

# Dai-ichi Life Group Medium-Term Management Plan Covering FY2021 to 2023

## Re-connect 2023

March 31, 2021

Dai-ichi Life Holdings, Inc.



**Dai-ichi Life**  
Holdings

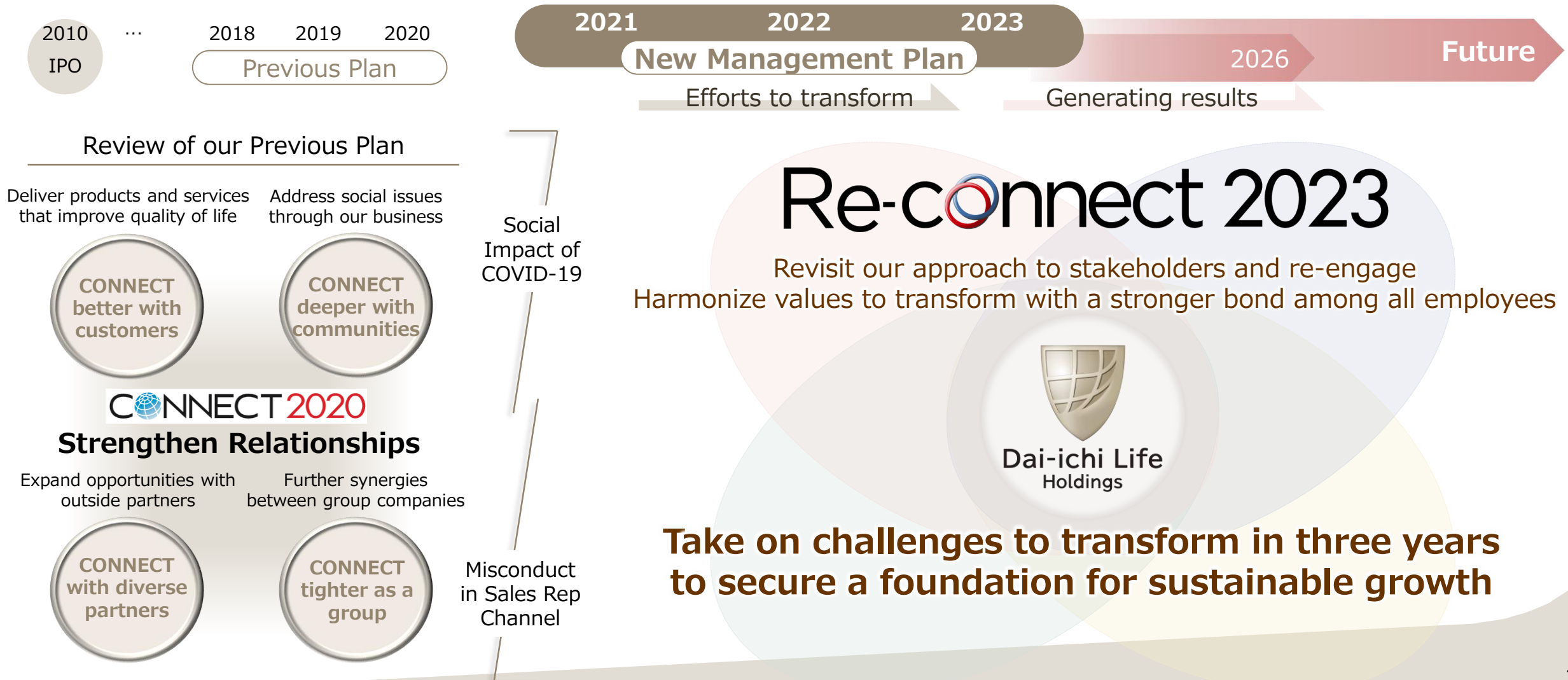
# Re-connect 2023

## **Positioning of MMP and Group Vision Key Indicators (KPIs)**



## Positioning of Our New Medium-Term Management Plan

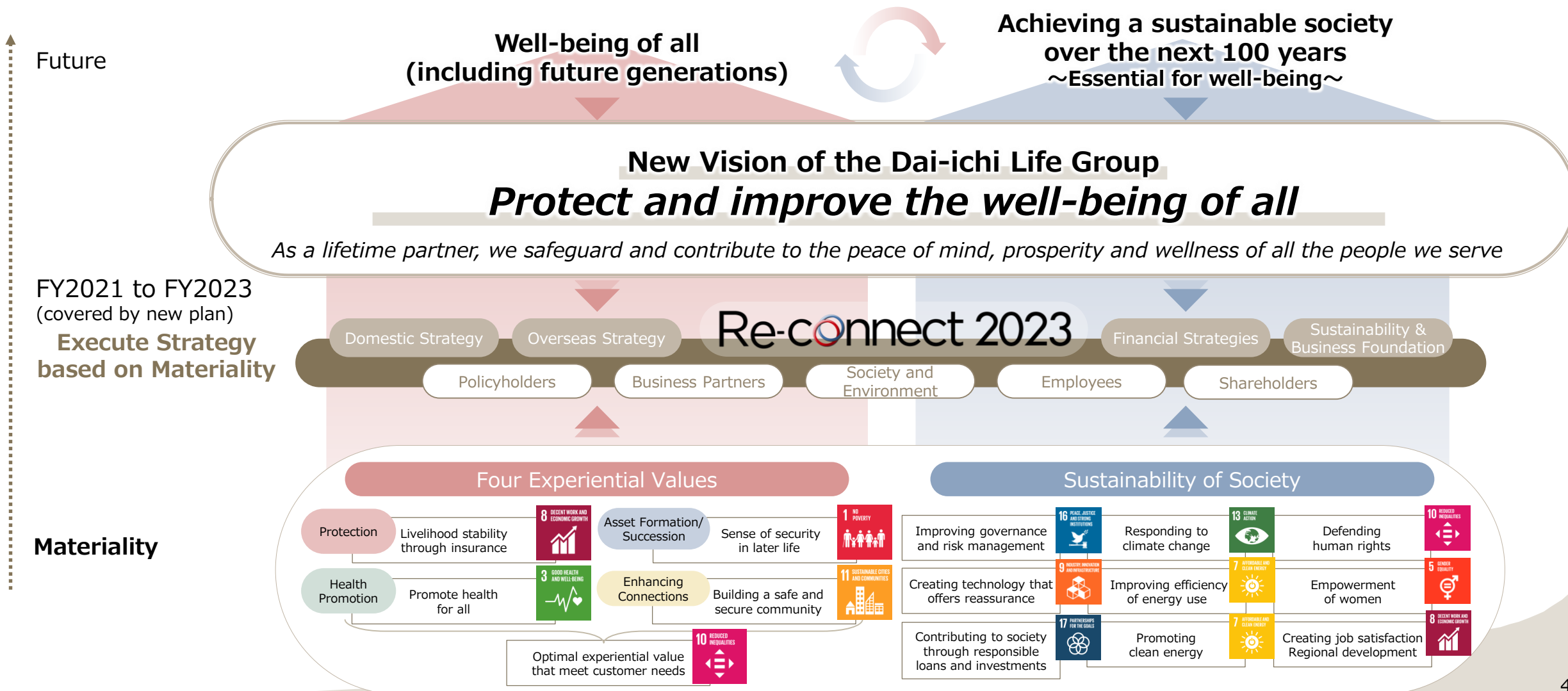
- Revisit our approach to stakeholders and re-engage amid social changes triggered by the global pandemic
- Spend the next three years on extensive transformation for sustainable growth with determination as a group





# New Group Vision Based on Sustainability and Materiality

- Our underlying purpose is to support well-being for a sustainable society over the next 100 years
- Contribute to resolve material issues through value propositions beyond the insurance domain





# Current Management Challenges and Key Medium-Term Initiatives

- Revisit our approach to stakeholders in order to restore their confidence in us and meet their expectations
- Strive for sustainable growth with our four key initiatives

## Management Challenges

Policyholders	Business Partners	Society and Environment	Employees	Shareholders
<ul style="list-style-type: none"> <li>✓ Address changes in needs and behavior</li> <li>✓ Incorporate medical and digital technology</li> <li>✓ True customer centricity</li> </ul>	<ul style="list-style-type: none"> <li>✓ Expand insurance-related services from a customer perspective</li> <li>✓ Seek collaboration to help resolve social issues</li> </ul>	<ul style="list-style-type: none"> <li>✓ Secure sustainability</li> <li>✓ Eco-friendly and combat climate change</li> </ul>	<ul style="list-style-type: none"> <li>✓ Improve employee engagement and well-being</li> <li>✓ Promote active participation of diverse talent</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achieve high capital efficiency</li> <li>✓ Enhance shareholder payout</li> </ul>

## Re-connect 2023 Key Medium-Term Initiatives





# Background of Key Performance Indicators for the New Three Year Plan

- No. 1 priority on qualitative improvements (capital efficiency) to secure foundation for sustainable growth
- Group adjusted profit expected to increase to between ¥250bn and ¥280bn for FY 2023 with some volatility

## Capital Efficiency, Adjusted Profit and Group EEV Outlook

[Self-assessed Cost of Capital]  
10%

ROEV (3 year avg.)  
Adjusted ROE  
(Group)

[Reference]  
Adjusted ROE  
(Dai-ichi Life)

Highly volatile  
capital efficiency  
below cost of capital

■ Group Adjusted Profit  
■ Group EEV

Constant profit levels  
amid major changes in  
market environment

Impact on  
insurance business  
Changes in Customer  
needs from COVID

Impact on  
Investment returns  
Globally low  
interest rates

Overseas interest  
rates  
(10y US Gov.Bonds)

Domestic interest  
rates  
(20y JGB)

2016

2018

2020 (E)

## Re-connect 2023

No. 1 Priority for the Medium-Term (FY2021 to 2023)

Reduce cost of capital

No. 1 Priority Challenge

Adjusted ROE  
ROEV  $\geq$  Cost of Capital

Improvement of  
capital efficiency

[Ambition]

Capital efficiency  
stably above  
cost of capital

Est. Group Adjusted Profit

[Assumed range for FY2023]  
¥250bn to ¥280bn

Decrease expected for FY2021 due to  
absence of one-time factors

(Illustrative)

Stable profit  
Increase

- Volatility in earnings expected due to proactive market risk reduction efforts by Dai-ichi Life such as impact from capital gains and reinsurance transactions
- Recent three-year average applied for group adjusted profit (source of shareholder payouts) considering sporadic volatility (\*no change in definition)

# Key Indicators (KPIs) of the Group and Major Domestic Business Initiatives



	Group KPIs	Medium-Term (FY2023) Target Level	Long-Term Direction
Capital Efficiency (Accounting Profit)	Adjusted ROE (Based on Adjusted Profit)	approx. 8%	approx. 9% (around FY2026)
		Expected cost of capital: reduced to 8% (currently self assessed at 10%)	
Capital Efficiency (Economic Value)	ROEV	Medium-Term Target: approx. average 8% (around FY2026)	
Risk Profile Reform	Market Risk Reduction (Interest rate risk and equity risk vs March-21)	Risk Reduction -¥520bn (equivalent to approx. 20% of March-21 market risk)	Additional Risk Reduction -¥280bn (Total of approx. ¥800bn from Mar-21)
Financial Soundness (Economic Value)	Economic Solvency Ratio	Maintain a stable level of 170% to 200% in the long-term Reduction of sensitivity to financial market	
Profit Indicator	Adjusted Profit	Expected Range approx. ¥250bn to ¥280bn	Value of new business targets are set annually Forecast for FY2021 to be announced in May
Domestic Business	Improve Customer Satisfaction	Net Promoter Score (NPS®) Number of Customers	NPS® for Dai-ichi Life: Total No. of Customers: Top Level in Japan approx. 10mn (by FY2026)
	Improve productivity	Fixed Cost Reduction Optimize Talent Placement	Reduction (Dai-ichi Life): Strategic Personnel Shift: approx. -¥30bn around 3,100 ppl. (by FY2026)

Assuming the economic environment and other factors will not deviate significantly from the current (end of March 2021) level  
Certain targets are based on current forecasts and may change after the FY2020 financial results are finalized

