

May 25, 2022

Seiji Inagaki

Representative Director, President

Dai-ichi Life Holdings, Inc.

Code: 8750 (TSE Prime section)

## **Supplementary Explanation for Proposal 4 of the 12th Annual General Meeting of Shareholders**

With regards to the 12<sup>th</sup> Annual General Meeting of Shareholders of the Company to be held on June 20, 2022, Institutional Shareholder Services Inc. (hereinafter "ISS") has recommended AGAINST Mr. Ungyong Shu and Mr. Koichi Masuda, who are candidates for Proposal 4 respectively: "Election of Five (5) Directors Serving as Audit & Supervisory Committee Members", on the grounds that their independence is uncertain.

The Company believes that ISS's opinion on independence is not based on sufficient consideration of the actual status and is in conflict with the Company's understanding that their independence from the Company is sufficiently secured and therefore are suitable candidates for outside directors serving as Audit & Supervisory Committee members of the Company. Explanation of why they have been nominated as Directors, their expected roles as well as background information on their independence can be found on pages 26 to 28 of the "Convocation Notice of the Annual General Meeting of Shareholders for the 12th Fiscal Year". In addition, we would like to reiterate our thoughts as follows.

We would appreciate our shareholders' and investors' attention to the following details as well as your understanding towards the proposal.

### 1. Ungyong SHU (Candidate No.4)

(1) The Company's view on the recommendation by ISS to vote AGAINST

ISS recommends to vote AGAINST his appointment, noting his lack of independence solely because he belonged to JPMorgan Securities Japan Co., Ltd. (hereinafter "JPMorgan Securities") in the past, the Company's 10th largest shareholder (1.27% shareholding ratio as of March 31, 2022).

The Company has confirmed with JPMorgan Securities that the objective of their shareholding in the Company is to provide brokerage services (mainly securities lending) to their clients. Their shareholding is not based on any relationship with the Company whatsoever, nor is based on their intention to impact the Company's management by exercising their voting rights.

We also believe that this recommendation by ISS does not appropriately take into account the concept of the so-called "cooling-off period", which defines the expiration of interest after a certain period of time post resignation, despite the fact that approximately 15 years have passed since his resignation from JP Morgan Securities.

We believe that it is not reasonable to unconditionally deny independence, solely on the basis of having belonged to a major shareholder of the Company, without taking into account the objective of the shareholding or the length of period post resignation, as this would lead to hindering the effective use of independent outside directors who have extensive experience and deep insight as management leaders of financial institutions.

(2) The Company's Rationale of his nomination as outside director serving as Audit & Supervisory Committee member and his expected roles

He has extensive experience and deep insight as a management leader of financial institutions as well as extensive experience as outside director of other companies. Based on these backgrounds, for about seven years since being appointed to the Company, he has vigorously provided advice/inputs on overall management matters from a global and objective perspective at the Board of Directors and Audit & Supervisory Committee meetings. During his latest tenor of two years, he has provided us with wide range of opinions on issues such as Group governance including overseas subsidiaries, M&A activities of overseas business, and methods of KPI setting and corporate performance evaluation in order to improve our Group's profitability, which has significantly contributed to the enhancement of corporate governance as well as risk management. We nominate him as candidate for outside director serving as Audit & Supervisory Committee member, based on expectations towards his continuous contribution in supervising our management team by leveraging his experience and knowledge.

(3) The Company's view on his independence

He was an operating officer at JPMorgan Securities, our 10th largest shareholder, until 2007, however, their objective of shareholding in the Company is not based on the relationship of both parties nor on the intention to impact the management by exercising their voting rights. Furthermore, approximately 15 years have passed since his resignation.

We also confirm that he meets the requirements for independency of the Tokyo Stock Exchange as well as the Company's independency criteria for outside directors.

For these reasons, the Company believes that the independence of Mr. Shu is sufficiently secured.

The Company has filed with the Tokyo Stock Exchange to appoint him as an independent director without conflict of interest between general shareholders as

defined by the stock exchange.

## 2. Koichi MASUDA (Candidate No.5)

### (1) The Company's view on the recommendation by ISS to vote AGAINST

ISS recommends to vote AGAINST his appointment, noting his lack of independence solely because he belonged to KPMG AZSA LLC (hereinafter "KPMG-AZSA"), currently the Company's independent auditor.

We believe that this recommendation by ISS does not appropriately take into account the concept of the so-called "cooling-off period", which defines the expiration of interest after a certain period of time post resignation, despite the fact that approximately 15 years have passed since his resignation from KPMG-AZSA.

We believe that it is not reasonable to unconditionally deny independence, solely on the basis of having belonged to the Company's current independent auditor, without taking into account the length of period post resignation, his activities during that period and the status of the firm he originally belonged to. The Corporate Governance Code states that "at least one person with sufficient knowledge of finance and accounting should be appointed as corporate auditor<sup>1</sup>". Given that there are only a few major audit firms capable of handling accounting audits for global companies, the approach of ISS would lead to hindering the effectiveness of the Board of Statutory Auditors<sup>1</sup> as well as the effective use of independent outside directors who have extensive knowledge and experience as certified public accountants.

### (2) The Company's Rationale of his nomination as outside director serving as Audit & Supervisory Committee member and his expected roles

After serving as a representative partner of a major auditing firm, he committed himself to activities in enhancing audit quality by certified public accountants, as Chairman of the Japanese Institute of Certified Public Accountants. He also has extensive experience and sophisticated/professional expertise as a certified public accountant, as well as extensive experience as outside director (Audit & Supervisory Committee member) and outside corporate auditor of other companies. Based on these backgrounds, for more than five and a half years since being appointed to the Company, he has vigorously provided opinions, from an objective perspective, mainly on financial matters such as accounting and auditing policies, audits of overseas subsidiaries, KAMs (Key Audit Matters), reinsurance transactions, and regulatory aspects of accounting. During his latest tenor of two years, he has provided us with wide range of opinions on internal controls such as the three-line defense model of our Group, risk

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<sup>1</sup> As a Company with an Audit & Supervisory Committee structure, "Statutory Auditor" refers to a director who is an Audit & Supervisory Committee member, and "Board of Statutory Auditors" refers to the Audit & Supervisory Committee.

management for overseas business development, and CXO (Chief Officer) system, which have significantly contributed to the enhancement of our corporate governance. We nominate him as candidate for outside director serving as Audit & Supervisory Committee member, based on expectation towards his continuous contribution in supervising our management team by leveraging his experience and knowledge.

(3) The Company’s view on his independence

Mr. Masuda was an operating officer at KPMG-AZSA until June 2007, currently the Company’s independent auditor, however approximately 15 years have passed since his resignation from the firm.

We also confirm that he meets the requirements for independency of the Tokyo Stock Exchange as well as the Company's independency criteria for outside directors.

For these reasons, the Company believes that the independence of Mr. Masuda is sufficiently secured.

The Company has filed with the Tokyo Stock Exchange to appoint him as an independent director without conflict of interest between general shareholders as defined by the stock exchange.

<Supplemental information on the independency of Koichi MASUDA>

