. 2013 Director, The Dai-ichi Frontier Life Insurance Co., Ltd.  
Apr. 2015 Director, Managing Executive Officer  
Apr. 2016 Representative Director, Vice President  
Apr. 2020 Managing Executive Officer, Dai-ichi Life Holdings, Inc.  
Jun. 2021 Director, Managing Executive Officer (to present)

## George Olcott

Outside Director  
Assumed office in June 2015  
Age: 66  
Board of Directors meetings attended: 13/13  
Other major occupations:  
• Outside Director, Kirin Holdings Company, Limited  
• Outside Director, Member of the Board, DENSO CORPORATION



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 at the Board of Directors meetings and other occasions. The Company has the expectation that he will continue to share his experience and expertise on oversight of management of the Group, and therefore appointed him as an outside director.

Jul. 1986 Joined S.G. Warburg & Co., Ltd.  
Nov. 1991 Director  
Sep. 1993 Executive Director, Equity Capital Market Group, S.G. Warburg Securities London  
Apr. 1997 Head of Tokyo Office, SBC Warburg  
Apr. 1998 Vice President, LTCB-UBS-Brinson Asset Management  
Feb. 1999 President, UBS Asset Management (Japan) President, Japan UBS Brinson  
Jun. 2000 Managing Director, Equity Capital Market, SBC Warburg Tokyo  
Sep. 2001 Judge Business School, University of Cambridge  
Mar. 2005 FME Teaching Fellow  
Mar. 2008 Senior Fellow  
Sep. 2010 Project Professor, Research Center for Advanced Science and Technology, The University of Tokyo  
Apr. 2014 Guest Professor, Keio University, Faculty of Business and Commerce (to present)  
Jun. 2015 Outside Director, The Dai-ichi Life Insurance Company, Limited  
Oct. 2016 Outside Director, Dai-ichi Life Holdings, Inc. (to present)

## Koichi Maeda

Outside Director  
Assumed office in October 2016  
Age: 69  
Board of Directors meetings attended: 13/13  
Other major occupations: Not applicable



He has deep experience and insight gained through acting as business executive of highly public enterprises. 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 at the Board of Directors meetings and other occasions. The Company has the expectation that he will continue to share his experience and expertise on oversight of management of the Group, and therefore appointed him as an outside director.

Apr. 1975 Joined Nippon Telegraph and Telephone Public Corporation  
Jul. 1999 General Manager, Kagoshima Branch, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION  
Jul. 2000 General Manager, Planning Department, Consumer & Office Division, NTT Communications Corporation  
Jun. 2002 General Manager, Consumer & Office Division  
Jun. 2004 Director, Senior Vice President, General Manager, Consumer & Office Division  
Aug. 2006 Director, Senior Vice President, Deputy General Manager, Net Business Division  
Jun. 2008 Director, Executive Vice President, Deputy General Manager, Net Business Division  
Jun. 2009 Representative Director, Senior Executive Vice President, General Manager, Consumer Business Promotion Division, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION;  
Representative Director, President, NTT EAST PROPERTIES, INC.  
Jun. 2012 Representative Director, President, NTT FINANCE CORPORATION  
Jun. 2016 Director, Chief Executive Counselor  
Oct. 2016 Outside Director, Dai-ichi Life Holdings, Inc. (to present)  
Jul. 2017 Chief Executive Counselor, NTT FINANCE CORPORATION  
Jul. 2018 Advisor to the President  
Jul. 2021 Advisor, NTT FACILITIES, INC. (to present)

## Yasushi Shingai

Outside Director  
Assumed office in June 2019  
Age: 65  
Board of Directors meetings attended: 13/13  
Other major occupations:  
• Outside Director, Asahi Group Holdings, Ltd.  
• Member of the Board of Directors (Outside Director), Mitsubishi UFJ Financial Group, Inc.



In addition to his deep experience and insight gained through acting as a business executive of a global company, he has rich experience and sophisticated and expert knowledge of corporate finance and mergers & acquisitions as the finance officer. The Company believes that he brings significant benefits to the Company by supervising management and advising on various matters of corporate management based on his global and objective viewpoint at Board of Directors meetings and other occasions. The Company has the expectation that he will continue to share his experience and expertise on oversight of management of the Group, and therefore appointed him as an outside director.

Apr. 1980 Joined the Japan Tobacco and Salt Public Corporation (presently Japan Tobacco Inc.)  
Jul. 2001 Vice President, Finance Planning Division  
Jul. 2004 Senior Vice President, Chief Financial Officer  
Jun. 2005 Member of the Board, Senior Vice President, and Chief Financial Officer  
Jun. 2006 Member of the Board of Japan Tobacco Inc., Executive Vice President, JT International S.A.  
Jun. 2011 Representative Director and Executive Vice President, Japan Tobacco Inc.  
Jan. 2018 Member of the Board  
Jun. 2019 Director, Dai-ichi Life Holdings, Inc. (to present)

## Yuriko Inoue

Outside Director  
Assumed office in June 2018  
Age: 58  
Board of Directors meetings attended: 13/13  
Other major occupations:  
• Outside Director, NIPPON SIGNAL CO., LTD.



She is an experienced and trusted professor specialized in intellectual property law, and she has had a wide range of knowledge about IT-related systems and policies backed by her expertise. She brings significant benefits to the Company by supervising management and advising on various legal matters and data governance in IT strategies of the Company based on her objective viewpoint. The Company has the expectation that she will continue to share her experience and expertise on oversight of management of the Group, and therefore appointed her as an outside director.