# Re-connect 2023

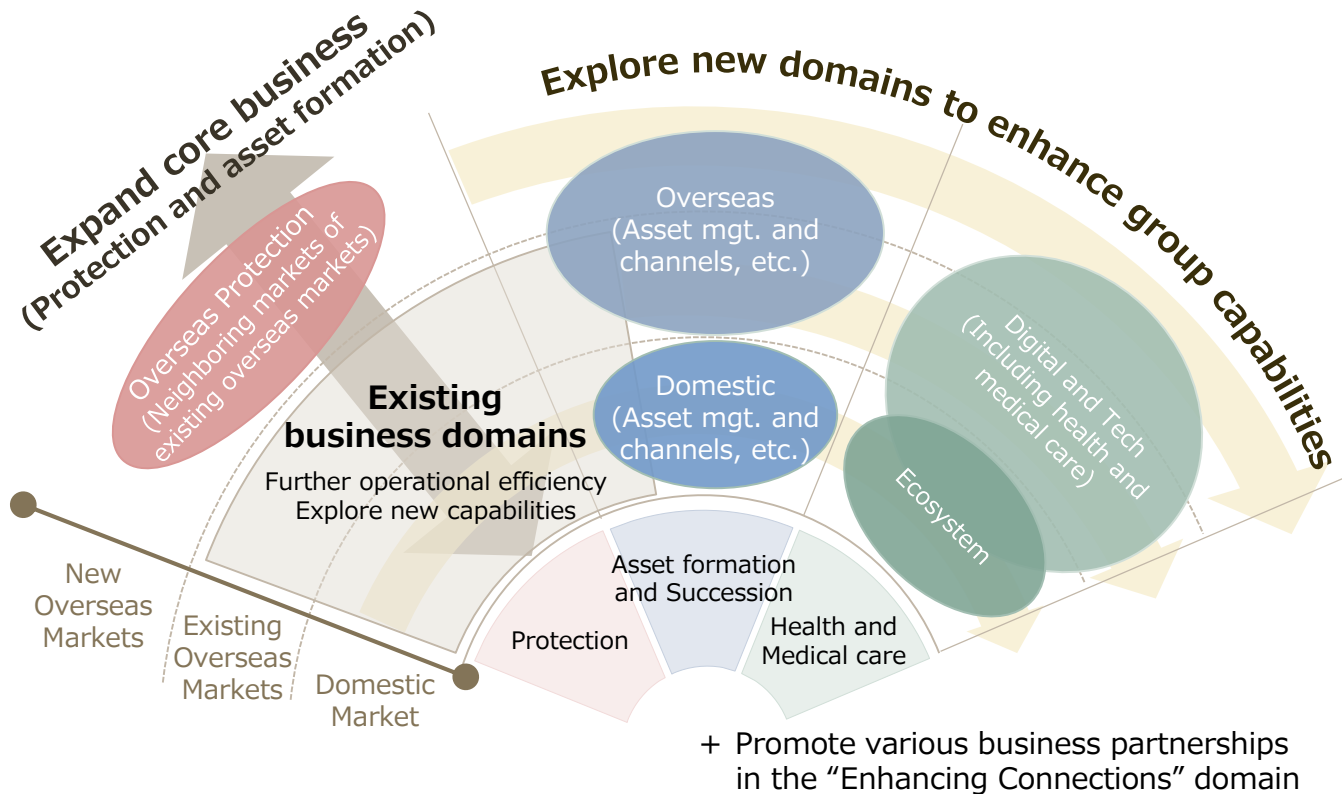
## Group Business Strategy (Domestic and Overseas)



# Expand Existing Business While Exploring for Opportunities Beyond Insurance

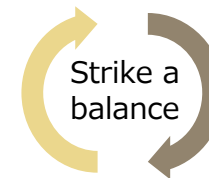
- Improve efficiency in core business while exploring potential overseas markets for sustainable growth
- Explore new domains to enhance group capabilities at the same time

## Domains to expand and explore



## Expand core business (Protection and asset formation)

Pursue further operational efficiency in existing business domain  
Explore protection business opportunities in markets neighboring existing overseas markets  
(Expand insurance risk taking)



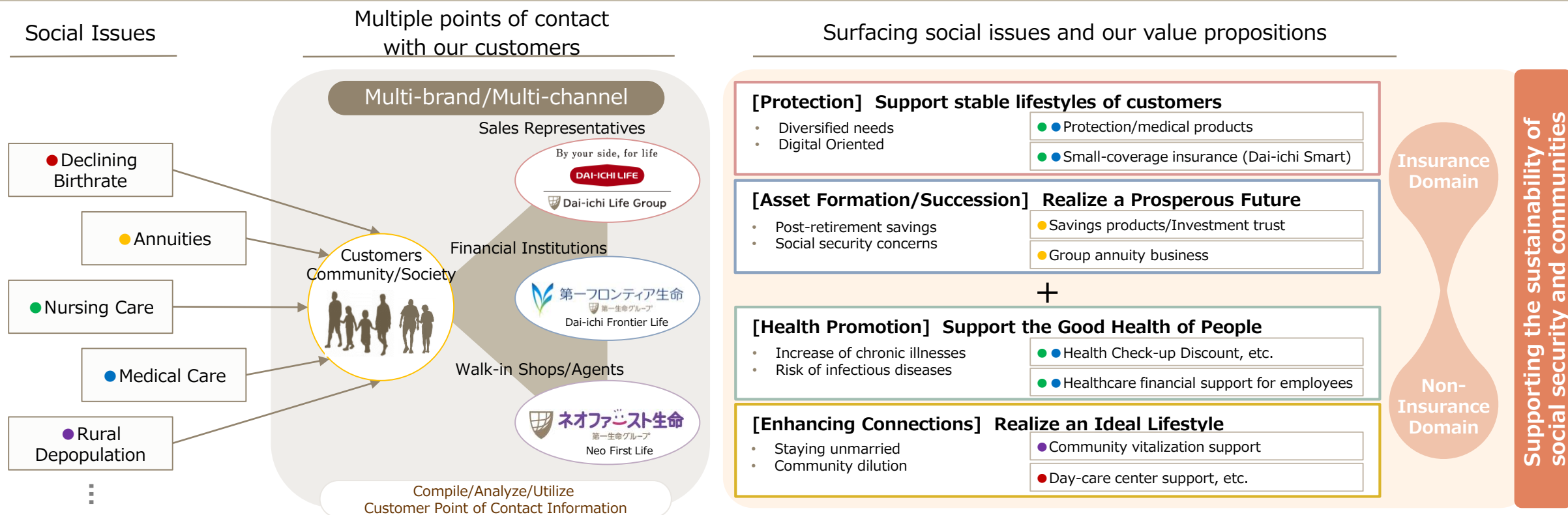
**Expand core business and enhance group capabilities at the same time**  
**Further diversify and expand business portfolio with small-scale investments under strict discipline**

## Explore new domains to enhance group capabilities

Dedicated business units are established within the holding company and Dai-ichi Life  
Obtain health/medical care and digital capabilities in addition to expertise in asset formation  
(Digitalization and enhancement of non-insurance domain)  
Explore new beneficial capabilities in existing business domains

# Value Creation Through Resolving Social Issues and CX Design Strategy

- Expand value propositions in insurance and non-insurance domains as social issues surface
- Offer experiential value through our CX design strategy under a new business landscape



## New Business Landscape

- ✓ Business processes based on further acceleration in digitalization and non-contact communication
- ✓ Merger with interactive communication

- ✓ Needs for protection and asset formation as a means to maintain livelihood
- ✓ More people want to stay healthy and prevent illness

## CX Strategy

- ▶ Life insurance business is a highly recurring involving a long-term relationship with customers
- ▶ Take a leap forward from traditional life insurance practices and build a business process based on non-contact communication and recent advancements in digitalization with a focus on customer experience (CX).

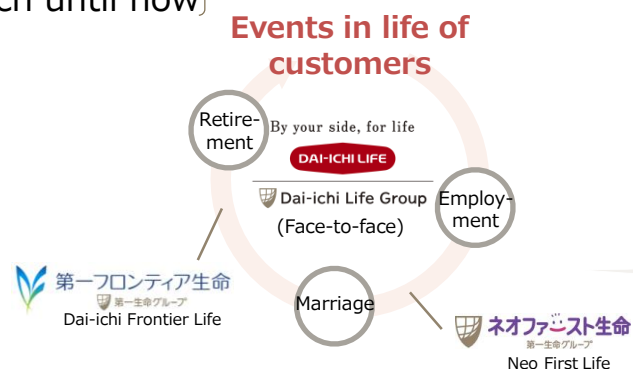
# Transform the Domestic Business Model Through Our CX Design Strategy

- Leverage our CX design strategy to transform our approach to customers
- Be the chosen insurer by providing optimal products/services/info timely with the optimal channel

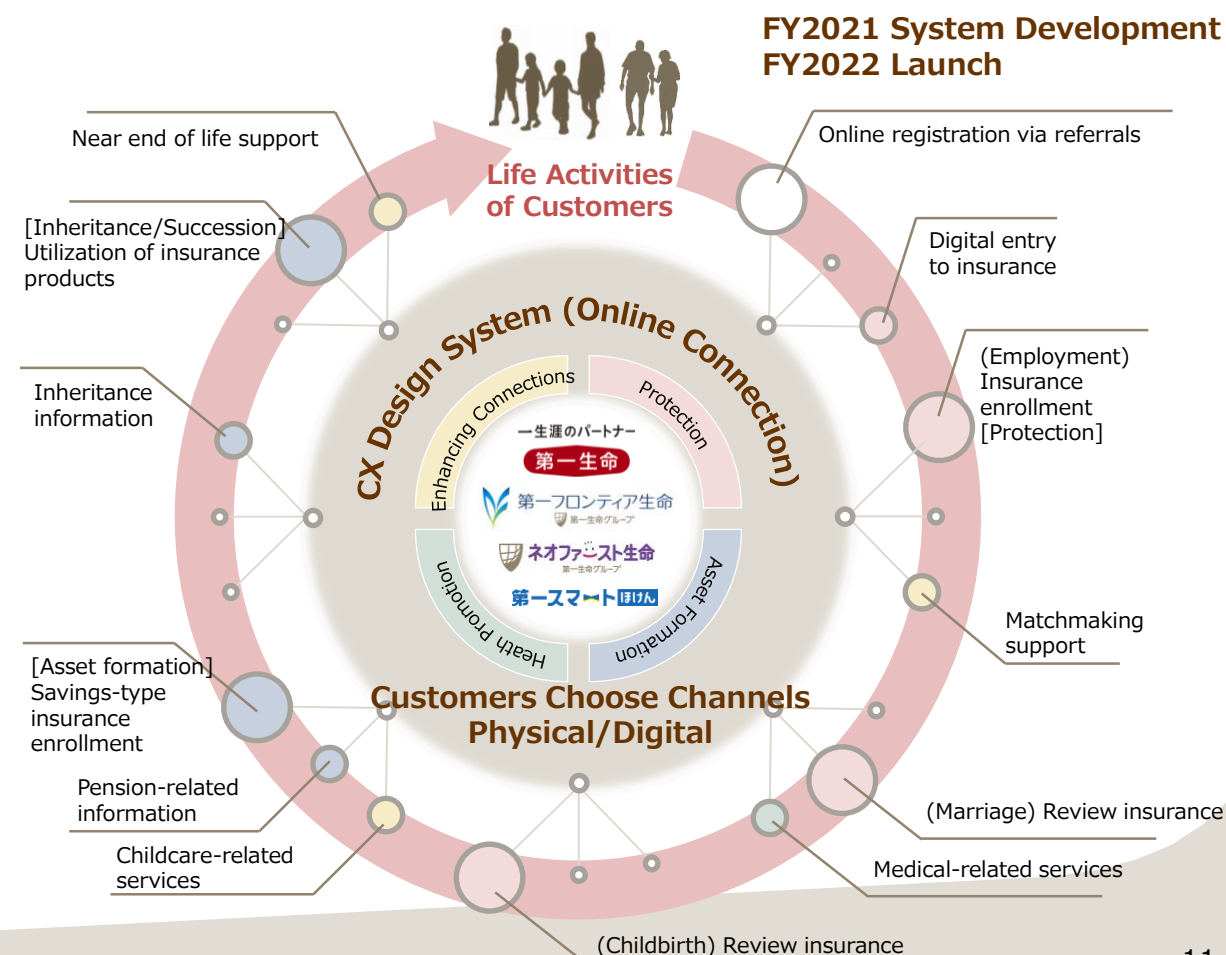
## Changes in Point of Contact with Customers



## Our approach until now



## Vision for CX Design Strategy (OMO: Online Merges with Offline)



## Four Experiential Values Set Forth in the New Medium-Term Plan

- Efforts to provide a superior customer experience by expanding and exploring four experiential values
- Aim for 10mn customers and top level NPS® in Japan by leveraging our CX design strategy

### Protection

- ▶ Expand product lineup/underwriting and related services to address (at the time) diversifying protection needs of each customer

By your side, for life

DAI-ICHI LIFE

Dai-ichi Life Group

 ネオファースト生命  
第一生命グループ  
Neo First Life


 第一スマートほけん  
Dai-ichi Life Group

Increase efficiency of sales representatives to support financial needs in conjunction with consulting based on social security

Differentiate medical products (made-to-order, etc.) and expand to affinity/digital channels

Develop simple/full-digital insurance for millennials and Z generation who will drive the coming era

### Health Promotion

- ▶ Tapping into the prevention domain (Commercialization and utilization of accumulated data by creating an ecosystem)

Tapping into the health/medical field

 ヘルステップ  
保健事業を、その先へ  
QOLeod

Healthcare financial support for employees <sup>(1)</sup>

- Medical cost assumptions via AI/consulting
- Health initiative support (partnering)
- Health promotion app (QOLism)

### Sharpen competitive edge with existing life insurance business



### Obtain new capabilities for innovation and strengthen competitiveness

### Asset Formation/Succession

- ▶ Leverage the group strengths in asset management, product development and sales force to develop products, consult and develop related services for asset formation and succession

#### Asset Management

Investment and product development expertise

 Janus Henderson  
GROUP PLC  
第一生命リアルティアセットマネジメント株式会社  
Dai-ichi Life Group

#### Individual Savings

Sales and product development expertise  
By your side, for life

 Dai-ichi Life Group  
第一フロンティア生命  
第一生命グループ  
Dai-ichi Frontier Life

#### Group Annuity

Sales and product development expertise (Separate account, etc.)  
By your side, for life

Dai-ichi Life Group

+ Related Domains (supplementary fields)

