

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.

to identify risks in each business and develop and introduce countermeasures in order of priority in order to mitigate risks and improve operations (2).

Our CSA initiative methods are being constantly improved and enriched, and CSA is carried out in all head office departments and all branches

nationwide each year as a regular part of company-wide efforts to promote operation improvements.

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

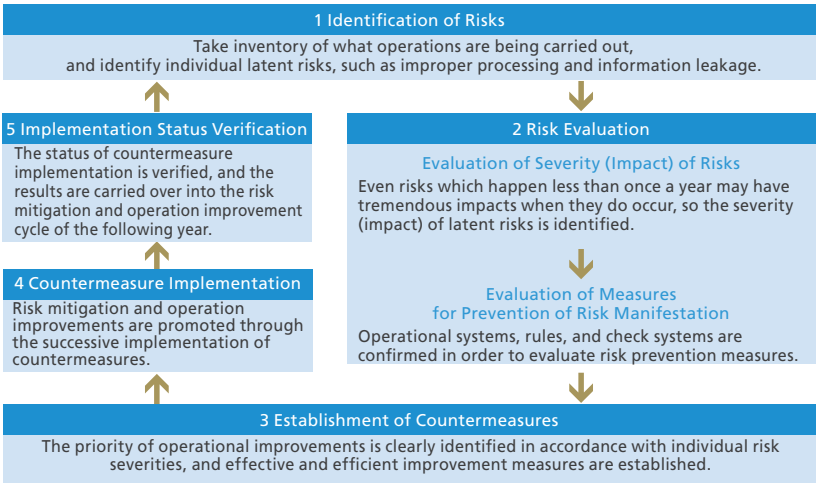
operational risks, we also carry out internal control self-assessment (CSA), a systematized and standardized set of risk assessment and evaluation

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



Regulatory Compliance Initiatives

Status of Compliance Promotion

We understand that business activities in compliance with laws and regulations and social standards are the foundation for carrying out our social responsibility. Compliance has been positioned as one of our most important management issues, and the entire company is working together to promote compliance.

Specifically, we establish a Compliance Program in accordance with the issues identified for each fiscal year. Based on this Program, our departments and branches work to promote compliance.

The company management—in the form of groups such as the Compliance Committee and Executive Management Board—checks progress conditions regularly, making Program revisions as necessary.

In FY2010, in order to achieve greater legal and regulatory compliance in conjunction with our demutualization and listing, we carried out successive enhancements to our management of company information such as important facts and shareholder information, and our insurance solicitation management systems, as critical compliance initiatives.

Information Property Protection and Management

In order to further enhance our protection and management of information property, in FY2010, we instituted stronger controls on Internet e-mail usage, reduced external storage media usage, and enhanced our systematic checks, in order to prevent the leakage of important information. We also carried out supervision and inspection of contractors, including subcontractors, as well as regularly performing training and inspections company-wide in order to ensure the protection of information property by officers and employees.

Relations with Shareholders and Investors

Communication with Shareholders and Investors, and Corporate Dividend Policy

Dialog with Shareholders and Investors

We place importance on dialog with our shareholders and investors. In FY2010, in addition to 4 results briefings and 2 management briefings, executives attended over 350 meetings with institutional investors (108 of which were overseas). They also proactively participated in IR events and company information sessions for individual investors, held by third parties, in order to deepen investor understanding of our company. Presentation materials are posted on our website, and have been widely viewed by shareholders and investors.

General Meeting of Shareholders

On June 27, 2011, we held our

first ordinary general meeting of shareholders (attended by 1,655 shareholders, and lasting for 3 hours and 6 minutes).

At this general meeting of shareholders, we further visualized the content of our FY2010 business report and the explanation of our “FY2011 to 2012 Medium-Term Management Plan,” striving to create even clearer and easier to understand presentations.

We used color and styles creatively in our general meeting of shareholders convocation notice for greater clarity, and sent these notices at an early stage.

After the general meeting of shareholders, we posted video of these presentations, an overview of the meeting records, and voting results, taking an active approach to information disclosure.

Corporate Dividend Policy

We aim to realize medium and long-term stable shareholder returns, striking a balance between financial soundness improvements and policyholder dividends. Specifically, we target a dividend payout ratio equal to between 20% and 30% of consolidated adjusted net income*, deciding each period’s dividends after a comprehensive assessment that includes consolidated and non-consolidated financial result trends, the market environment, and regulatory trends.

* Consolidated adjusted net income is a unique Dai-ichi Life indicator that shows effective probability, calculated by adding items such as provisions for contingency reserves in excess of the legal amount (after tax) to consolidated net income.