Nov. 1993 Lecturer, University of Tokyo Graduate Schools for Law and Politics  
Apr. 1995 Associate Professor, University of Tsukuba Graduate School of Business Administration & Public Policy  
Apr. 2001 Associate Professor, University of Tsukuba Graduate School of Business Sciences  
Sep. 2002 Associate Professor, Kobe University Graduate School of Law  
Apr. 2004 Professor  
Oct. 2010 Professor, Hitotsubashi University Graduate School of International Corporate Strategy  
Apr. 2018 Professor, Business Law Department of Graduate School of Law (to present)  
Jun. 2018 Outside Director, Dai-ichi Life Holdings, Inc. (to present)

## Morinobu Nagahama

Director  
(Audit & Supervisory Committee Member (Full-Time)) Assumed office in June 2014  
Age: 64  
Board of Directors meetings attended: 13/13  
Audit & Supervisory Committee meetings attended: 23/23  
Other major occupations:  
• Director, The Dai-ichi Life Insurance Company, Limited  
• Outside Corporate Auditor, Sekisui Kasei Co., Ltd.



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including compliance, internal audits, legal affairs, secretarial administration and general affairs, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties in the auditing work as an Audit & Supervisory Committee member (full-time) since October 2016. The Company believes he has the qualifications necessary to strengthen the effectiveness of the supervisory and auditing function over the management of the Group by making use of his experience and knowledge. Therefore, the Company appointed him as a director serving as Audit & Supervisory Committee member.

Apr. 1979 Joined The Dai-ichi Mutual Life Insurance Company  
Sep. 2008 Executive Officer  
Apr. 2010 Executive Officer, The Dai-ichi Life Insurance Company, Limited  
Apr. 2013 Managing Executive Officer  
Jun. 2014 Director, Managing Executive Officer  
Apr. 2016 Director, Senior Managing Executive Officer  
Oct. 2016 Director (Audit & Supervisory Committee Member (full-time)), Dai-ichi Life Holdings, Inc. (to present)



## Leadership (As of June 21, 2021)

### Directors

#### Fusakazu Kondo

Director  
(Audit & Supervisory Committee Member (Full-Time))  
Assumed office in October 2016  
Age: 60  
Board of Directors meetings attended: 13/13  
Audit & Supervisory Committee meetings attended: 23/23  
Other major occupations:  
• AIDA ENGINEERING, LTD., Statutory Auditor (External Auditor)



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including profit management and finance, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties in the auditing work as a Senior Audit and Supervisory Board member (full-time) of The Dai-ichi Life Insurance Company, Limited from June 2012 to September 2016 and as an Audit & Supervisory Committee member (full-time) of the Company since October 2016. The Company believes he has the qualifications necessary to strengthen the effectiveness of the supervisory and auditing function over the management of the Group by making use of his experience and knowledge. Therefore, the Company appointed him as a director serving as Audit & Supervisory Committee member.

Apr. 1983 Joined The Dai-ichi Mutual Life Insurance Company  
Jun. 2012 Senior Audit and Supervisory Board Member (full-time), The Dai-ichi Life Insurance Company, Limited  
Oct. 2016 Director (Audit & Supervisory Committee Member (full-time)), Dai-ichi Life Holdings, Inc. (to present)

#### Ungyong Shu

Outside Director  
(Audit & Supervisory Committee Member)  
Assumed office in June 2015  
Age: 58  
Board of Directors meetings attended: 13/13  
Audit & Supervisory Committee meetings attended: 23/23  
Other major occupations:  
• President & CEO, Core Value Management, Co., Ltd.



He has a wide range of experiences as a managing director of financial institutions. He has also brought significant benefits to the Company by supervising and auditing management as well as 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 has the expectation that he will continue to use his experience to good advantage in conducting audits and supervision of the Group's management, and therefore appointed him as an outside director serving as Audit & Supervisory Committee member.

Apr. 1986 Joined Morgan Guaranty Trust Company of New York, a subsidiary of J.P. Morgan & Company, Inc.  
May. 2001 Managing Director, JP Morgan Securities  
Jul. 2005 Head of Financial Institutions Division  
May. 2007 Managing Director and Chairman of Financial Institutions Group, Merrill Lynch Japan Securities Ltd.  
Jul. 2010 Co-Head of Investment Banking Division  
Jul. 2011 Vice Chairman  
Nov. 2013 President & CEO, Core Value Management, Co., Ltd. (to present)  
Jun. 2015 Outside Director, The Dai-ichi Life Insurance Company, Limited  
Oct. 2016 Outside Director (Audit & Supervisory Committee Member), Dai-ichi Life Holdings, Inc. (to present)

### Executive Officers (excluding those who are directors)

Senior Managing Executive Officers

**Masamitsu Nambu**  
**Masao Taketomi**  
**Yuji Tokuoka**

Managing Executive Officers

**Hideo Hatanaka**  
**Munehiro Uryu**  
**Tatsusaburo Yamamoto**

Executive Officers

**Norimitsu Kawahara**  
**Ichiro Okamoto**  
**Hidehiko Sogano**  
**Tsuyoshi Kawamoto**  
**Takashi Iida**  
**Hitoshi Yamaguchi**  
**Koichi Nishiyama**  
**Miki Kashizaki**  
**Atsuko Ochiai**

#### Rieko Sato

Outside Director (Audit & Supervisory Committee Member)  
Assumed office in June 2015  
Age: 64  
Board of Directors meetings attended: 13/13  
Audit & Supervisory Committee meetings attended: 23/23  
Other major occupations:  
• Partner, Ishii Law Office  
• Outside Director, J. FRONT RETAILING Co., Ltd.  
• Outside Corporate Auditor, NTT DATA CORPORATION  
• Outside Audit & Supervisory Board Member, Mitsubishi Corporation



She is an experienced and trusted attorney, and she has had a wide range of experiences serving as outside Audit and Supervisory Board member of various corporations. She has also brought significant benefits to the Company by supervising and auditing management as well as advising on various legal matters of the Company based on her objective viewpoint at the Board of Directors meetings and other occasions. The Company has the expectation that she will continue to use her experience to good advantage in conducting audits and supervision of the Group's management, and therefore appointed her as an outside director serving as Audit & Supervisory Committee member.