### Enhancing Connections

- ▶ Create new points of contact with customers and insurance opportunities through efforts to resolve issues for an ideal society

Proactive business partnerships

Matchmaking

IBJ

Succession

FORVAL

Near end of life

 鎌倉新書  
Kamakura Shinsho

+ and more

(1) Joint effort by Dai-ichi Life Group/Mizuho Financial Group

# Sales Representative Channel Reform for Higher Efficiency

- Next three years are key in the transformation process as we emphasize on quality over quantity
- Initiate a makeover of framework to develop a more efficient sales channel by offering high level CX

## Efforts for Transformation

### Taking a leap forward from traditional practices

#### Performance Appraisal

- Revision of appraisal system (qualifications/salaries, etc.)
- More focus on consumer satisfaction indicators

#### Consulting

- Increase contact points through CX design
- Expand use of digital tools
- Visualization of future cash-flow and non-daily risks to customers

### Dramatic Improvement in Consumer Experience (CX) and Net Promoter Score (NPS®)

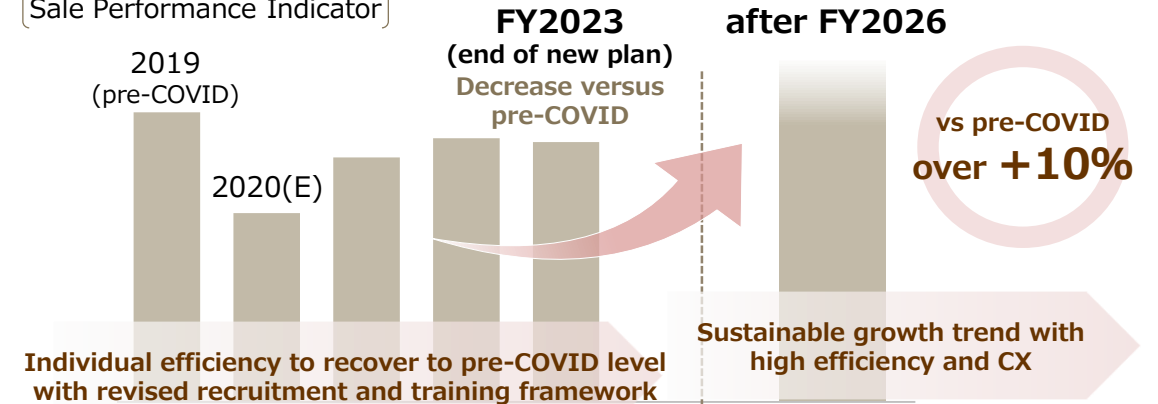
#### Recruitment and training

- Implement a more strict selection process (New recruitment in the next fiscal year to be about 70% YoY)
- Training program for high level customer experience (Enhance training material and follow-ups)

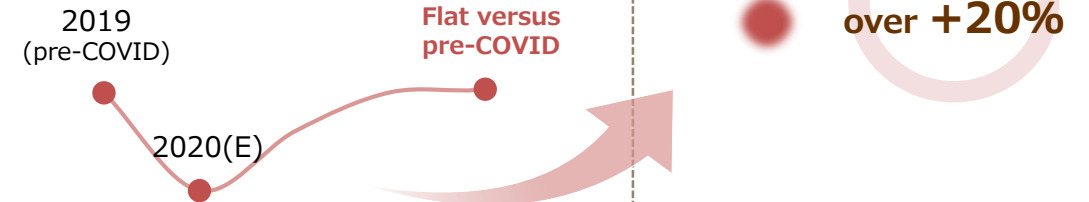
#### Products

- Expansion of protection and asset formation products ("segmented protection"/"risk applied asset formation" products, etc.)
- Add-on services in the prevention domain

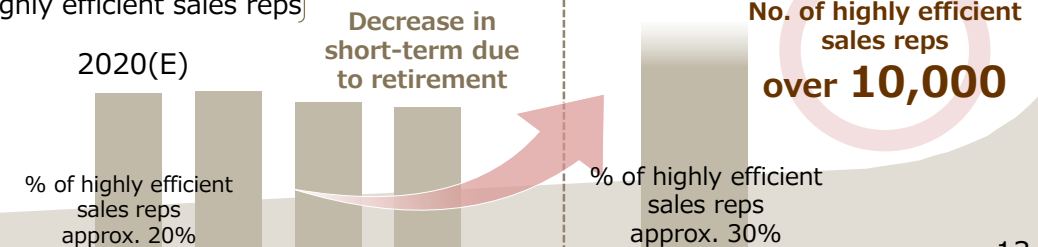
#### [Sale Performance Indicator]



#### [ Individual Efficiency (revenue per sales rep) ]



#### [No. of highly efficient sales reps]

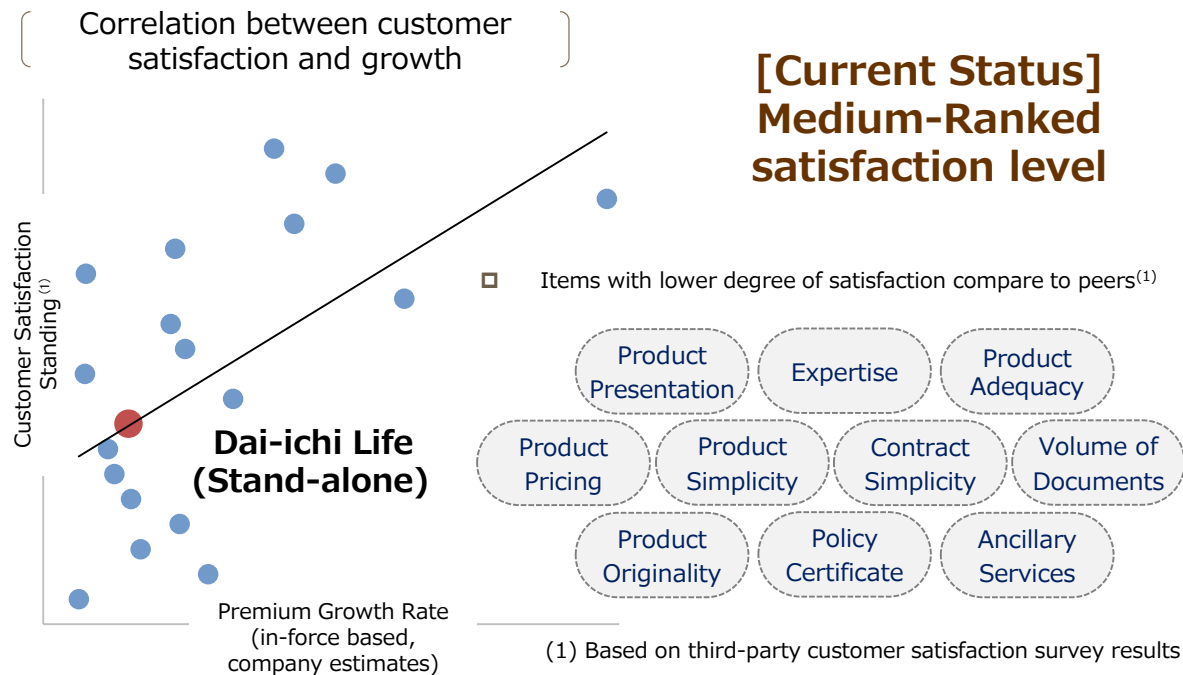




## Target for Customer Satisfaction

- Need to adjust our customer centric mindset in light of changes in customer behavior amid COVID
- Adopt NPS® as a core indicator to promptly solidify a truly customer centric corporate culture

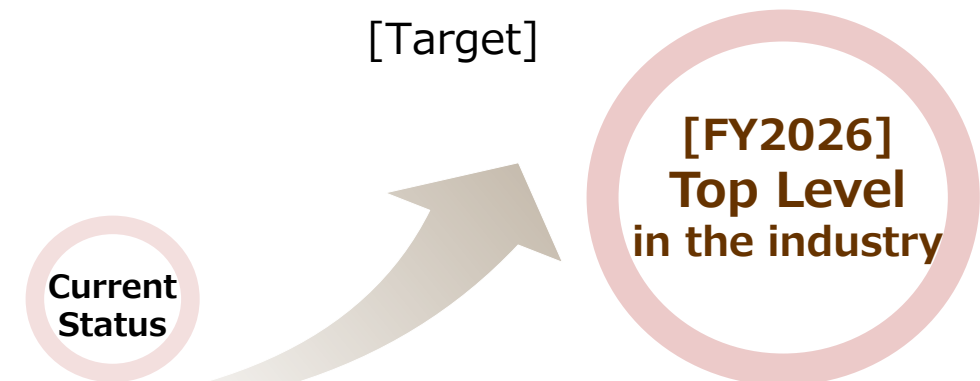
### Current status and NPS® as a core indicator



- ✓ Urgent need to adjust our customer centric mindset in light of rapid changes in customer values and behavior amid COVID
- ✓ Restore confidence of customer and other stakeholder in us following misconduct in the sales rep channel and solidify a new corporate culture

### Adoption of Net Promoter Score (NPS®)

- ▶ Adopt NPS® as a core indicator to measure the level of recommendation in place of the previously adopted customer satisfaction survey to enable deeper analysis
- ▶ Solidify a truly customer centric corporate culture and implement a fast-paced PDCA cycle based on business operations from a customer perspective
- ▶ To be adopted by domestic group companies other than Dai-ichi Life going forward

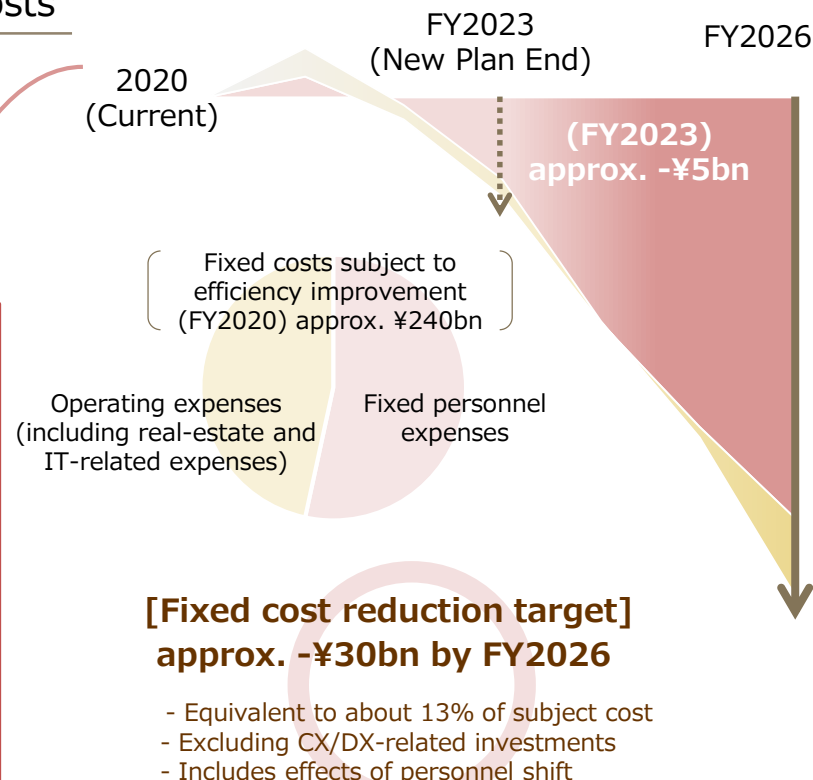
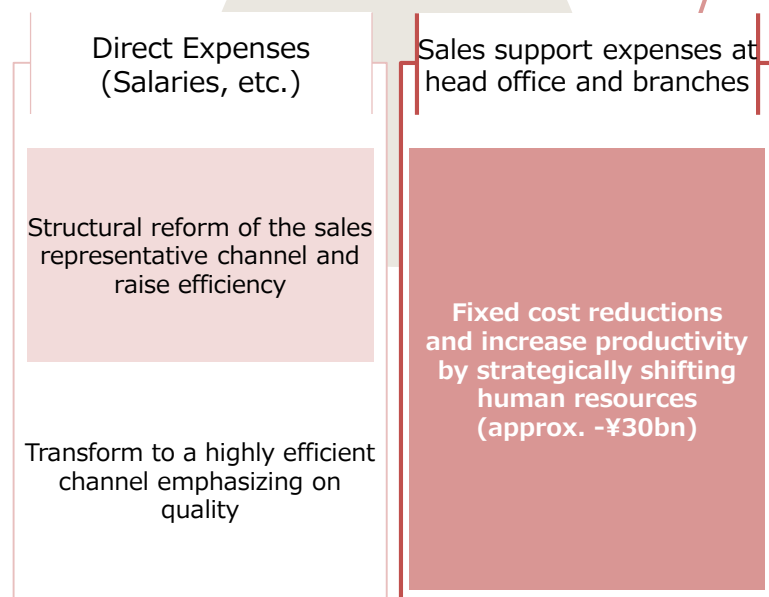


# Improving Dai-ichi Life Business Productivity

- Essential to improve productivity to ensure competitiveness of existing business in the long-term
- Promote early achievement our six-year initiative of reducing approximately ¥30bn in costs

## Cost Structure and Reduction of Fixed Costs

### Improve productivity to ensure competitiveness in the mid- to long-term



## Fixed personnel expenses

### Strategic personnel shift to profit centers and new business domains while pursuing efficiency through digital

- ✓ Remote management of sales reps centralized operations
- ✓ Self-sufficiency of sales office tasks and consumer-direct features
- ✓ RPA/digitalization of head office tasks, etc.

