

Message from Our New CEO



With our inherent
“DNA of change and challenge,”
we aim to become a global top-
level insurance group

President and Representative Director (CEO)
Dai-ichi Life Holdings, Inc.

My name is Tetsuya Kikuta, and I was appointed president and CEO of Dai-ichi Life Holdings, Inc., in April 2023. I believe that my major roles are to oversee the entire Group, optimize the allocation of management resources within the Group, and respond to the expectations of various stakeholders including shareholders, through deep dialogue as a listed company.

When I became CEO, I set a goal of becoming one of the top global insurance groups by 2030. As a publicly listed company, our mission is to work to improve corporate value. My aspirations are to first achieve an industry-leading level of corporate value in Japan by the end of fiscal 2026, then reach a level on par with the world's top-tier insurance groups by 2030. Given our current position, these will not be easy to achieve. Nevertheless, I believe it is very important to verbalize our goals and demonstrate our enthusiasm in an easy-to-understand manner.

Rather than blindly following precedents, we should affirm new challenges as a whole company, keeping in mind the environmental changes that will occur in society and in the market. Instead of being afraid of a risk of failure, we should imagine the fruits of success and take action. In so doing, we will further empower the “DNA of change and challenge” that flows through the Dai-ichi Life Group, and then pursue to return to growth in our domestic business, expand our overseas business, and create new businesses. Through those efforts, we will become a driving force toward the future of the insurance industry.

On becoming CEO

Take on new challenges and keep moving forward

As an overseas business manager in the early 2000s, I worked hard to establish a foothold for our business in Vietnam, Thailand, India, Australia, and Indonesia. My overseas experiences at that time had a great impact on the formation of my values. Never stay in the same place, but always move forward, even in the tough period. This is what I always keep in mind.

COVID-19, which plunged the world into unprecedented turmoil, and the international discord triggered by the situation in Russia and Ukraine have not only heightened geopolitical risks but also caused great economic turbulence. On the other hand, it is needless to mention about the dramatic progress of technology

including generative AI. Our business environment is undergoing significant changes, and the values and needs of our customers are becoming increasingly diverse. We need to change the products and services provided to our customers accordingly. If we cannot change, we will not remain trusted and supported by our customers. I do not mean to criticize our current situation, but if we remain stuck in past practices, our relative position will continuously decline. We must be willing to take on new challenges and keep moving forward. At the same time, we must keep our antennas wide and high, so that we can accommodate discontinuous events happening around the world.

Aiming to be a top global insurance group

As we strive to become a top global insurance group, I feel we have not been able to fully explain our situation to the capital market due to the complex nature of the life insurance business. I recognize that this is one of the reasons why our company has not been evaluated appropriately by the market. When I was in the investment management department, we asked our investee companies to provide us with transparent explanations and timelines of what they plan to do by when. From now on, I will remain aware of these points as I engage in dialogue with the market, and I look forward to hearing opinions from investors.

At the same time, it is also important to return to a growth path in the domestic market. Due to COVID-19 and

the cases of monetary fraud identified since October 2020, momentum in our domestic business has been weak. The domestic market, with its declining birthrate, aging and shrinking population ahead of most of the rest of the world, is challenging for life insurance companies. Dai-ichi Life, which is currently working on sales reforms, is introducing a series of new initiatives, covering consulting process, setting targets for sales representatives, and even changing its hiring methods. This is a major shift from our traditional sales style and will involve temporary growing pains. However, I believe that the reforms we are undertaking now will be regarded as having created a new model for the domestic insurance industry in the future.

Looking ahead to the next medium-term management plan and the future

Expand existing business while exploring opportunities beyond insurance

To be recognized by all stakeholders as a top global insurance group in the future, I believe we must focus on four priorities.

The first is “service innovation,” which means improving our insurance services by utilizing digital technology, and thus help improve convenience for people in society. The second is “customer satisfaction,” which

means measuring whether the company is the most supported, trusted, and recommended by customers. The third is “employee engagement,” which means engaging with employees to achieve the industry’s highest level of productivity and job satisfaction. And the fourth is increasing “corporate value.” I believe that the fourth factor, corporate value, will increase sustainably as the

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other three factors are positively evaluated by the capital market. We aim to achieve the top position in Japan for these four priorities by the end of fiscal 2026, the final year of the next medium-term management plan, then evolve and grow to the level of the world’s top insurance groups by 2030.

To increase our corporate value, we need to implement both business and financial strategies in an integrated manner. In our business strategy, we will pursue “expanding existing business” and “explore opportunities” simultaneously. In “expand existing business,” we aim to

improve productivity and return to sustainable growth, especially in our domestic business. In “explore opportunities” we aim to expand the scope of our overseas business and develop new digital-related businesses. In our financial strategy, we will progress “capital circulation management” policy further, through which we aim to achieve both shareholder returns and strategic investments to utilize our capital more efficiently.