Apr. 1984 Registered as Attorney-at-Law  
Jun. 1989 Shearman & Sterling LLP  
Jul. 1998 Partner, Ishii Law Office (to present)  
Jun. 2015 Outside Director, The Dai-ichi Life Insurance Company, Limited  
Oct. 2016 Outside Director (Audit & Supervisory Committee Member), Dai-ichi Life Holdings, Inc. (to present)

#### Koichi Masuda

Outside Director  
(Audit & Supervisory Committee Member)  
Assumed office in October 2016  
Age: 77  
Board of Directors meetings attended: 12/13  
Audit & Supervisory Committee meetings attended: 22/23  
Other major occupations:  
• Director (Outside), Audit and Supervisory Committee Member, Daishi Hokuetsu Financial Group, Inc.



He is an experienced and trusted certified public accountant, and he has had a wide range of experiences serving as Outside Director (Audit and Supervisory Committee member) and Outside Audit & Supervisory Board member of various corporations. He has also brought significant benefits to the Company by supervising and auditing management and advising on various financial matters of the Company based on his objective viewpoint at the Board of Directors meetings and other occasions. The Company has the expectation that he will continue to use his experience to good advantage in conducting audits and supervision of the Group's management, and therefore appointed him as an outside director serving as Audit & Supervisory Committee member.

Apr. 1966 Yoshiji Tanaka CPA Office  
Jan. 1970 Otemachi Kaikei Jimusho Audit Corporation  
Jan. 1975 Shinwa Audit Corporation \*  
Sep. 1978 Partner  
Jul. 1992 Representative Partner, Asahi Shinwa Audit Corporation \*  
Oct. 1993 Representative Partner, Asahi Audit Corporation \*  
Jan. 2004 Representative Partner, KPMG AZSA & Co. \*  
Jul. 2007 Chairman and President, The Japanese Institute of Certified Public Accountants  
Jul. 2010 Advisor (to present)  
Oct. 2016 Outside Director (Audit & Supervisory Committee Member), Dai-ichi Life Holdings, Inc. (to present)  
\* Presently, KPMG AZSA LLC

## Director Skill Matrix

The Company sets forth the skill set and experience required of its directors in the following table. The skill set and experience possessed by the directors of the Company are as follows.

Name	Gender	Title	Knowledge and experience											
			Corporate management	Internationality	Money markets	Finance/accounting/mathematics	Legal affairs	Compliance	Risk management	ICT*/DX	Innovation (New business development)	Sustainability		
Koichiro Watanabe	Male	Director, Chairman of the Board	✓	✓	✓	✓		✓	✓					
Seiji Inagaki	Male	Representative Director, President	✓	✓	✓	✓		✓	✓					
Hideo Teramoto	Male	Representative Director Vice Chairman	✓		✓	✓		✓	✓	✓	✓			
Tetsuya Kikuta	Male	Representative Director Senior Managing Executive Officer	✓	✓	✓	✓						✓	✓	
Hiroshi Shoji	Male	Director Managing Executive Officer	✓		✓	✓								
Mamoru Akashi	Male	Director Managing Executive Officer	✓		✓						✓	✓		
Toshiaki Sumino	Male	Director Managing Executive Officer	✓	✓	✓	✓	✓	✓	✓					✓
George Olcott	Male	Outside Director	✓	✓	✓									✓
Koichi Maeda	Male	Outside Director	✓	✓	✓				✓		✓			✓
Yuriko Inoue	Female	Outside Director						✓	✓		✓			✓
Yasushi Shingai	Male	Outside Director	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
Morinobu Nagahama	Male	Director (Audit & Supervisory Committee Member (Full-Time))	✓		✓			✓	✓	✓				✓
Fusakazu Kondo	Male	Director (Audit & Supervisory Committee Member (Full-Time))	✓		✓	✓								
Rieko Sato	Female	Outside Director (Audit & Supervisory Committee Member)						✓	✓	✓				
Ungyong Shu	Male	Outside Director (Audit & Supervisory Committee Member)	✓	✓	✓					✓				
Koichi Masuda	Male	Outside Director (Audit & Supervisory Committee Member)	✓				✓							

\* ICT: Information and Communication Technology

## Succession Plan

The succession plan of the Company is discussed at meetings of the Nominations Advisory Committee prescribed in the Company's Articles of Incorporation. After verifying the election and discharge of members of the Board of Directors from the standpoint of eligibility and reviewing and deciding on its proposals, the Nominations Advisory Committee submits them to the Board of Directors for review. The members of this Committee are comprised of the chairman and the president as well as outside members who are elected by the Board of Directors. Moreover, to ensure the independence of this committee, more than half of its members are outside members.

#### Major themes for deliberation

- Proposal of director candidates
- Matters pertaining to succession plan

#### Basic Corporate Governance Policy (Excerpt)

##### 4. Nominations Advisory Committee

###### (1) Role

Nominations Advisory Committee, as an advisory committee of the Board of Directors, confirm procedures of elections and discharge of directors of the Company and The Dai-ichi Life Insurance Company, Limited from the perspective of eligibility, and deliberates and determines committee proposals. Matters related to the Company are proposed to the Board of Directors and matters related to The Dai-ichi Life Insurance Company, Limited are submitted to its board of directors.

###### (2) Overall composition

The members of the Nominations Advisory Committee are comprised of the Chairman, the President and outside members, and the Board of Directors elects outside members. Moreover, to ensure the independence of this Committee, more than a half of the members shall be outside members.

## Measures Based on Evaluating the Effectiveness of the Board of Directors

To strengthen corporate governance, the Board of Directors has self-evaluated its effectiveness each year since fiscal 2014 to ensure the effectiveness of the Board of Directors decision-making and other aspects. The results of each year's assessment are used to improve operation in the following fiscal year and beyond. More specifically, an anonymous questionnaire regarding the overall governance structure, including the Audit and Supervisory Committee, the Nominations Advisory Committee, and the Remuneration Advisory Committee in addition to the Board of Directors, is

administered to all directors, with the results tabulated and analyzed by a third-party agency. Improvement measures are then examined and implemented for identified challenges. The results of analysis and improvement measures are reported to the Board of Directors, after which they are disclosed on the Company website.