Strategic personnel shift in the next six years

**approx. 3,100 people**  
about 23% of all employees  
excluding sales reps

## Operating expenses

### Streamline operations to adapt to changes in work-style

- ✓ Consolidation and area reduction based on new work styles and consider possibility for use as investment properties
- ✓ Save transportation expenses through remote operations and digitization and more paperless operations, etc.

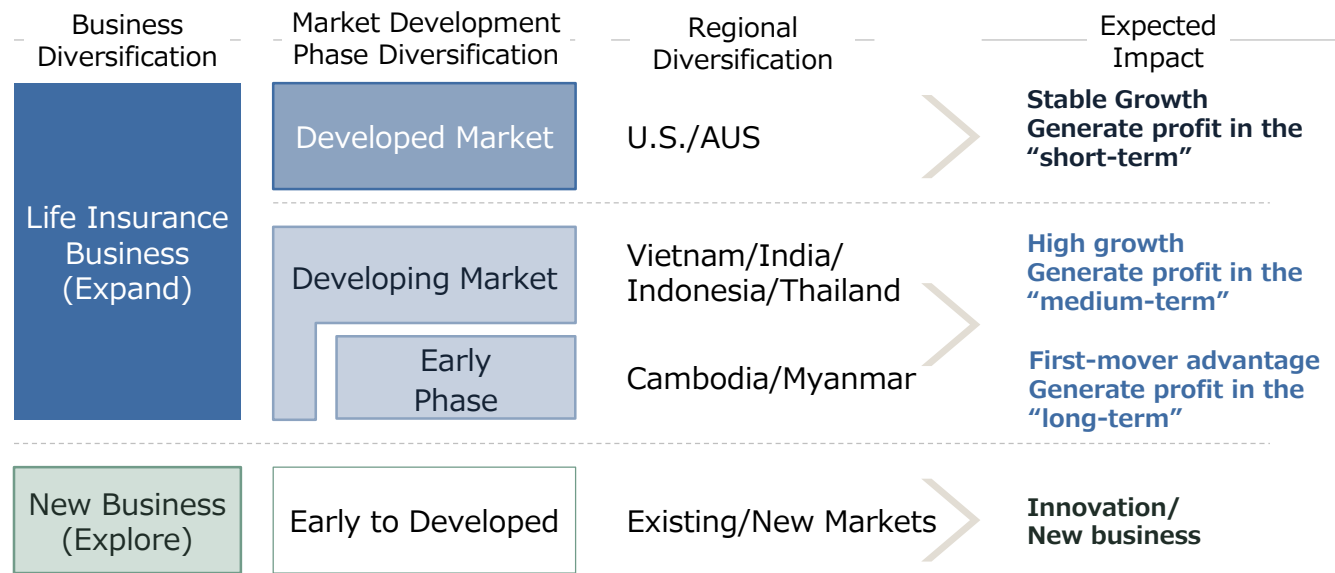
Invest resources in carefully selected domains to carry out CX design strategy

Establishment of foundation for business model reform, creation of new business and digital innovation, etc.

# Increase Profits in the Existing Markets and Further Drive Business

- Build a resilient foundation for sustainable growth through business/regional diversification
- Aim for adjusted profit of approx. ¥85bn in FY2023 and improve in capital efficiency

## Overseas Business Portfolio Strategy

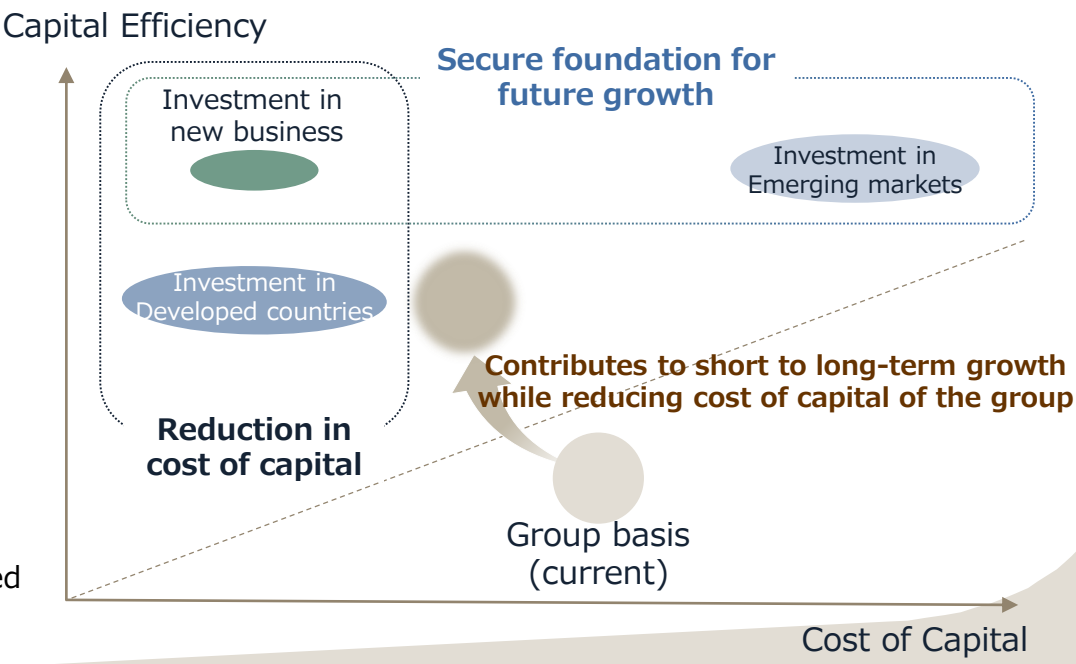


## Efforts for Further Growth

- Deal with prolonged low interest rates and product strategy to address protection needs
- Improve operational efficiency in the new normal business environment
- Pursue capital efficiency based on business development phase and strategic decisions based on the quality of the business portfolio
- Expand to other regions leveraging existing business foundations

**[Target Level for FY2023]**  
**Adjusted Profit (Overseas) approx. ¥85bn**  
**(of which Protective Life approx. ¥45bn)**

Impact of Strategic Investments (Illustrative)





# Initiatives for Driving CX with DX and Efforts to Improve Productivity

- Strengthen competitiveness in the new normal business environment and drive CX by utilizing DX
- Continuous efforts in operational efficiency mainly in developed markets to improve productivity

## Initiatives for Driving CX with DX

### ① Sales Channel Digital Support

Improve customer satisfaction with high service quality through digitalization

**Protective.**

New policy tool "Velocity"  
for sales channel and  
customers

**TAL**

Online advisor training program  
"TAL Risk Academy"  
Advisor support tool  
"TAL Adviser Centre"

**Star Union Dai-ichi  
Life Insurance**

Digital sales tool  
"Digi Quick" enhancement

→ **Online application** → **Improve adviser skillset  
Support sales efficiency** → **Improve operational  
efficiency and quality**

### ② Digital Healthcare Services

Create new experiential value with healthcare services utilizing digital data

**TAL**

Health support tool "Cora"(chatbot)  
Health promotion support "Health Sense+"

DLI Asia Pacific Pte. Ltd.

Dai-ichi Life Group

Health support for emerging Asian  
countries/considering remote medical  
services

### ③ Enhance Customer Convenience

Improve customer convenience with introduction of digital tools

**TAL**

Claims app  
"Claims Assist"

**DAI-ICHI LIFE**

Gân bó dài lâu.

App for customers  
"Daichi Connect"

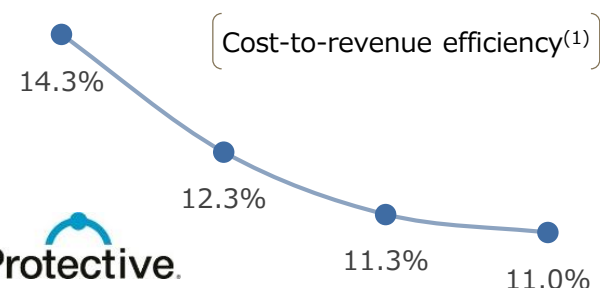
→ **Claims settlement via  
smartphone**

→ **Premium payment/claims  
settlement via online**

## Efforts to Improve Productivity (Protective Life/TAL)

- ▶ Protective and TAL have established an advantage over competitors in cost efficiency with cost synergies and economies of scale through M&A
- ▶ Continue efforts in operational efficiency for further productivity

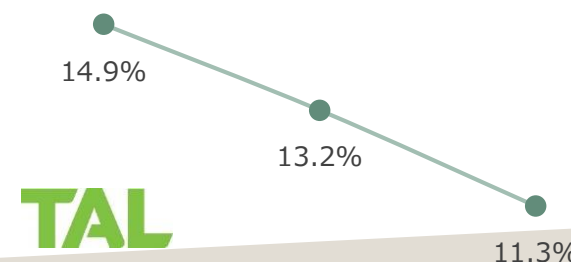
2017 2018 2019 2020



[For Further Productivity]

- Cost benefits from M&A  
System integration of acquired blocks
- Digitalization of maintenance  
AI for claim payment processing
- Efficient use of office space
- Consolidation of captive subsidiaries

2018 2019 2020(E)



- Synergies from Asteron Life  
integration
- Reduction of operating expenses  
based on new work-style
- Optimize sales and marketing  
expenses

(1) Excludes post-acquisition integration costs and commissions.  
For Protective cost is relative to revenue, for TAL cost relative to premium income.

# Re-connect 2023

## Group Financial and Capital Strategy

Disciplined Capital Management Through Evolution of the ERM Cycle

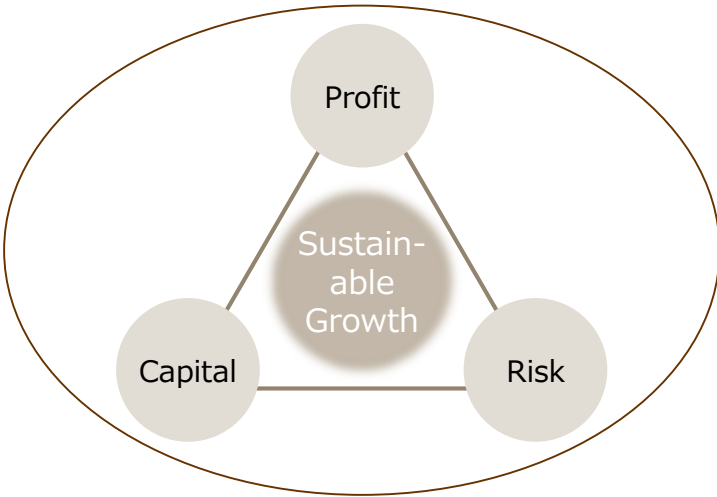
- Sustainable corporate growth through disciplined capital management with upgraded ERM cycle
- Aim for capital efficiency above cost of capital while securing stable economic value based soundness

Capital Efficiency

Aim ROE/ROEV above cost of capital

Initiatives

- ▶ Reassessed our cost of capital (currently 10%)
- ▶ Enhance return on investment monitoring by hurdle rate setting based on the assumed cost of capital for each business category (individual company)
- ▶ Capital deployment including M&A after considering the effectiveness of shareholder payouts measures in addition to strategic conformance
- ▶ Shifted operations to free cash-flow based remittance to holding company



Risk-Return

Aim Insurance risk-centric risk profile

Initiatives

- ▶ Develop protection products and capital-light asset formation products based on risk and return assessments
- ▶ Overseas business growth considering risk profile improvement
- ▶ Obtain fee-based business profit from domains surrounding insurance including health care and digital technology
- ▶ Drive market risk reductions measures based on risk appetite

Financial Soundness

Aim Stable Economic Solvency Ratio

Initiatives

- ▶ Decrease market sensitivities by driving market risk reduction measures
  - ▶ Updated ESR measurement standards based on International Insurance Capital Standards (ICS) and economic value regulations under development in Japan.
- (Changes in ultimate forward rate (UFR) assumptions and improvement of various measurement techniques based on other ICS, etc.)