Returning to a growth trajectory in the domestic business

Seeking to reinforce our business focusing on quality and productivity, we are working to reform the business model of retail sales activities in Dai-ichi Life. Here, my vision is to “transform our business into a new type of business derived from insurance.” We will be the side of our customer’s life more than ever before. This means forming an ecosystem to seamlessly provide not only insurance services in the narrow sense of the term but also the four experiential values: Protection, Asset Formation/Succession, Health and Medical Care, and Enhancing Connections. Not necessarily being the form of financial institution, we aim to transform ourselves into a company like new insurance service provider. In fiscal 2022, we welcomed ipet, a major pet insurance company, to the Group, and we will continue working to expand our business portfolio.

Digital transformation (DX) is the key to significantly increasing customer experiential values and satisfaction through providing a wide range of services seamlessly. We will focus on the following three areas in particular.

1. Emphasize frequent two-way digital communication

2. Provide digital support for the sales channel, mainly of sales representatives
 3. Use data and AI to develop new products and services
- Although we are not necessarily in a position to be ahead of the curve, we are moving quickly to invest in each of these areas to achieve industry-leading level on a global basis.

On the other hand, doing everything in digital is not realistic. The key point will be how to integrate face-to-face services and consulting by sales representatives with digital technology to deliver high experiential value to customers. I envision a world where our sales representatives, supported by digital technology, can make recommendations with high experiential value, in the best timing and best manner from the customer’s perspective. As a result, it will also lead to a significant increase in productivity in the sales field.

Actively develop our overseas business

Next, I will talk about the “exploring opportunities” aspect of our business strategy. Beginning with Vietnam in 2007, we have been expanding overseas business ahead of other domestic insurance companies. Now we are running business in nine countries in overseas. In recent years, our Australian subsidiary, TAL Dai-ichi Life Australia Pty Limited (TAL), acquired Westpac Life Insurance Services Limited in fiscal 2021, thus solidifying TAL’s position as Australia’s largest life insurer. We then expanded into New Zealand with the acquisition of Partners Group Holdings Limited in fiscal 2022. Our overseas business already accounts for over 30% of the Group’s adjusted profit. Especially in Vietnam, Australia, and the United States, we have already established large presence. We expect our overseas business will account for about 50% of the Group’s total profit by 2030.

To further expand our overseas business, we must first achieve organic growth in existing businesses. In countries where we already have a presence, we will pursue market share and scale by offering products and services that exceed those of our global peers, in addition to adopting strategies that ensure we meet the needs of each market.

Inorganic growth through M&As is also essential to speed up business growth. M&A is the field that we can demonstrate our strength as a form of holding company. We will constantly monitor market trends, seize opportunities, and make prompt decisions to expand and diversify our business portfolio. In doing so, important perspective is whether there are the capabilities that we do not have. For example, strong digital capability, running businesses that are growing rapidly in short time periods, and are different from the traditional insurance industry. By

inviting companies with such attributes and knowledge into the Group, we can create a stronger ecosystem. We will expand the scale and fields of our overseas business, with high growth expectation, and pursue new businesses, including non-insurance areas as peripheral insurance services utilizing digital technology.

In overseas countries, digital technology is proliferating more quickly than in Japan, leading to the emergence of companies offering experiential value that sets them apart from existing major players. In some cases, advanced business models have taken significant market share away from traditional insurance companies. In fiscal 2022, we invested in “exploration” to YuLife Holdings Limited, in U.K., which specializes in group insurance and handles all customer contacts digitally. This year, we also made an investment in RenewBuy, a digital insurance broker in India. By increasingly the connection with emerging companies that run high growth innovative business, we pursue both “expanding existing business” and “exploring opportunities” with a flexible manner.

Insurance business is localized because the regulation differs in each country, thus it is required to manage depending on the circumstances of each country. In principle, we delegate management of our overseas companies to local teams with in-depth market knowledge, and the holding company make sure that governance is effective. Close communication and speedy implementation of strategies have helped us grow and expand our overseas business. We have also resumed our meetings of CEOs from each country in fiscal 2023, which had been suspended due to COVID-19. It reminded me of the importance of face-to-face meetings, rather than talking to a screen.

We will continue to emphasize communication with local management and employees to promote group management with a sense of unity in order to share the same values and aim for value creation in all companies, in our group, both in Japan or overseas.

Promote “capital circulation management” and improve capital efficiency

The primary focus of our financial strategy is to improve capital efficiency. We transfer capital within the Group into the holding company to promote “capital circulation management,” through which we optimally allocate capital to capital-efficient businesses and shareholder return. In the process, we will improve ROE, which indicates the capital efficiency of the entire Group.