 Self-assessment of the Board of Directors

<https://www.dai-ichi-life-hd.com/en/about/control/governance/structure.html>

## Survey Overview

### 1 Conduct self-assessment survey

**Respondents**

All directors

**Response style**

Anonymous

**Main items assessed**

- Operation of the Board of Directors and initiatives aimed at enhancing deliberations
- Composition of the Board of Directors
- Role and state of operation of each committee
- Encouragement of communication among directors
- General effectiveness of governance system and Board of Directors

### 2 Results analysis and improvement plan formulation

- Collection and analysis of survey responses by a third party
- Create a draft assessment of effectiveness and improvement plan based on the analysis results
- Exchange of opinions between the third parties and outside directors, etc.

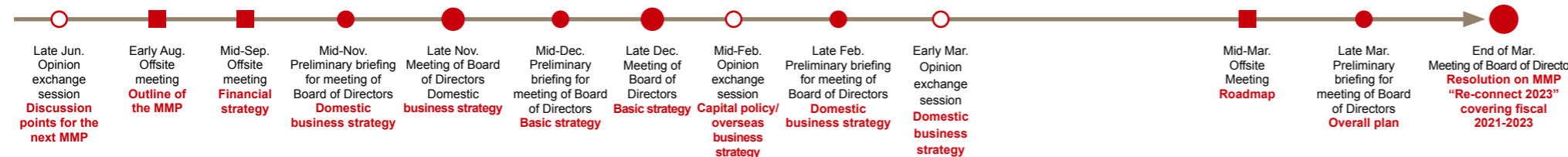
### 3 Report to Board of Directors and disclosure of results

- The results of the assessment and the improvement plan are disclosed on the Company's website after being reported to the Board of Directors

Fiscal 2019		Fiscal 2020		Fiscal 2021	
Issues	Improvement measures	Issues	Improvement measures	Issues	Improvement measures
<ul style="list-style-type: none"> <li>• Clarification of matters such as content of agenda and reporting items, deliberation and discussion points, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Be sure to clarify matters such as content of agenda and reporting items, and deliberation and discussion points in the summary of Board meeting materials and provide only a summary as explanation</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening of supervisory functions and further enhancement of discussions on important matters</li> </ul>	<ul style="list-style-type: none"> <li>• Further scrutiny of agenda to secure time for more discussion on particularly important matters such as business strategy and M&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>• Further reinforcement of supervisory function as a monitoring board</li> </ul>	<ul style="list-style-type: none"> <li>• Accord priority to securing opportunities and time for discussing agenda concerning supervision through the further careful review of agenda submitted to the board</li> <li>• Elevate level of materials by explicitly presenting point of discussions at meetings of Board of Directors</li> <li>• Conduct progress monitoring for new medium-term management plan through multiple meeting bodies that concern the Board of Directors</li> </ul>
<ul style="list-style-type: none"> <li>• Further deepening of discussions on important matters</li> </ul>	<ul style="list-style-type: none"> <li>• Be sure to provide supplementary oral information on discussion points at executive departments, such as the Executive Management Board</li> <li>• Share and follow up on items for consideration and separate reports at Board meetings</li> <li>• Provide opportunities for exchanges of opinions involving only outside directors</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancement of communication between inside and outside directors</li> </ul>	<ul style="list-style-type: none"> <li>• Hold preliminary briefings for Board of Directors meetings, opinion exchange meetings and outside director meetings as forms of communication outside of the Board of Directors meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Further enhancement of communication between inside and outside directors</li> </ul>	<ul style="list-style-type: none"> <li>• Utilize opinion exchange meetings and executive sessions to further increase opportunities for communication</li> </ul>

### Examples of improvement measures undertaken in fiscal 2020

- With regard to securing time for the review of important matters, we commenced discussions of the "development of the medium-term management plan (MMP)" in June 2020. A total of 13 discussions were held until the resolution of the plan at the end of March 2021.



- We enhanced communication between inside and outside directors to improve the effectiveness of the Board of Directors.

<b>Preliminary briefings for meetings of Board of Directors</b>	Held 12 times	For the purpose of enhancing reviews by the Board of Directors, three Board, preliminary briefings were given from officers in charge to Outside	business days prior to meetings of the directors on important matters, etc.
<b>Opinion exchange session</b>	Held 10 times	For the purpose of conducting the free and easy exchange of opinions at the themes and important matters to be submitted to the Board of Directors in among members of the Board of Directors as a general rule following	initial stages of mainly medium- to long-term the future, exchanges of opinions were held meetings of the Board.
<b>Outside Director meetings</b>	Held 24 times	Meetings were held for the purpose of having Outside Directors engage in communication. The President and the officer in charge of corporate planning	the frank exchange of opinions and also attend these meetings if necessary.

### Areas for improvement in fiscal 2021 versus fiscal 2020

Meeting bodies concerning the Board of Directors that convened in fiscal 2020 will be changed in the below fashion. In order to enhance reviews of important agenda (progress monitoring for the new medium-term management plan, strategies under various businesses, etc.) by the Board of Directors, discussions are scheduled to be held by these meeting bodies both before and after meetings of the Board.

<b>Preliminary briefings for meetings of Board of Directors</b>	Will be held on an ongoing basis for a longer holding time.
<b>Opinion exchange sessions</b>	Will consist of easy and frank but constructive discussions on matters suitable for the monitoring board that cover medium, long term and ultra-long-term perspectives. These discussions will be held with sufficient time allotted.
<b>Independent outside director meetings</b>	Will be held on an ongoing basis as meeting bodies consisting solely of outside directors.
<b>Sessions with executive officers</b>	Will consist of exchanges of opinions between attending executive officers in charge of topics requested by outside directors.

## Officer Remuneration

We recognized the remuneration system for directors and officers to be a critical component of “fair treatment” for directors and officers responsible for the development of the Group. Therefore, we set up the basic policy and basic principles for director and officer remuneration as well as the decision process as follows.