# Recognition of Our Current Cost of Capital and Efforts to Reduce Cost of Capital Level

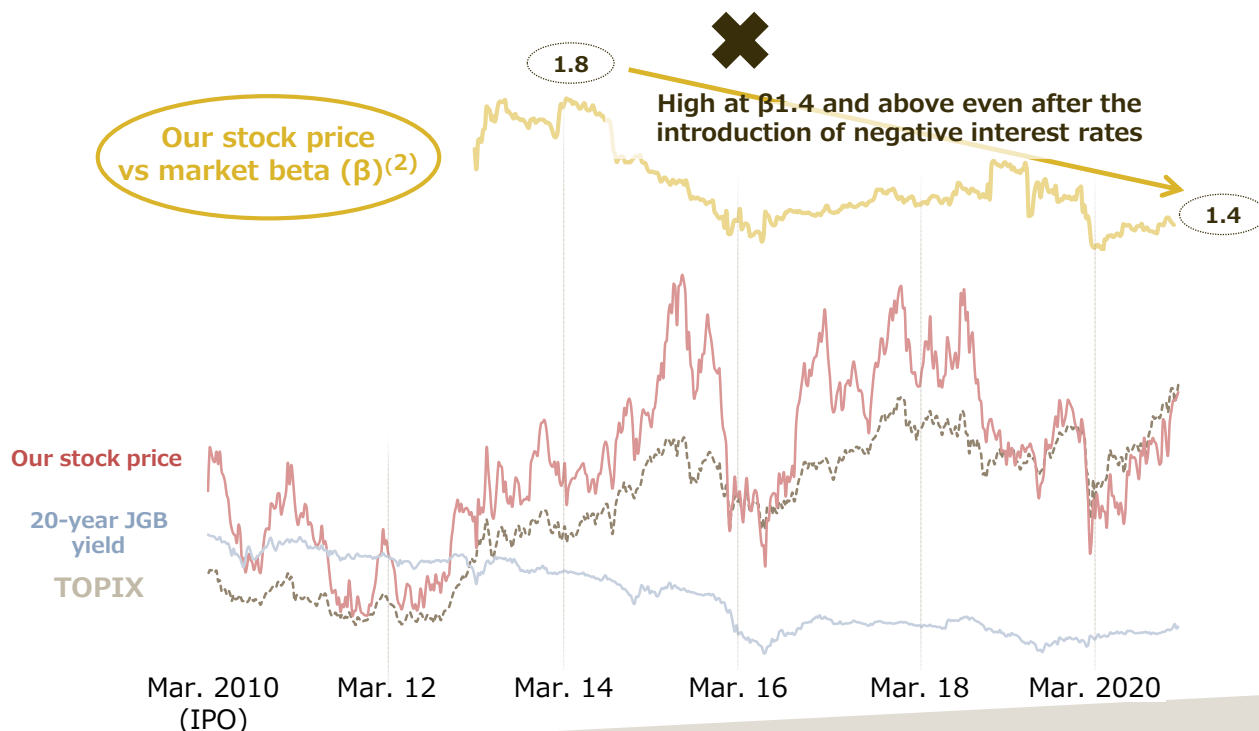
- We recognize our cost of capital to be 10% amid the changing business environment
- Aim for  $\beta$  levels comparable to global peers by weighing more to the less volatile insurance business

## Our Cost of Capital Based on CAPM<sup>(1)</sup>

Recognition  
of our cost of  
capital

Exceeded our previous assumption (8%) at a level of 10% amid changes in the business environment

Increase in equity risk premium (expected return)



## Efforts to Reduce Cost of Capital

Reduce cost of capital (vs market beta) by weighing more to insurance business that is inherently less volatile

### Our rationale behind our high cost of capital

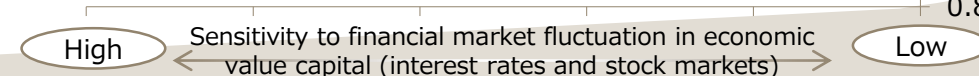
High volatility of economic value capital and risk (EEV and ESR) and periodic profit attributable to DL's assets (bonds, stocks, etc.)

Financial sensitivity to EEV and stock price  $\beta$   
~high correlation~



Aim for beta levels comparable to global insurers by further reducing market risk

Insurance risk-centric  
global insurers



# Drastically Improve Group Capital Efficiency Through Risk Profile Reform

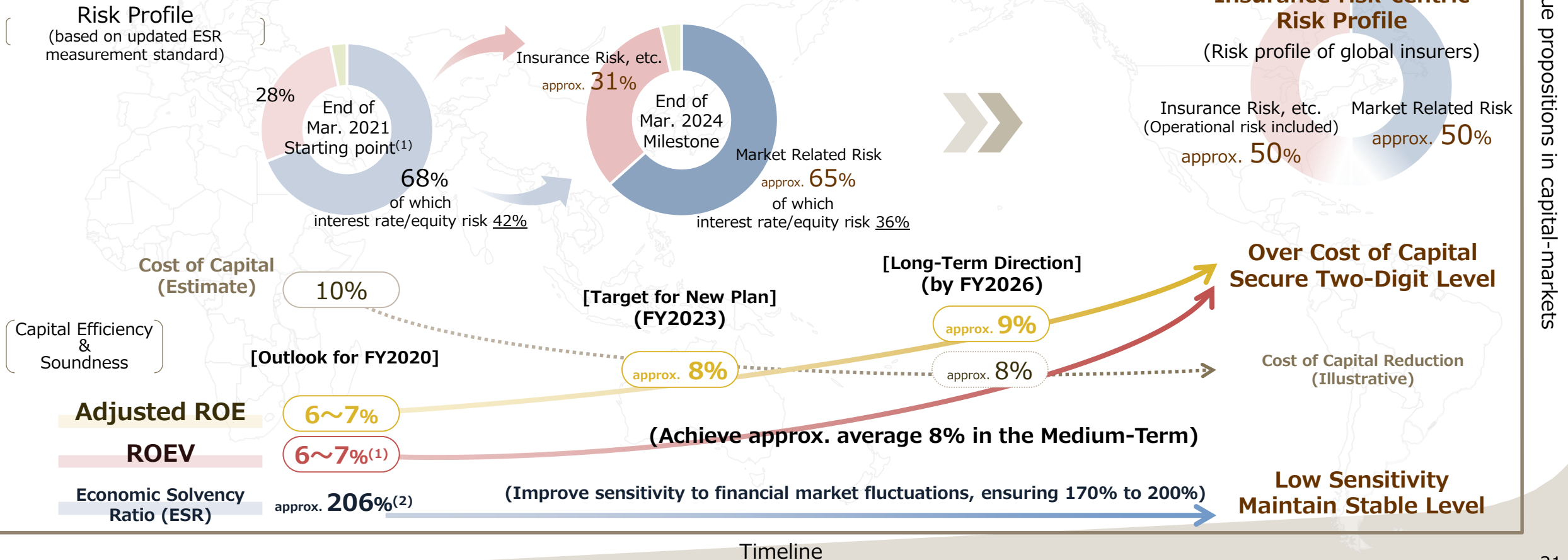
- Focus continues to be on market risk reduction to draw near to risk profile of global insurers
- Aim for sustainable growth/improvement in capital efficiency by effective capital reallocation

## Reduce interest rate and equity risk by 20%

Reduction initiatives in the new plan (FY2021 to 2023) are readjusted in light of significant progress in the first year since the initial plan rolled-out (FY2019 end)

## Drive market risk reductions aiming to achieve our ambition at an early stage

Expected time frame to reach our risk profile target is "early in the medium to long term time horizon" in light of current market fluctuations and updated ESR standards



Value propositions in capital-markets

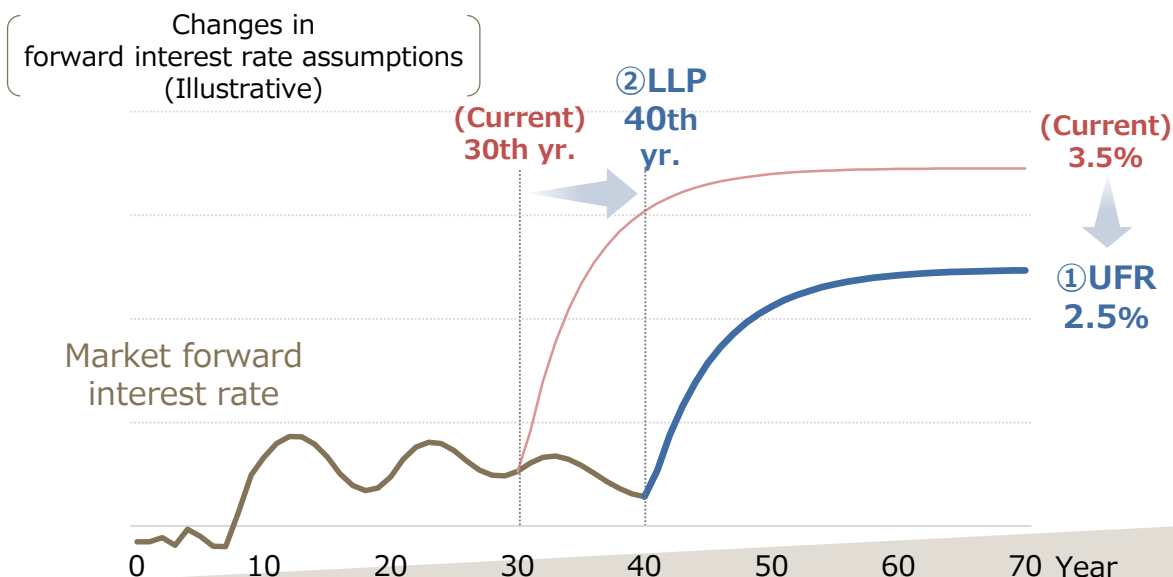
# Changes in UFR and LLP in ESR Measurement

- Stricter risk management based on ICS and regulations under development in Japan

## Impact of Changes in UFR and LLP

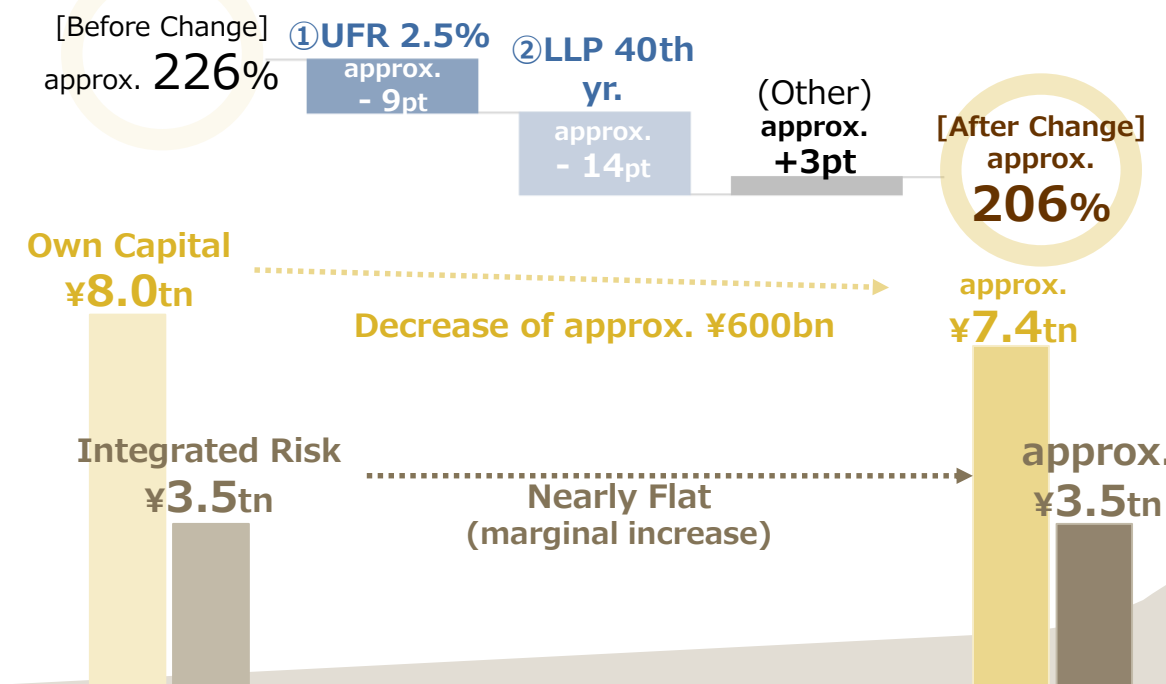
### Main Changes

- Reduction of Ultimate Forward Rate (UFR) Level**  
[Current] 3.5% → [New] 2.5% (Potential growth rate forecast + BoJ inflation target)
  - Change in Last Liquid Point (LLP)**  
[Current] 30th yr. → [New] 40th yr. (UFR level converged from 40th year to 70th year)
- (Other)  
Improvement of various measurement techniques based on ICS (mainly DFL)



- ▶ Changes in measurement assumptions based on stricter internal control (These changes are reflected to EEV measurement assumptions as well)
- ▶ The revised standards will be applied to risk-management, including market risk reduction going forward

