

Corporate Governance

Fundamental Approach to Corporate Governance

We are led by our management philosophy of “Customer First,” and consider our customers, society, shareholders and investors, and employees to be our stakeholders. We have defined our basic management policies to be “Maximize Customer Satisfaction,” “Secure Social Trust,” “Create Sustainable Corporate Value,”

and “Foster Employee Potential.”

By increasing the satisfaction of our stakeholders, we are working to increase our corporate value.

We have established a Basic Internal Control Policy, which sets out our basic approach and policy concerning internal control. This basic policy defines basic items related to the

preparation and operation of internal controls used as we embody our basic management policies. By defining these items, we strive to ensure that our business activities are appropriate, thus contributing to our carrying out of our social responsibilities as a life insurance company.

Corporate Governance System (①)

Execution of Operations

■ Board of Directors

Our Board of Directors makes important management decisions and supervises the execution of operations. To further strengthen its decision making functions, outside directors, whose positions are not related to operation execution, are appointed. In principle, the Board of Directors meets each month, with additional meetings as necessary.

To enhance management transparency, Dai-ichi Life has established a Nomination Committee and a Compensation Committee, each

of which consists of the chairman of the board, the president, and outside members, as independent advisory committees to the Board of Directors. The Nomination Committee confirms the eligibility of candidate directors. The Compensation Committee deliberates on the compensation systems for directors and executive officers, and other related matters.

■ Execution of Operations

To separate and thereby strengthen our functions of decision making and supervision on the one hand and operational execution on the other, we have introduced an executive officer system. Executive officers are elected

by the Board of Directors and carry out duties assigned by the Board of Directors. Dai-ichi Life also has an Executive Management Board that meets twice a month, in principle, and consists of the president and executive officers appointed by the president. The Board considers important management and executive issues.

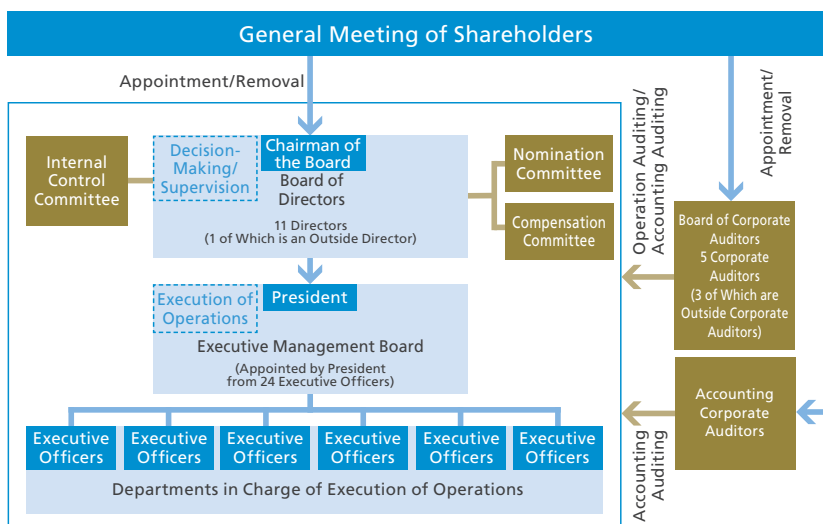
Auditing

■ Auditing by Corporate Auditors

Dai-ichi Life has a Board of Corporate Auditors. It performs auditing of the job performance of directors and executive officers by attending meetings of the Board of Directors and the Executive Management Board and conducting interviews with directors, executive officers, and departments. It also performs auditing of the compliance of Dai-ichi Life and our subsidiaries, of overall operational risk management, and operational and financial conditions. The Board of Corporate Auditors deliberates regarding important items related to auditing.

Assistants to corporate auditors are assigned to the “Corporate Auditors Center,” ensuring independence from directors through consultation with corporate auditors regarding personnel issues and evaluations of those assistants.

① Corporate Governance System (As of July 1, 2011)



Internal Auditing

The Internal Audit Department has been established to perform auditing of departments responsible for the execution of operations and insurance

agents from the perspective of compliance and risk management. The Internal Audit Department is a separate organization, isolated from departments responsible for the execution of

operations and insurance agents, in order to ensure its checking functions and the effectiveness of its operation auditing.

Information Disclosure

We consider the timely and appropriate disclosure of company information to customers, society, and shareholders and investors, the increasing of management

transparency, and the ensuring of accurate awareness and evaluation of our company to be important corporate governance strengthening measures. We have established a Basic

Information Disclosure Policy and defined internal rules regarding the disclosure of information in the event of inappropriate occurrences.

Internal Control
Internal Control Policy

We have established a “Basic Internal Control Policy,” which sets out our basic approach and policy concerning internal control (1), and set up an Internal Control Committee as part of the establishment of our internal control system. The Committee is a special organization assisting the Board of Directors and the Executive Management Board and is responsible

for driving the establishment and operation of an internal control system; checking the appropriateness of financial reports and the effectiveness of internal audits. And as an organization overseeing the Compliance Committee, Risk Management Committees, and Antisocial Forces Handling Committee, it also checks and discusses issues of compliance, the

protection of information property, risk management, and the handling of antisocial forces as an organization. The Internal Control Committee consists of representative directors and the executive officers in charge of the departments responsible for internal control, and in principle holds a meeting every month.

Risk Management

Self-Assessment

To enhance the effectiveness of internal controls with regards to

operational risks, we also carry out internal control self-assessment (CSA), a systematized and standardized set of risk assessment and evaluation

methods, in all operations. CSA targets “operational risks,” such as “clerical work risks” and “system risks” lurking in day-to-day operations. It is used

1 Basic Internal Control Policy

- 1. Conduct business activities in compliance with laws and regulations, the Articles of Incorporation, social standards, and rules in the market
- 2. Protect and manage information assets appropriately, including customer information, shareholder information, important facts, and other unique information
- 3. Manage risks effectively in accordance with the characteristics of those risks
- 4. Block any relationships with antisocial forces to prevent any damage that might occur
- 5. Ensure appropriate operations at subsidiaries
- 6. Ensure the reliability of financial reports and disclose them appropriately on a timely basis
- 7. Check the appropriateness and effectiveness of internal control through operational audits

2 Risk Mitigation and Operation Improvement Cycle