### Basic Policy

- Based on fair treatment
- Evaluate and rewards directors and officers for their contributions to the achievement of sustainable value creation for the Group
- Offer proper structure and competitive level remuneration

### Basic Principles

1. Remuneration according to responsibilities and expectations
2. Consistency with strategies on which the Group focuses
3. Linked to Company and individual performance
4. Shares interests with all stakeholders
5. Proper level of remuneration
6. Ensures objectivity and transparency

### Decision Process

Remuneration for directors (excluding outside directors and directors who are Audit & Supervisory Committee members) consists of basic remuneration, performance-linked remuneration (company performance and individual performance), and restricted stock remuneration. Outside directors and directors who are Audit & Supervisory Committee members receive basic remuneration only. The amount of these remuneration portions is established using third party research on remuneration for management roles at Japanese companies. Moreover, the “Policy for Determining Remuneration of Directors and Executive Officers” that includes the aforementioned Basic Policy for Remuneration of Directors and Officers and Basic Principles for Remuneration of Directors and Officers were determined by the Board of Directors following deliberation by the Remuneration Advisory Committee where outside directors make a majority of committee members.

### Director Remuneration Structure

	Directors (excluding directors serving as Audit & Supervisory Committee members)		Directors (Audit & Supervisor Committee members)	Remarks
	Internal	Outside		
<b>Basic amount</b>	○	○	○	Remuneration according to duties and responsibilities
<b>Performance-linked amount (company performance and individual performance) (short-term incentive)</b>	○	—	—	Linked to the level performance indicators achievement
<b>Restricted stock amount (long-term incentive)</b>	○	—	—	Set as an incentive to achieve management objectives and enhance corporate value in the medium- to long-term

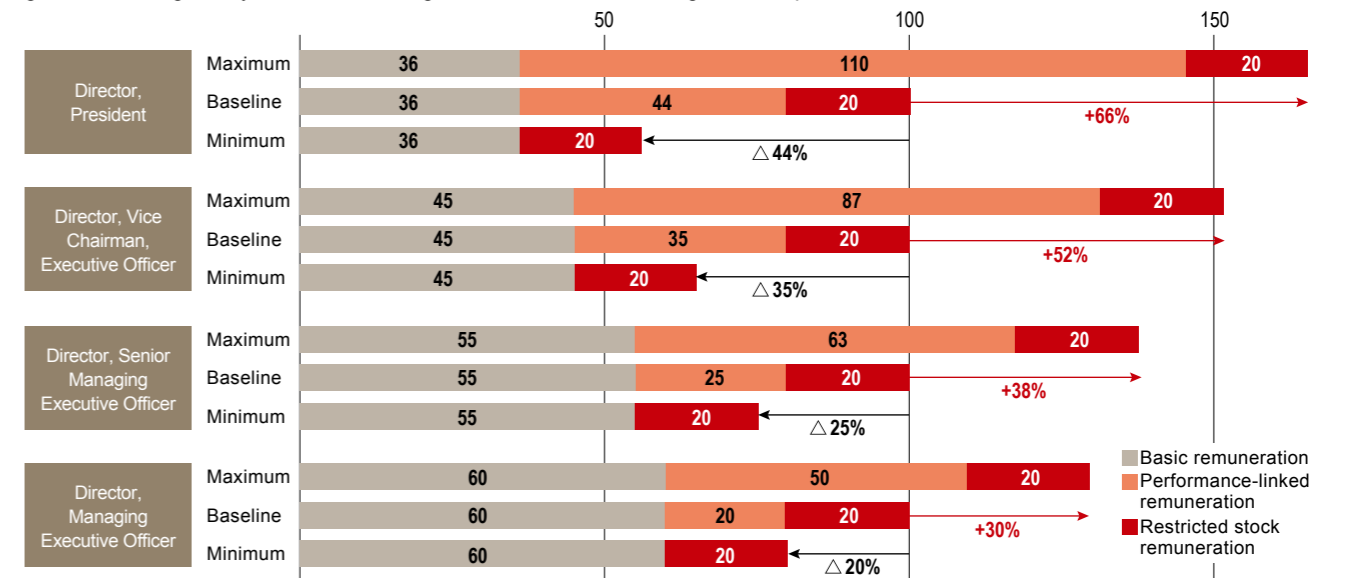
### KPI (Key Performance Indicators) for performance-linked remuneration under “Re-connect 2023” medium-term management plan for fiscal 2021-2023

Perspective	KPI	Reasons for selection
<b>Economic value</b>	Group ROEV	Consistent with items cited in medium-term management plan. Particularly serves to instill awareness in Directors of improving capital efficiency on an economic value basis and securing future profit.
	Group value of new business	
<b>Free cash</b>	Market risk reduction	Consistent with items cited in medium-term management plan. Particularly serves to instill awareness in Directors of ensuring flexibility and stability in financial and business strategies with a view to sustainable improvements in corporate value.
	Free cash flow	
<b>Accounting profit</b>	Group adjusted ROE	Consistent with items cited in medium-term management plan. Particularly serves to instill awareness in Directors of enhancing capital efficiency on an accounting basis with a view to improving corporate value and securing funds to be returned to stakeholders.
	Group adjusted profit	
<b>Market valuation</b>	Relative TSR	Consistent with items cited in medium-term management plan. Particularly serves to enhance relationship between fluctuations in shareholder value due to market assessments of business activities and shared interest with Director remuneration and to raise Director awareness of improving corporate value.
<b>Soundness</b>	ESR (economic solvency ratio)	Consistent with items cited in medium-term management plan. Particularly serves to instill awareness in Directors of boosting stress tolerance for changes in the market environment, etc. with a view to implementing stable corporate strategy.

(Note 1) The above are performance-linked KPI that are linked to company performance.  
 (Note 2) Group adjusted ROE is calculated using the following formula: “Adjusted profit ÷ (Net assets - (goodwill + unrealized gains (losses) on fixed-income assets (after tax) + market value adjustment (MVA) gains (losses) balance (after tax), etc.)”  
 (Note 3) Free cash is surplus capital under the strictest criteria among accounting capital, capital requirement regulations, and economic value-basis Economic Solvency Ratio (ESR).  
 (Note 4) TSR, which stands for Total Shareholder Return, indicates the total investment yield to shareholders, including capital gains and dividends.  
 (Note 5) Relative TSR is a comparison with the following ten companies (“HD” denotes Holdings.): five domestic insurance companies (Japan Post Insurance, T&D HD, Tokio Marine HD, MS&AD Insurance Group HD and SOMPO HD) and five overseas insurance group companies focusing on life insurance and competing with Dai-ichi Life Group in U.S and Japanese markets (Aflac, AXA, Manulife, MetLife and Prudential (US)).