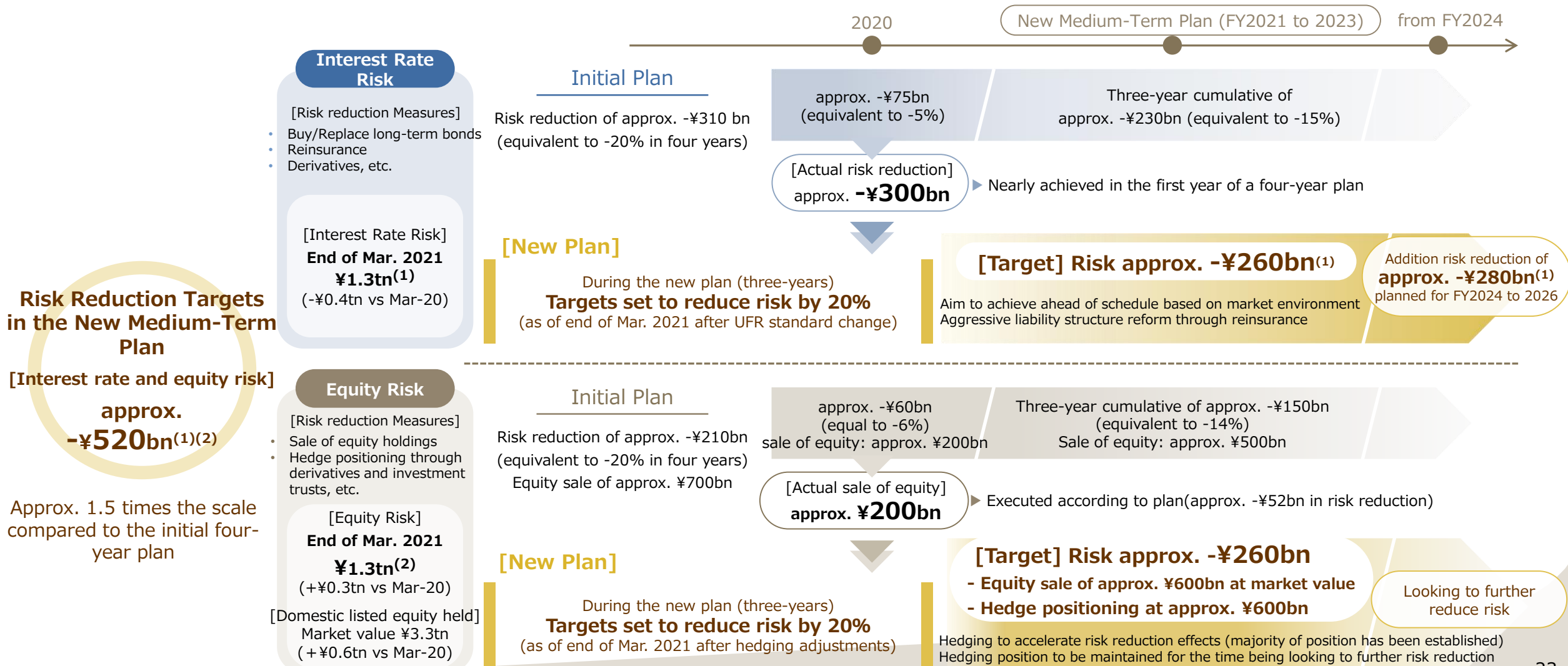
[ Estimate ESR at the end of March 2021 ] \*Estimates based on market fluctuations and market risk reduction measures from the end of Dec. 2020 and may change after the FY2020 financial results are finalized





# Risk Reduction Targets in the Medium-Term Plan

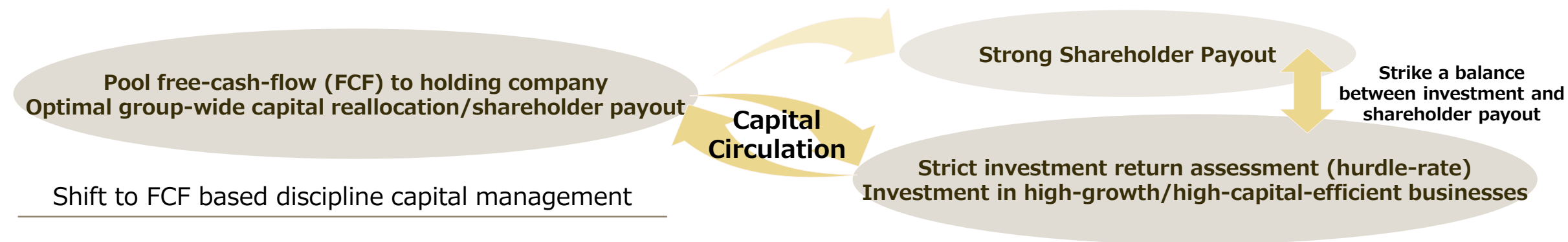
- Reduced 70% of initial targets for a four-year span to reduce 20% market risk in FY2020 alone
- In the new plan (three years from FY2021) we set a more ambitious new 20% risk reduction plan



(1) Figures after changes in standards such as UFR (2) Excluding the effects of front-loading hedging

## Free-Cash-Flow Generation and Business Investment for Growth

- Generate more than ¥800bn in free-cash during the period of the new medium-term plan
- Enhance return on investment monitoring considering cost of capital of each group business



[ Until now ] ✓ Set a remittance rate against profit level of subsidiaries

### Remittance to holding company going forward

- ▶ FCF is defined as the sum of transferable surplus capital after considering economic value, local regulations and accounting standards
- ▶ Set remittance rate to FCF based on business strategy of each subsidiary (remittance from subsidiaries based on periodic profit expected to rise)
- ▶ Upgrade capital circulation between the holding company and subsidiaries

Monitoring based on cost of capital of each group business

[ Until now ] ✓ 8% cost of capital across the board for all group entities  
(Difference in interest rates are added to cost of capital for overseas businesses)

**Calculate cost of capital for each business (individual company) by taking into account betas according to risk profile and market risk premiums by country of domicile, and evaluate investment effectiveness**



[ Outlook of cash at holding company ]

### FY2019 Cash inflow (past standard)

[Group Adjusted Profit] approx. ¥250bn  
[Remittance rate] × approx. 55%  
[Cash to holding company] approx. ¥140bn

**[Cash Outlook During New Plan]**  
balance at Mar. 2021+3 years(FY2021 to 2023)  
Total Cash Inflow

**approx. ¥800bn or more**

\*After deduction of expected interest payments by the holding company.  
Share buyback announced today is not deducted



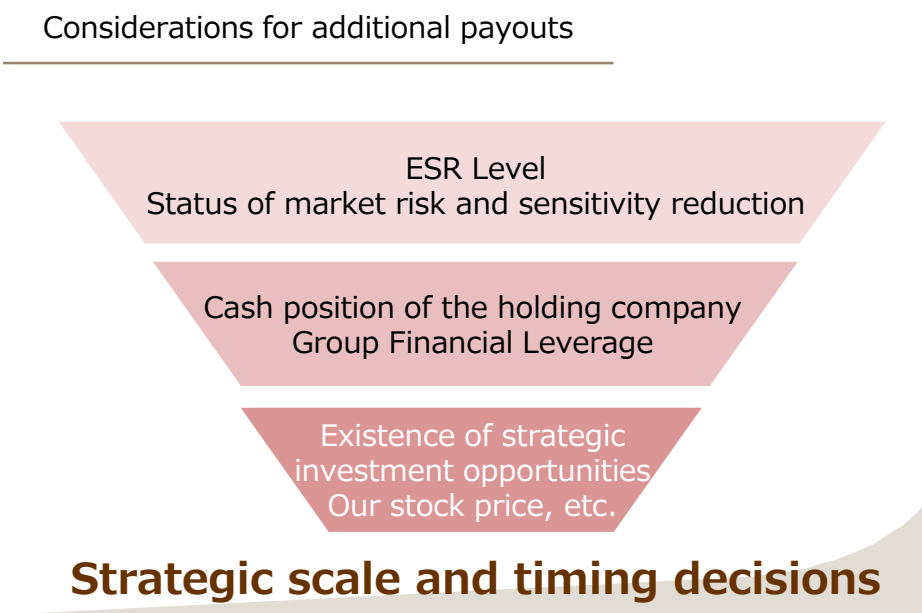
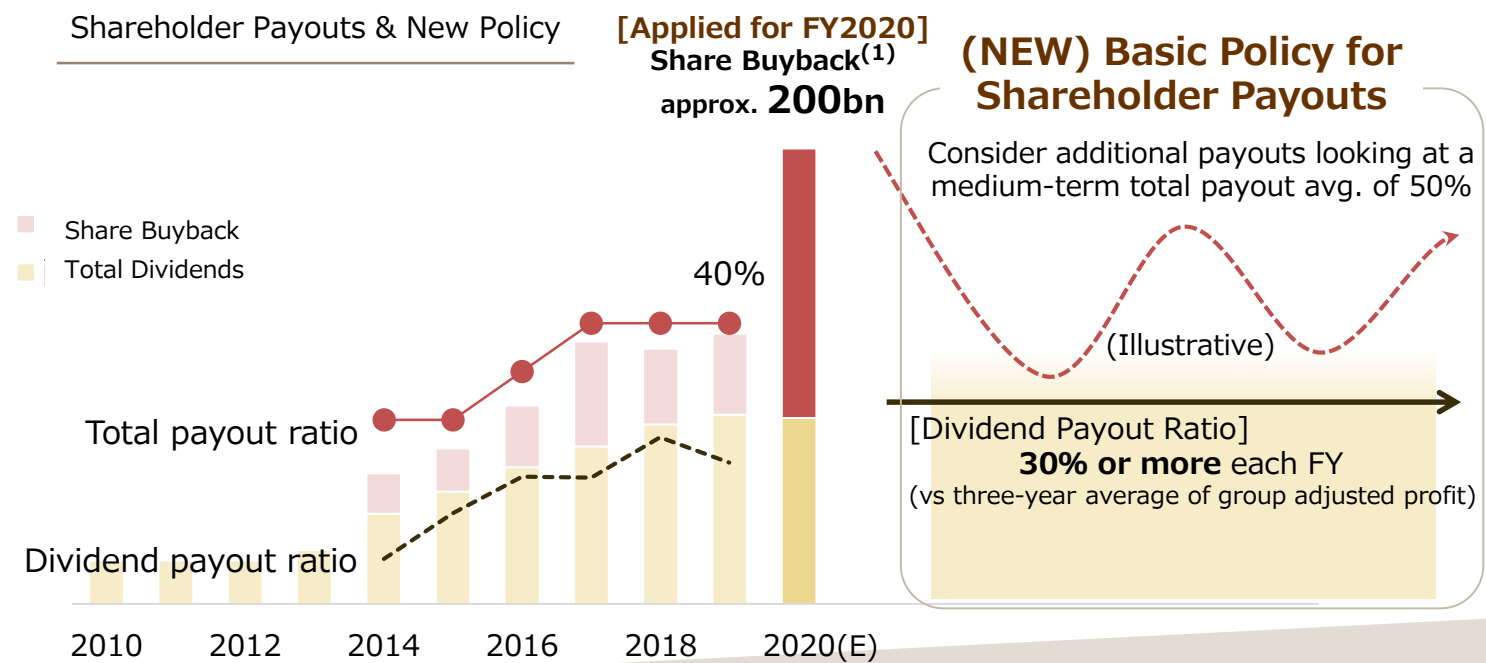
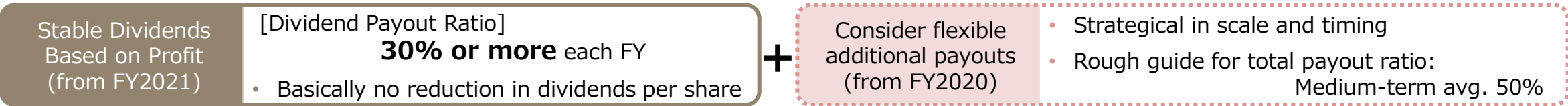
# Change in Basic Policy for Shareholder Payouts

- Consider flexible additional payouts on top of dividend payout ratio of 30% or more for each fiscal year
- Aim for an average total payout ratio of 50% in the medium-term with strategic additional payouts

Basic Policy

- Stable cash dividends based on group adjusted profit (realistic profit indicator)  
(Dividend payout ratio is calculated based on the historical three-year averages of group adjusted profit)
- Consider additional payouts through share repurchases, etc. considering ESR, cash-flow and strategic investment opportunities

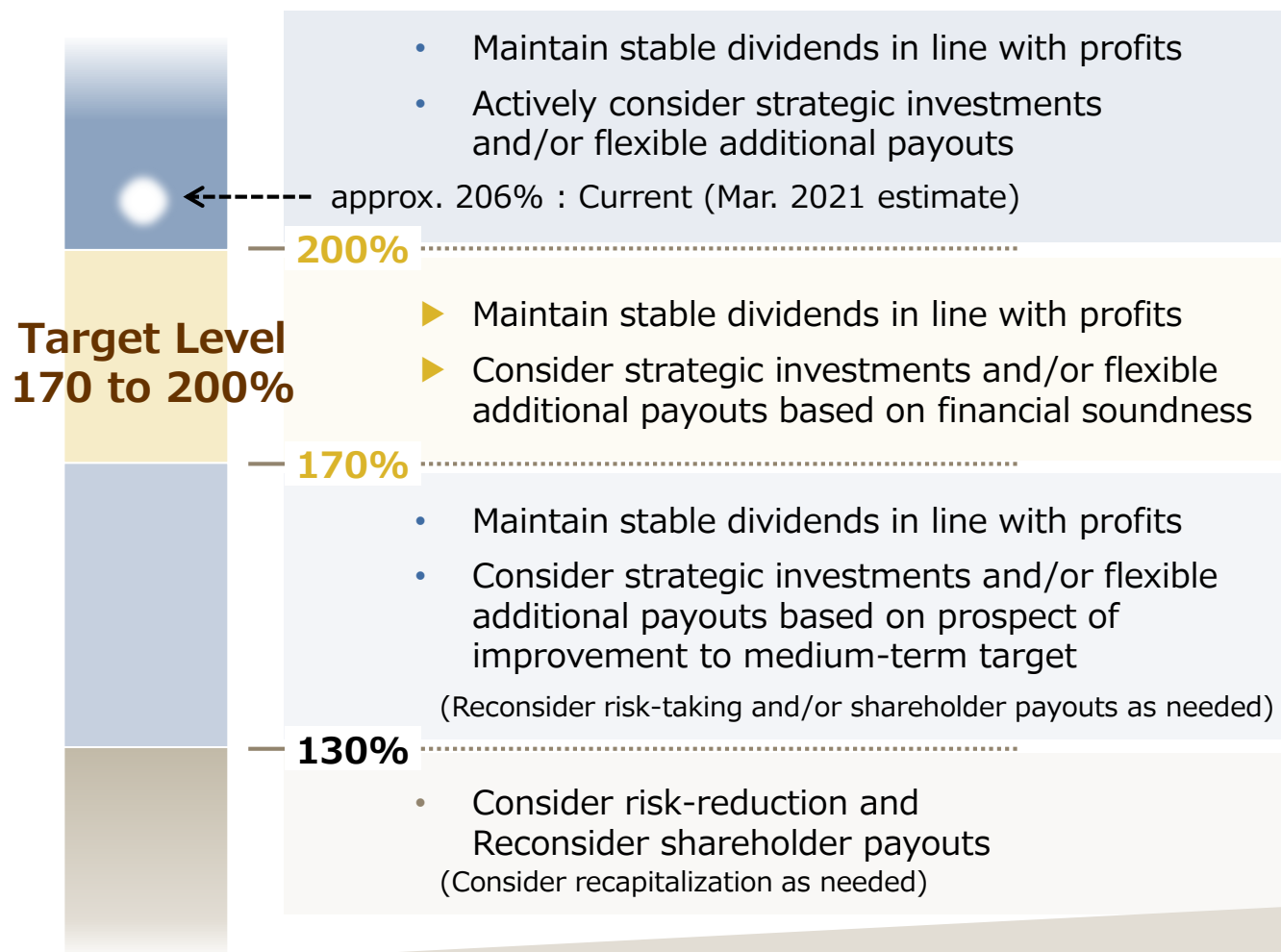
\* Shareholder payout policy is subject to change in light of changes in the external environment and other factors.