We recognize that the cost of capital that we currently disclose, i.e. what we consider to be the minimum return that the capital market expects from us, is 10%. However, our current ROE remains below our cost of capital. Our cost of capital which is around 10% is higher than that of a typical listed company. This is because our level of capital in terms of economic value is highly sensitive to macroeconomic conditions. If market risk can be reduced and the swing can be controlled, the cost of capital will decrease, and if ROE can be achieved in excess of that, the financial strategy will enter into a positive cycle. The goal of achieving a situation

where ROE consistently exceeds the cost of capital during the period of next medium-term management plan period starting in fiscal 2024 is an intermediate milestone. When we achieve this, we can expect a certain increase in corporate value and retain more capital available for inorganic growth through M&As and the like. By deploying capital surplus generated, we can make larger and more aggressive strategic investments, thereby raising the speed and certainty of profit growth.

There are only seven years left until 2030. That is not long at all. To remain on track to become a top global insurance group, we will put the finishing touches on “Re-connect 2023,” our medium-term management plan, in the current fiscal year. We will then envision where we want to be in 2030 and work backward to define what we should do in the next medium-term management plan to make a better start in fiscal 2024.

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Building a foundation for transformation

Empowerment of diverse talents

Since the transition to a holding company structure in 2016, Seiji Inagaki (now chairman) served as president of both Dai-ichi Life Holdings and Dai-ichi Life Insurance (operating company). Starting fiscal 2023, I serve as president of the holding company and Toshiaki Sumino serve as president of Dai-ichi Life Insurance. Dai-ichi Life Holdings will accelerate group-wide growth by optimizing governance and the business portfolios of its operating companies, while Dai-ichi Life Insurance will steadily grow its domestic life insurance business. By clarifying the roles of both companies in this way, we aim to go on to the next stage and become a global top-level insurance group that leads the future of Japanese insurance companies.

In fiscal 2023, we have significantly expanded CXOs roles, and revamped and rejuvenated our management team. Many of the members have experience working overseas and are mid-career hires. I’m proud that we have successfully built a diverse and highly professional management team that aligns with our expanding business domains. We will continue appointing the right professional talents to the right positions, from both internally and externally, to achieve bold change and growth with a sense of speed.

The business domains of our Group, including overseas and digital-related fields, are expanding. Accordingly, we will continue recruiting and promoting highly specialized talents, as we need diversity in our employees to take on new challenges. In addition to hiring mid-career workers as a matter of course, we will actively and appropriately appoint outstanding internal human resources, while also improving the expertise of employees through reskilling. It is an important mission of management team to realize a corporate culture that is flat, free, and open-minded, where employees can experience their own growth and take pride and joy in their work.

As we demand our employees to increase productivity, we are considering to raise a compensation, including the introduction of a stock-based compensation program for our employees. It is very important that employees feel the merit of being a listed company, have the same mindset as our stakeholders, and share the effort to improve corporate value and enjoy the resulting economic benefits, through a stock-based compensation.

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Provide sustainable well-being Delivering value that helps resolve global environmental, regional, and social issues

Climate change is becoming more and more serious, to the extent that the sustainability of society itself is being concerned. In this context, our urgent mission is to pass on a livable planet where future generations can live with peace of mind, thus sustainability has become a common value shared by all stakeholders. Group has positioned climate change as one of its most important priorities and is working to address the issue from the perspective of both institutional investors and operating companies. In particular, Dai-ichi Life Insurance plays an important role as an institutional investor that manages around ¥34 trillion in assets entrusted by policyholders throughout Japan, by form of a wide range of long-term assets. We will foster the transition to a net-zero society by working with our investee companies to support their decarbonization

efforts through active engagement, transition financing, and other means.

As our mission is "By your side, for life", we believe that sustainability is deeply linked to our company's DNA. We will work to deliver value that helps resolve global environmental, regional, and social issues, as well as strive to realize a sustainable society and ensure the well-being of the next generation. We will also steadily promote DE&I and human rights due diligence efforts to demonstrate our respect for human rights.

Conclusion: All aboard the Dai-ichi Life Group boat

There are two things I want to accomplish at all costs while I am CEO. The first is to achieve ROE above the cost of capital, and therefore improve our corporate value (market valuation). By achieving this goal, I hope to elevate the Group to a next stage where it can make strategic more aggressively to accelerate growth. The second is to take advantage of being a listed holding company, and make the Group's employees realize the benefits of being a listed company.

As I said at the beginning, my aspiration is to become one of the top global insurance groups by 2030. This will not be easy to achieve. Nevertheless, if all the Group's executives and employees, numbering more than 60,000, share the same vision and mindset, it will not be impossible.

As social issues become increasingly complex and diverse, my mission is to work together as a Group to enhance corporate value by addressing our diverse stakeholders, and lead the initiatives as head of the Group. I look forward to your support as we strive to meet your expectations.



Management Team with Diversity

The Dai-ichi Life Group launched a new management team, including CEO, on April 1, 2023. As we expand the share of Group profit coming from overseas businesses, we are strengthening our overseas management as well as considerably expanding corporate functions that support our global growth by enhancing a CXO organization, including outside professional recruitment.



Top Managements of Overseas Group Companies