### Variations in Remuneration for Each Position

The chart below shows how the composition of remuneration for each position would vary if theoretical minimum, baseline, and maximum levels of KPIs were achieved. Higher positions have a larger ratio of performance-linked pay, so the potential variation is greater, resulting in a system that encourages commitment to achieving business performance.



(Note) Average achievement of KPIs for each position has been set as 100.

### Target and actual values for company performance-linked remuneration

Business Perspective	KPI	Target (Fiscal 2018) (Fiscal 2019)	Actual (Fiscal 2018) (Fiscal 2019)
<b>Capital efficiency</b>	EV growth rate (Group ROEV)	8%	(1%)
		8%	(3%)
<b>Financial soundness</b>	ESR (Economic value)	100% or higher	169%
		100% or higher	178%
<b>Profit indicators</b>	Group adjusted profit	Approx. 230.0 billion yen	236.3 billion yen
		Approx. 240.0 billion yen	274.5 billion yen
		Approx. 190.0 billion yen	198.7 billion yen
<b>Market evaluation</b>	Stock price (benchmark comparison)*2	Exceeded benchmark	(15%)
		Exceeded benchmark	(3%)
		Exceeded benchmark	(3%)

\*1: The value of new business is an indicator that represents the value of new business upon its acquisition for each fiscal year. Note that in principle, actual values for this indicator are the total of actual values for Group subsidiaries, whose main business is life insurance.  
 \*2: The stock price (benchmark comparison) is a comparison of the percentage change in the Company's stock price during the fiscal year with the percentage change in the benchmark for the same period (average of TOPIX (Tokyo Stock Price Index) and Tokyo Stock Exchange (TSE) insurance industry-specific stock price indicator).

### Details of Total Remuneration for Fiscal 2020

Officer Type	Total remuneration (Millions of yen)	Remuneration components (Millions of yen)					Number of board members
		Basic remuneration	Performance-linked remuneration		Stock remuneration	Others	
			Company performance amount	Individual performance amount			
<b>Directors (excluding members of Audit and Supervisory Committee and outside directors)</b>	383	183	96	27	75	1	9
<b>Outside Directors (excluding members of Audit and Supervisory Committee)</b>	63	63	—	—	—	—	4
<b>Directors serving as members of Audit and Supervisory Committee (excluding outside directors)</b>	78	78	—	—	—	0	2
<b>Outside directors serving as members of Audit and Supervisory Committee</b>	50	50	—	—	—	—	3

(Note 1) The performance-linked remuneration, etc. indicated in the above chart are the total of remuneration, etc. for the three-month period between April 2020 and June 2020 based on actual results for fiscal 2018 and the total of remuneration, etc. for the nine-month period between July 2020 and March 2021 based on actual results for fiscal 2019.  
 (Note 2) Stock remuneration is a nonmonetary remuneration with a restriction on transfer, the purpose of which is to motivate contribution to improving shareholder value and to promote shared value with shareholders for as long a period as possible. The period of the restriction on transfer for said stock remuneration with a restriction on transfer shall be 30 years, and shall be accompanied by the following and other conditions: (1) Should the executive officer in question resign or withdraw from their position of executive officer or any other position at the Company or certain Group companies due to the expiration of their term of service, mandatory retirement or other reason deemed to be reasonable by the Board of Directors of the Company during said period of the restriction on transfer, the restriction on transfer shall be rescinded directly after said resignation or withdrawal. (2) In cases where a Director who received stock remuneration under this scheme is imprisoned or subject to greater punishment or falls under a serious legal violation or certain other reason, and the Board of Directors deems it to be reasonable, the Company reserves the right to acquire said shares without consideration.  
 (Note 3) There is no compensation other than remuneration received by outside directors from the Company. There is also no remuneration received by outside directors from the parent of the Company, etc.  
 (Note 4) The above includes two directors who resigned from the Company and two directors who assumed their posts on June 22, 2020.

## Shares Held for Strategic Purposes

Under the Insurance Business Act of Japan, insurance companies are required to build policy reserves from premiums and investment earnings to steadily fulfill insurance policy contracts over long periods of time. Because policy reserves essentially belong to policyholders, investments should be made from a long-term perspective. While, in principle, each of the Group's life insurance companies practice asset liability management focused on fixed income assets, for Dai-ichi Life in particular, which has long-term, stable, large-scale insurance liabilities, there is not a sufficiently developed super-long-term bond market to meet its super-long-term liabilities. Therefore, it is practicing balanced investment management that incorporates equities and other assets into its portfolio, in an approach that fully considers factors such as company analysis, diversifying industries and companies, and risk management, with a focus on realizing a diversifying effect through different assets. In this way, in principle, the Group companies engaged in the life insurance business hold equities for pure investment purpose as a part of their investment management. However, they partially hold shares which have combined pure investment

and strategic purpose based on Group strategy, such as strengthening relationships through business alliances. Each Group company judges whether or not to reduce those holdings after performing an assessment based on the holding purpose and the cost of capital. In particular, for listed stocks, the result of the assessment at meetings of the Board of Directors are disclosed. If the appropriateness or rationale of holding such stock in terms of strategic purpose is not confirmed, and there is no meaning to hold it for pure investment purpose, it is sold.

### Number of company whose equity shares are held for strategic-purpose \*

Number of companies	Total amounts on balance sheet
7	77.0 billion yen

\* Investment shares held by the Company or The Dai-ichi Life Insurance Company as of the end of March 2021 for purposes other than pure investment.