## Implementation Capital Policies Based on Economic Solvency Ratio (ESR) Level

- Consider capital policies based on ESR target between 170% and 200%
- Decided buyback after considering ESR condition, strategic opportunities and our stock price, etc.

### ESR Level and Capital Policy Concept



〔Regarding the share buyback of approx. ¥200bn〕



- ESR above target level
- Steady decline in market risk and sensitivity
- Expected remittances from group companies and Funds for the sale of stake in Janus Henderson
- Financial leverage expect to maintain a certain level
- Implementation of capital investment return analysis

**Decision to initiate share buyback of approx. ¥200bn**

# Re-connect 2023

## Group Sustainability and Business Foundation

## Promote the Enhancement of Sustainability as an Entire Group

- Promote sustainability initiatives that would contribute to well-being of all through establishment of the Group Sustainability Promotion Committee and set of quantitative indicators

Select sustainability targets  
to solve group important issues (materiality)



**To contribute to the "Well-being" of all,  
establish quantitative indicators linked to each target  
and work toward their achievement**

Group Sustainability Promotion Committee to be established in order to plan group policies and strategies regarding non-financial areas from a super-long-term perspective across the group and monitor the progress of initiatives at each company

Important issues that we must solve to continue  
protecting the well-being of all including future generations

### Material Issues (Materiality)

### Sustainability targets



Livelihood stability  
through insurance

- Elimination of the protection gap



Sense of security  
in later life

- Extension of asset life



Promote health  
for all

- Improve the health age
- Control social protection benefit costs



Building a safe and  
secure community

- Enhancement of mental wellbeing  
(Contributing to a sense of security in  
the community)



Optimal experiential  
value that meet  
customer needs

- Improve customer loyalty

Four  
Experiential  
Values

Important issues that we must solve to ensure future sustainable  
society, which is an essential for realizing the well-being of all

### Material Issues (Materiality)

### Sustainability targets



Responding to  
climate change

- Achieve carbon neutral to ensure the  
sustainability of the global environment,  
which is the foundation of people's lives



Improving efficiency  
of energy use and  
promoting clean energy



Defending  
human rights

- Maximize the potential of each individual  
to realize the success of a diverse people  
Pursue Group Employees Value  
Proposition (EVP)



Empowerment  
of women



Contributing to society  
through responsible  
loans and investments

- Expand investments and loans that  
contribute to creating a positive social  
impact

Sustainability  
of Society

\*Description of major issues and sustainability targets

## Drive Initiatives for Carbon Neutral

- Accelerate initiatives for early realization of carbon neutral to ensure the sustainability of the global environment, which is the foundation of people's lives

### Material Issues (Materiality)



Responding to  
climate change



Improving efficiency of  
energy use and  
promoting clean energy

Set new targets for CO2 emission reduction  
(50% reduction by FY2025, 100% reduction by FY2040)

- For CO2 emission reduction (Scope 1+2)  
plan to achieve target ahead of previous schedule

#### (Scope 1+2) vs. FY2019

FY2025- **50%** reduction  
FY2040- **100%** reduction

- Set targets reducing Scope 3 of CO2 emissions for items  
that should be emphasized from the perspective of leading  
change in business and employee behavior\* (Dai-ichi Life)  
\*Limited to identifiable items

#### Dai-ichi Life (Scope 3) vs. FY2019

FY2030- **30%** reduction  
FY2050- **100%** reduction

Towards net zero greenhouse gas emissions  
of investment portfolio (Dai-ichi Life)

Join Net-Zero Asset Owner Alliance, an international  
initiative in which institutional investors aim to  
transition to portfolios with net-zero greenhouse gas  
emissions by 2050

### Specific Initiatives

- **Set interim five years targets (stocks, bonds, real estate)**
- **Strengthen engagement with investee companies (dialogue on climate change response, etc.)**
- **Supporting transition to a low-carbon society and creation of environmental innovation through investments**

Set policy to achieve 100%  
renewable energy (Dai-ichi Life)

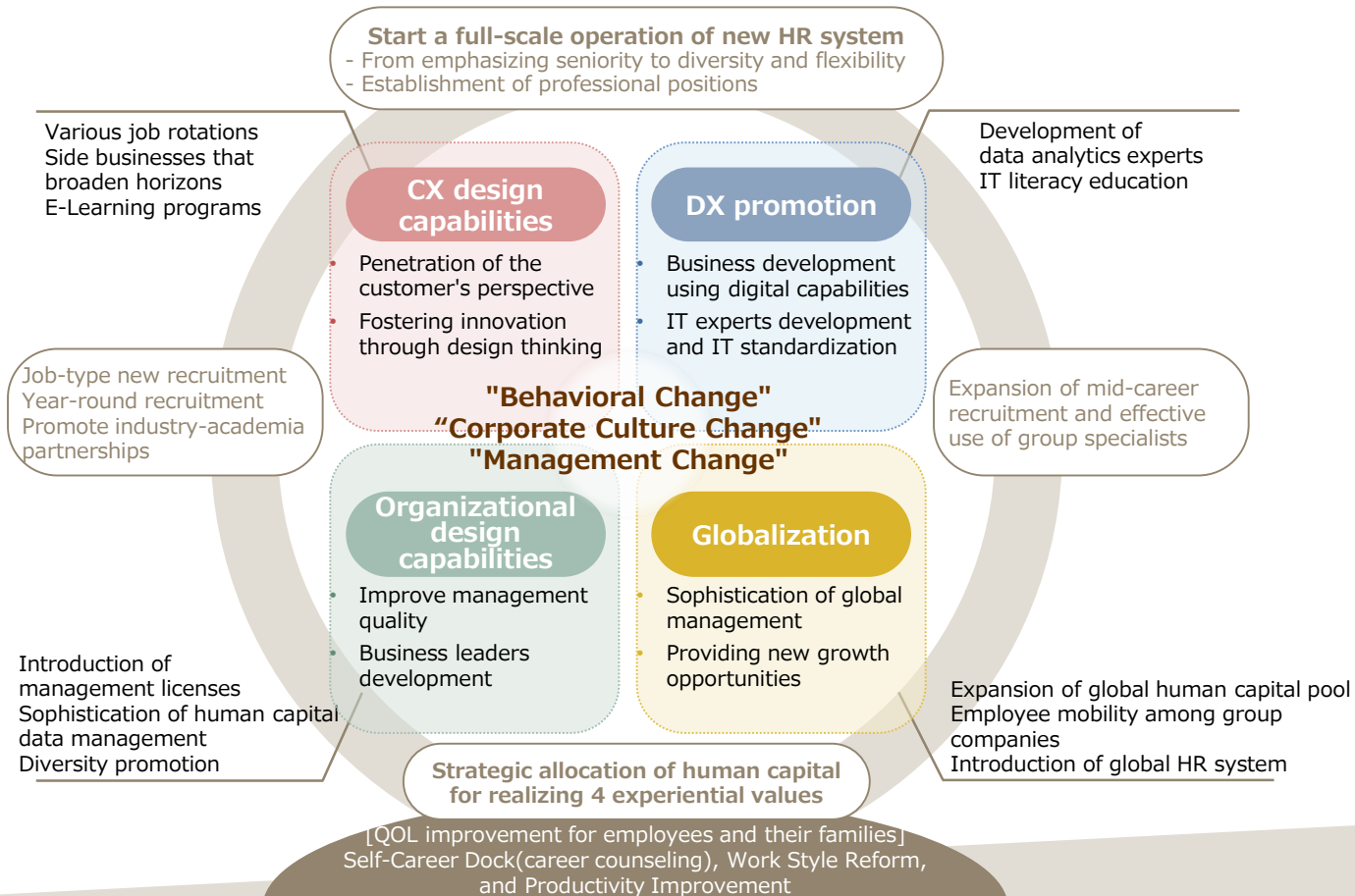
- ▶ Joined international initiative "RE100" (August 2019)
- ▶ Set a policy to procure 100% of the electricity  
consumed in business activities from renewable  
energy by FY2023 (For real estate with investment  
purpose achieve during FY2021)
- ▶ Establish a scheme to supply electricity to our owned  
real estate from invested and financed renewable  
energy power plants (51 domestic and overseas  
plants with a total output of about 6,500MW),  
utilizing FiT-certified renewable electricity with  
tracking option

# Group Human Capital Strategy and Group Governance to Support Business Foundation

- Develop highly engaging employees and organizations to be the driving force for business transformation in the new management plan
- Continuous evolution of group governance in light of various changes in the domestic and global external environment

## Group Human Capital Strategy for Business Transformation

**Organization with diverse talents that realize 4 experiential values**  
**Maximize potential through proactive career development of each**



## Evolution of Group Governance

### Efforts to Strengthen Global Governance (GLC: Global Leaders Committee)

- ▶ Global Leaders Committee (GLC) was established in the previous medium-term management plan, composed of the president of the holdings, the CEOs and related directors of the group overseas companies, with the aim of utilizing global knowledge and enhancing management.
- ▶ In the new management plan, we will promote initiatives so that each company, who is an expert in overseas business, can proactively be involved in management, and accelerate the creation of a more essential global management framework, such as the formulation of overseas strategies and the consideration of the utilization of overseas human capital.

### Establishment of the Group Sustainability Promotion Committee Strengthening the monitoring of the medium-term management plan by the Board of Directors

- ▶ Establishment of the Group Sustainability Promotion Committee:  
In order to realize a sustainable society, from a group-wide and super-long-term perspective, implement group-wide policies and strategies related to non-financial areas, monitoring of the implementation status of initiatives at group companies, etc. (formation of project teams at operating companies level to accelerate activities)
- ▶ Strengthen monitoring of medium-term management plan:  
The Board of Directors strengthen their monitoring of the progress of business strategies (expand and explore), financial and capital strategies in terms of both quantity and quality in the medium-term management plan.

# Re-connect 2023

## Reference Materials



(Reference)

# Changes in the Risk Profile in FY2020 and the Status of Market Risk Reduction Efforts



Dai-ichi Life  
Holdings

[ Mar-20 ]

[Before changes to UFR, etc.]