 Shares Held for Strategic Purposes

<https://www.dai-ichi-life-hd.com/en/about/control/governance/reference.html>

## Improvement in the Internal Control System and its Operation

Dai-ichi Life Group has an internal control policy that stipulates the core philosophies for the establishment of internal control system and its operation to ensure the soundness and appropriateness of business activities in order for us to maintain and build corporate value. However, since 2020, after multiple incidents of the fraudulent mishandling of cash have come to light at The Dai-ichi Life Insurance Company, we, as the holding company, also recognize the existence of issues in the operation of the internal control system for the management of the entire Group. Through reinforcing communication and information linkage between our three lines of defense (business divisions, back office and administrative divisions and internal audit division), we will endeavor to boost the level of our internal control structure. Additionally, we implement internal control self-assessments that also cover Group companies to raise the effectiveness of internal controls. These assessments promote appropriate business operations by identifying major risks in each business process, evaluating the importance of each risk in terms of impact and size of losses incurred if it were to become evident, and then advancing further risk controls or business improvement measures. Through these endeavors, our business divisions will engage in their business based on autonomous risk management and our back office and administrative divisions as well as internal audit division will conduct monitoring and management reporting based on broad information-gathering. In doing so, we will adequately operate our internal control systems.

### Internal Control Policy for 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 Ensuring Effective Internal Audits
8. System for Execution of Duties of the Audit & Supervisory Committee

 Details of the Internal Control Policy for Dai-ichi Life Group

[https://www.dai-ichi-life-hd.com/en/about/control/in\\_control/index.html](https://www.dai-ichi-life-hd.com/en/about/control/in_control/index.html)

## Compliance

As the globalization of the businesses of Dai-ichi Life Group has advanced, there have been increasing calls for the Group to take appropriate action towards the reinforcement of global anti-money laundering, anti-bribery, and anti-corruption regulations and regulations on the safeguarding of personal information and consumer protection in Japan and overseas as well as towards social and customer demands. Given that, it has become more important to ensure the appropriateness of legal compliance in business operation and to support and enhance sound operations and corporate value.

Dai-ichi Life Group adheres to laws, regulations, and the Articles of Incorporation, while following social norms and market rules. At the same time, we work to identify potential conduct risks.

We will continue pursuing forward-looking risk-based compliance amid the changing business environment that surrounds us.

In fiscal 2020, in response to the COVID-19 pandemic, each Group company made preparations for business

operations in a remote environment, and managed insurance procedures through means such as verifying the sufficiency of explanations provided to customer through non-face-to-face consulting. With a view to ensuring the appropriateness of business across the Group in this fashion, the Legal and Compliance Unit ascertained serious risks pertaining to compliance, and is conducting monitoring and guidance at each Group company. Important matters concerning compliance are discussed by the Group Compliance Committee, then reported to the Board of Directors, Audit & Supervisory Committee and other management bodies in order to receive instructions. In fiscal 2020, we recognized that the multiple incidents of the fraudulent mishandling of cash that came to light at The Dai-ichi Life Insurance Company constitute serious events that compromise the confidence that our customers and all other stakeholders have in us. Through means such as reporting to the abovementioned management bodies and monitoring subsequent endeavors, we verify the appropriateness of those endeavors.

## Risk Management

Dai-ichi Life Group practices enterprise risk management (ERM), which is an approach to improve financial soundness and enhance corporate value simultaneously. As part of these efforts, we believe that the role of the Risk Management Department is to comprehensively grasp not only current risks but future ones as well, while avoiding and suppressing losses by reinforcing responses to those risks. The department also promotes initiatives to appropriately and proactively accept risks as the source of profit and capital. Specifically, we aim to maintain financial soundness by maintaining the risk amount within the amount of capital as we boost corporate value by improving returns against risk, which is achieved by efficiently allocating capital.

At Dai-ichi Life Group, we control financial soundness by integrating the various risks on economic value, accounting, and regulatory bases respectively, and comparing the amount of risk with our amount of capital. In internal risk control, we practice risk management while placing a high emphasis on an economic-value basis approach. For example, we are enhancing our measurement models for calculation of capital and risk amounts on an economic value basis in light of the Insurance Capital Standard (ICS), scheduled for adoption in 2025, and the discussions for economic valued-based regulation in Japan. Additionally, we have also incorporated an economic-value basis approach in Dai-ichi Life Group's allocation of capital and product design as we pursue management that is consistent

with risk measurement principles.

At the same time, when we identify and assess risk phenomena that cannot be entirely quantified with our models, we use past events, such as financial market turmoil and large-scale disasters, as well future scenario analysis to estimate worst cases, and then carry out stress tests. We report results of stress tests along with an analysis of the impact on financial soundness to the Board of Directors, and consider strengthening our monitoring, management, and financial responses.

Furthermore, Dai-ichi Life Group engages in appropriate risk management that begins from early signs of risks by identifying foreseeable risks that could have a major impact on our business and formulating business plans that take those risks into account.

Dai-ichi Life Group is exposed to risks such as unpredictable insurance claims in the event of widespread infectious diseases like COVID-19 and new strains of influenza. Consequently, we have identified such pandemic-related risks as material risks. Moreover, to safeguard against the further spread of COVID-19 and its prolonged effects, we carried out stress tests as part of risk management from a forward-looking perspective. The tests were based on a pandemic scenario applying major stress such as the deterioration of insurance revenue and expenditures and the worsening of financial markets. The test results confirmed that no major problem would occur with overall Group financial soundness.

## Internal Audits

With a view to ensuring sound and adequate business operations in the Group, the Internal Audit Unit, an independent organizational unit, performs internal audit activities on the supervision of operational execution and control to ensure satisfactory internal controls in the Group. In light of the multiple incidents of the fraudulent mishandling of cash that came to light at The Dai-ichi Life Insurance Company in fiscal 2020, among other factors, we recognize the importance of initiatives that contribute to the further enhancement of internal controls. Based on that recognition, as part of our internal audit activities, we verify the appropriateness and effectiveness of internal control system and its operation and, in addition to identifying

and observing problematic areas, conduct efforts such as issuing suggestions that pertain to the evaluation and improvement of internal control. Additionally, through regularly performing the analysis and verification of all business risks in the Group, we are working towards realizing more effective risk-based internal audits. The results of these internal audits and risk analysis and other information are regularly reported to the Board of Directors, the Executive Management Board and the Audit & Supervisory Board. Simultaneously, we endeavor to further enhance internal control system across the entire Group while cooperating with related departments and other parties.

## IT Governance and Cyber-Security Measures

As our business environment changes significantly, IT is becoming a key field that has a close relationship with corporate strategy. In order to realize sustainable growth, Dai-ichi Life Group is formulating IT strategies in line with its corporate strategies and is promoting associated initiatives.

### IT Governance

As the influence of IT on business management continues to grow, promoting the maximization of the value that IT brings to business and the minimization of accompanying risk through the adequate control of IT utilization will be indispensable in realizing corporate strategy. At Dai-ichi Life Group, "Group IT Governance Basic Policy" is established and shared among the Group to promote preparedness for IT governance based on COBIT5\*1. Based on the promotion of IT governance, we are exchanging opinions and sharing information on various IT initiatives both in Japan and overseas to create a synergy as we aim to realize IT utilization that contributes to global management. Additionally, we ask IT supervisors at Group companies in Japan and overseas to conduct a conference once a year, and are also moving forward with the examination of joint initiatives and other endeavors.



The Company has acquired "Digital Transformation Certification" based on the DX certification system set forth by the Ministry of Economy, Trade and Industry (METI) as a corporation that perceives business and IT systems in a unified manner and formulated management vision and business model based on the changes that digital technology has brought to society and competitive environment, and is ready to realize that vision and model.

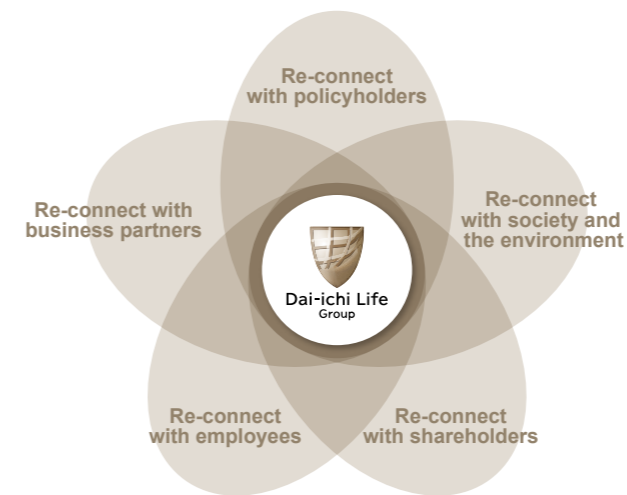
### Cyber-Security Measures

In order to safeguard information assets within the Group from cyber-attacks that become increasingly sophisticated by the day and to continue providing safety, security and stability to our customers and other stakeholders, we are currently striving to enhance our cyber-security measures in domains related to human resources and organizations, processes and technology. We have established a "Group Cyber-security Policy" and are sharing items to promote under cyber-security measures among all Group companies. Additionally, we have established a "CSIRT"\*2 consisting mainly of dedicated personnel with advanced expertise to bolster intra-Group preparation through means such as laying down rules and regulations regarding response to cyber-security incidents and educating employees. Furthermore, we are making efforts to share and utilize security information through cooperating with external agencies. In doing so, from a systems aspect, we have introduced multiple systems for the detection and protection from illegal access, viruses and so forth while simultaneously pushing forward with the development of depth defense and otherwise taking countermeasures against new threats as the occasion arises. Through these initiatives, we are working toward optimizing cyber-security measures for the entire Group.

\*1: COBIT5 is a framework for gauging the level of maturity of IT governance advocated by the US-based Information Systems Audit and Control Association (ISACA) and the IT Governance Institute (ITGI).  
\*2: Computer Security Incident Response Team

## For Stakeholders

At Dai-ichi Life Group, we recognize our customers, business partners, society and the environment, our employees and our shareholders as stakeholders who are deeply involved in our business activities. Under "Re-connect 2023," our medium-term management plan, to fulfill our responsibility to all of our stakeholders, we will aim to "reconnect in a better way" by revisiting our conventional approaches to engage with all stakeholders. Additionally, based on opinions and evaluations obtained through active communication with various stakeholders, we aim to promote higher-quality activities and link those efforts to enhanced corporate value by reflecting our understanding of issues in our business activities.



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

#### Examples of specific activities (Fiscal 2020)

- Management briefing on financial results for institutional investors and analysts (2 times)
- Financial results teleconference (5 times)
- Meetings with domestic institutional investors (79 times)
- Meetings with overseas institutional investors (92 times)
- Company briefings and seminars for individual investors (1 time)

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

We recognize that the Meeting serves as a place for productive dialogue, and we are taking measures to develop an

environment in which the rights of shareholders are ensured and appropriately exercised.

#### Specific examples of activities

- Prompt dispatch of convocation notices (three weeks prior to the Meeting) and website publication (approx. five weeks prior to the Meeting, including an English version)
- Holding the Meeting on days and at times that avoid conflicting with shareholders' meetings of other companies
- Adopting an electronic voting rights execution platform for institutional investors
- Accepting questions in advance through the website and disclosing answers
- Simultaneous streaming of the Meeting over the Internet
- Prompt disclosure of summary minutes of the Meeting and the voting results



Annual General Meeting of Shareholders

General Meeting of Shareholders

<https://www.dai-ichi-life-hd.com/en/investor/share/meeting/index.html>

### Securing Appropriate Information Disclosure and Transparency

In an effort to ensure management transparency, Dai-ichi Life Group discloses information in a fair, timely and appropriate manner following its Basic Information Disclosure Policy. 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 in both Japanese and English.



IR Library

Japanese: <https://www.dai-ichi-life-hd.com/investor/library/index.html>  
English: <https://www.dai-ichi-life-hd.com/en/investor/library/index.html>

Information Disclosure

<https://www.dai-ichi-life-hd.com/en/about/control/governance/disclosure.html>