[ Mar-21 Estimate ]

[Before]

[After]

ESR **195%**

Shareholders' Equity/Risk  
Amount (¥ in trillions) 7.2/3.7

Of which, market-related  
Amount of risk 69%

Approx.  
**226%**

Approx.  
**206%**

Approx. 8.0/3.5

7.4/3.5

Approx.  
69%

Approx.  
68%

- ✓ Interest rate and equity risk decreased by approx. ¥200 billion YoY

[Effects of risk reduction initiatives]

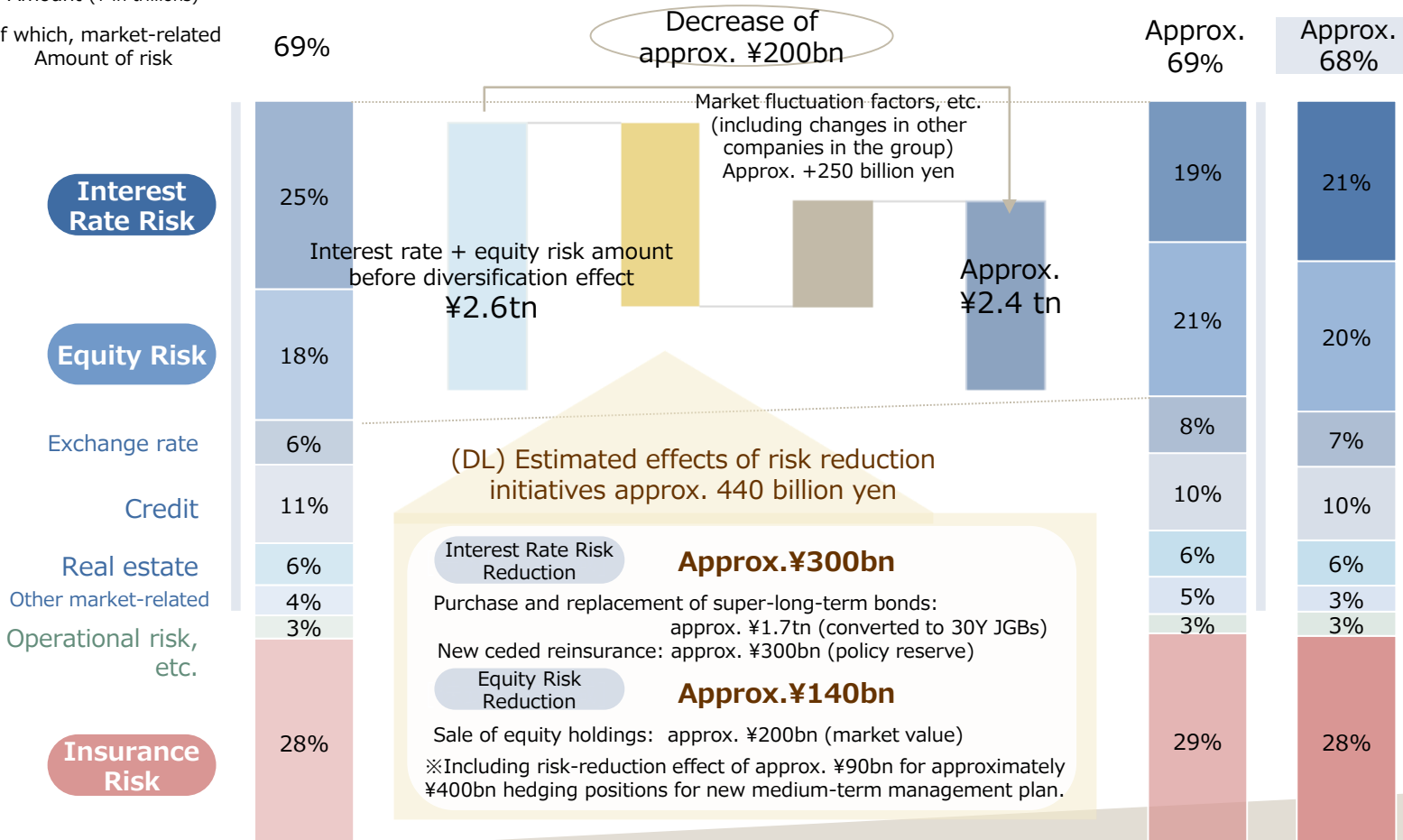
- Achieved an approximately ¥440 billion by substantial progress in reducing interest rate risk and sale of our equity holdings in line with our plan.

(of which ¥90 billion is a hedging position established with the aim of accelerating risk-reduction benefits during new medium-term management plan)

[Market fluctuation factors, etc.]

- Increased by approximately ¥250 billion due to market fluctuations, reflecting a sharp recovery in the stock market

\*Figures are estimates and are subject to change after the FY2020 financial results are finalized.



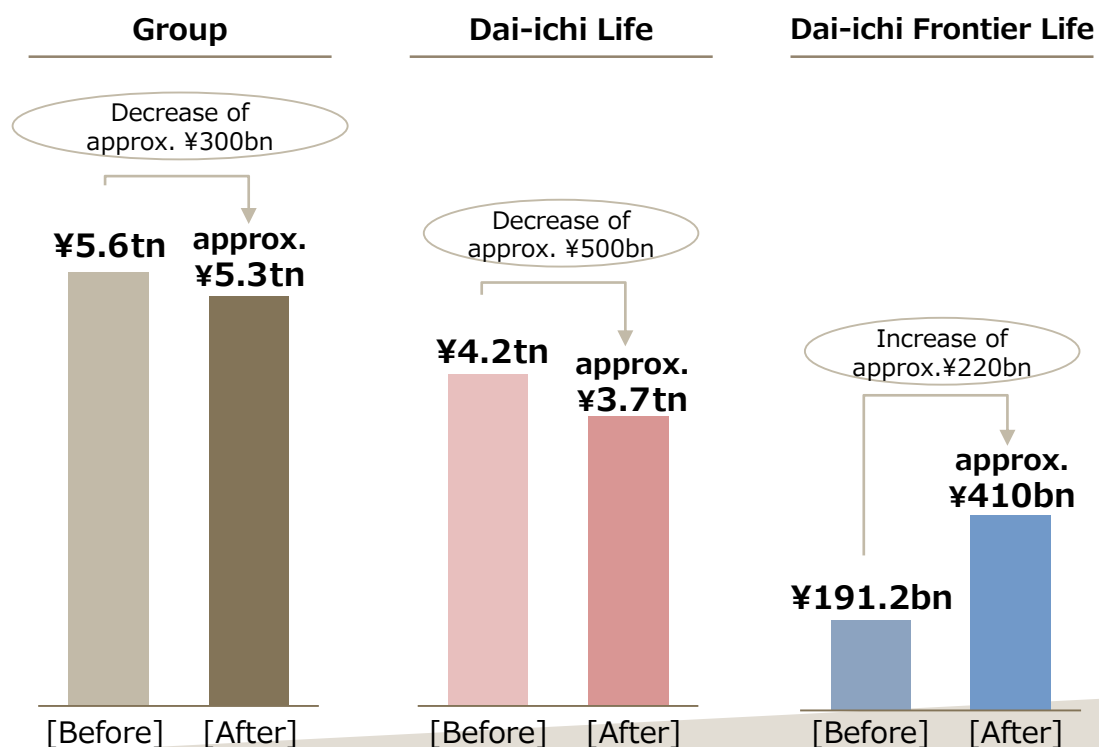


Main Revisions	
Dai-ichi Life	<b>Reflecting changes in Ultimate Forward Rates (UFR) and Last Liquidity Point (LLP)</b> Application of UFR(2.5%) and LLP (40th year)
Dai-ichi Frontier Life	<b>Reflecting corporate bond spreads in the discount rate used for insurance liability valuation, etc.</b> Adding a discount rate calculated with reference to International Insurance Capital Standards (ICS)

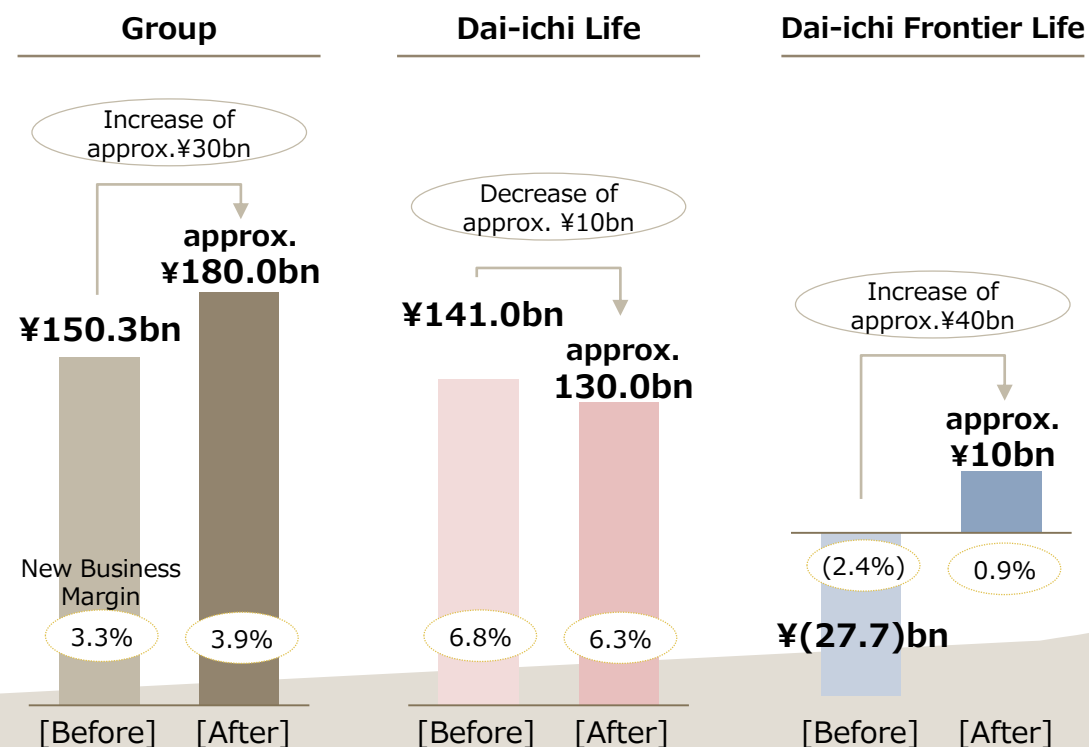
- Implemented standard changes in conjunction with changes to UFRs, etc. in economic solvency ratio (ESR)
- The changes at Dai-ichi Frontier Life are mainly for single premium savings-type products denominated in foreign currencies, based on the actual state of asset management in which matching investment is conducted by foreign currency-denominated corporate bonds
- Scheduled to adopt this change from the FY2020 for EEV measurement

\*Estimates prior to verification by third-party, and may change after finalization of financial results

## Impact on Group EEV (Mar-20)



## Impact on new business value (FY2019)





# (Reference) Adjusted ROE Definition

**Adjusted ROE = [Numerator] Adjusted profit ÷ [Denominator] Adjusted net assets (Average of year beginning and ending value)**

**Adjusted net assets = Net assets - Goodwill - Unrealized gains/losses on fixed-income assets\* + MVA balance at Dai-ichi Frontier Life**

\* Dai-ichi Life, Neo First Life: Amount classified as net unrealized gains on securities within fixed-income assets<sup>(1)</sup>

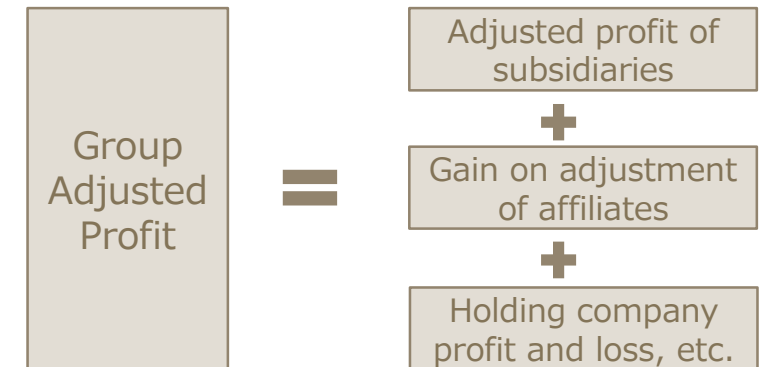
Dai-ichi Frontier Life, Protective Life: Net unrealized gains on securities, net of tax

## Adjusted ROE historical data

	FY2016	FY2017	FY2018	FY2019
(¥ in billions/ %)				
<b>Group Adjusted ROE</b>	<b>8.6%</b>	<b>8.5%</b>	<b>7.6%</b>	<b>9.5%</b>
Numerator (Adjusted Profit)	210.1	243.2	236.3	274.5
Denominator (Average Adjusted net assets)	2,448.5	2,856.5	3,095.8	2,875.3
Denominator (FY end Adjusted net assets)	2,612.3	3,100.8	3,090.7	2,659.9
[Calculation of denominator]				
Net assets	3,136.0	3,747.9	3,712.4	3,775.8
(-) Goodwill	57.9	51.4	48.9	39.4
(-) Unrealized gains / losses on fixed-income assets	477.1	603.5	595.6	1,258.8
(+) [DFL] MVA balance	11.3	7.9	22.8	182.4
Net assets for Adjusted ROE	2,612.3	3,100.8	3,090.7	2,659.9
o/w Shareholder's equity	1,300.7	1,589.6	1,708.8	1,641.5

	FY2016	FY2017	FY2018	FY2019
<b>Dai-ichi Life Adjusted ROE</b>	<b>5.8%</b>	<b>8.0%</b>	<b>7.6%</b>	<b>7.8%</b>
Numerator (Adjusted Profit)	125.4	169.8	171.4	150.2
Denominator (Average Adjusted net assets)	2,154.8	2,127.4	2,243.6	1,913.8
Denominator (FY end Adjusted net assets)	1,945.3	2,309.6	2,177.7	1,650.0
[Calculation of denominator]				
Net assets	2,481.6	2,888.2	2,885.2	2,549.9
(-) Unrealized gains / losses on fixed-income assets	536.3	578.6	707.5	899.8
Net assets for Adjusted ROE	1,945.3	2,309.6	2,177.7	1,650.0
o/w Shareholder's equity	561.2	696.0	684.1	630.1

## Definition of Group Adjusted Profit



[Adjustment 1] [Provision for contingency and price fluctuation reserves, etc.]  
(in excess of statutory requirement, net of tax)

In addition, if there are retained earnings of overseas subsidiaries and affiliates, adjustments will be made case-by-case basis.

[Adjustment 2] [MVA related gains (losses), net of tax, etc.]

Adjusted for technical accounting valuation gains and losses

[Adjustment 3] [Amortization of goodwill, gains/losses on acquisition phase, gains/losses on change in shareholding, etc.]

Adjusted for gains/losses on organizational restructuring and amortization of goodwill, etc. in the consolidation procedures of each company.

(1) It mainly defines unrealized gains/losses on yen-denominated bonds, purchased monetary claims, hedged foreign currency-denominated bonds, and investment trusts whose main investment targets are fixed-income assets.

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