



**CORPORATE  
RESPONSIBILITY  
COMMUNICATION  
2011**

# For Readers

## NKSJ Holdings, Inc. in Brief

NKSJ Holdings, Inc. was founded in April 2010 as a joint holding company through the management integration of Sompo Japan Insurance Inc. and Nipponkoa Insurance Co., Ltd. This year is its second fiscal year. The NKSJ Group—which is comprised of NKSJ Holdings and its affiliated companies—has ordinary income worth ¥2,621 billion and approximately 34,000 employees (on a consolidated basis). This finance and insurance group carries out property and casualty (P&C) insurance and life insurance in Japan, insurance businesses in overseas countries, and other financial service businesses.

## Editorial Policy

The *Corporate Responsibility Communication 2011* is the first CSR report published by NKSJ Holdings. In the past Sompo Japan and Nipponkoa each published their own CSR reports, but due to the formation of the NKSJ Group it was decided to integrate the reports of these two companies in order to create synergy between them based on the NKSJ Group's management vision and implement CSR initiatives at an even higher level.

This report contains information on materiality, including a digest of the progress of Sompo Japan and Nipponkoa—the Group's core companies—regarding the material issues of each company, in addition to the NKSJ Group's CSR management policies and commitment. It also includes a part of initiatives undertaken by direct subsidiaries Sompo Japan Nipponkoa Asset Management (established in October 2010) and NKSJ Himawari Life (established in October 2011).

The reports for Sompo Japan and Nipponkoa contain the progress and results of plans to indicate processes for continual improvement as part of the PDCA (plan–do–check–act) cycle for each issue.

The colors of the header section on each page indicate each of the three group companies' articles as follows:

- NKSJ Holdings / NKSJ Group
- Sompo Japan
- Nipponkoa

In addition to this report, comprehensive key performance indicators and other actions without record in this publication regarding environmental, social, and governance (ESG) issues are compiled in the Data Book for Sompo Japan. For detailed information about corporate governance and economic aspects, please also refer to the *Annual Report 2011*.

### Reporting Period

This report relates mainly to activities in FY2010 (April 1, 2010–March 31, 2011) but also contains information about

(As of March 31, 2011)

**Established** April 1, 2010

**Capital** ¥100 billion

**Employees** 230

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**TEL** +81-3-3349-3000 (operator)

**URL** <http://www.nksj-hd.com/en/>

initiatives and policies in FY2011.

### Covered Organizations

This report covers NKSJ Holdings and its affiliated Group companies in Japan and overseas, four foundations, and nationwide organizations of Sompo Japan and Nipponkoa agencies.

For the respective sections of Sompo Japan and Nipponkoa, the scope of all numerical values included, except when indicated otherwise, is non-consolidated for each company.

### Referenced Guidelines

- ISO 26000:2010 *Guidance on Social Responsibility*
- *Sustainability Reporting Guidelines (Version 3.0)*, Global Reporting Initiative
- United Nations Global Compact's *The Ten Principles*
- *Environmental Reporting Guidelines (2007 Version)*, Ministry of the Environment, Japan
- *Sustainability Reporting Guidelines—SPI Report Guide*, Network for Sustainability Communication

### Planning and Editing

NKSJ Holdings

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### Disclaimer

The CSR information presented in this report includes forward-looking statements based on management policies and plans of the NKSJ Group. These statements were created based on information available at the time of compilation. Actual outcomes and results of activities may differ because of future changes in the business environment.

# Contents

## NKSJ Holdings / NKSJ Group

- 1 NKSJ Holdings Inc. in Brief / Editorial Policy
- 2 Contents
- 3 About the NKSJ Group
- 5 Message from the Management
- 7 NKSJ Group's Approach to CSR
- 9 Highlights of NKSJ Group's CSR in 2010
- 11 Inclusion in SRI Fund Universes and SRI Indexes / UN Global Compact Communication on Progress 2011
- 12 Third Party Comments on NKSJ's CSR Communication

## Sompo Japan

- 13 Sompo Japan Group's CSR
- 19 **Material Issue 1:** Adaptation to and Mitigation of Climate Change
- 25 **Material Issue 2:** Risk Management for Safety and Security
- 31 **Material Issue 3:** Providing Sustainable and Responsible Financial Services
- 35 **Material Issue 4:** Community Involvement and Development
- 43 Promotion of Employee Diversity and Inclusion
- 45 Sompo Japan Group CSR Issues Progress and Targets
- 47 Awards and Rankings in Past Three Years

## Nipponkoa

- 48 NIPPONKOA Group's CSR
- 49 Strengthening Corporate Governance
- 51 Identifying Material Issues through Stakeholder Engagement
- 53 CSR Management
- 55 **Material Issue 1:** Provision of Safety and Security
- 61 **Material Issue 2:** Response to Climate Change and Other Global Environmental Issues
- 75 Investment and Financing Incorporated into the CSR Perspective
- 77 Performance Data on Greenhouse Gas (CO<sub>2</sub>) Emissions
- 79 **Material Issue 3:** A Strong Organization that Makes Full Use of Its Human Resources

(As of March 31, 2011)

	Sompo Japan Insurance Inc.	Nipponkoa Insurance Co., Ltd.
<b>Established</b>	1888	1892
<b>Capital</b>	¥70 billion	¥91.2 billion
<b>Total assets</b>	¥4,786.3 billion	¥2,459.1 billion
<b>Net premiums written</b>	¥1,256.6 billion	¥620.6 billion
<b>Employees</b>	18,708	10,488
<b>Agencies</b>	45,084 in Japan, 3 overseas	27,626 in Japan, 5 overseas
<b>Domestic offices<sup>1</sup></b>	Sales departments, branches: 112; sub-branches: 534	Sales offices: 426
<b>Claim handling departments</b>	281	184 <sup>1</sup>
<b>Overseas offices<sup>2</sup></b>	164 cities in 28 countries and regions	76 cities in 21 countries and regions
<b>URL</b>	<a href="http://www.sompo-japan.co.jp/english/">http://www.sompo-japan.co.jp/english/</a>	<a href="http://www.nipponkoa.co.jp/english/">http://www.nipponkoa.co.jp/english/</a>

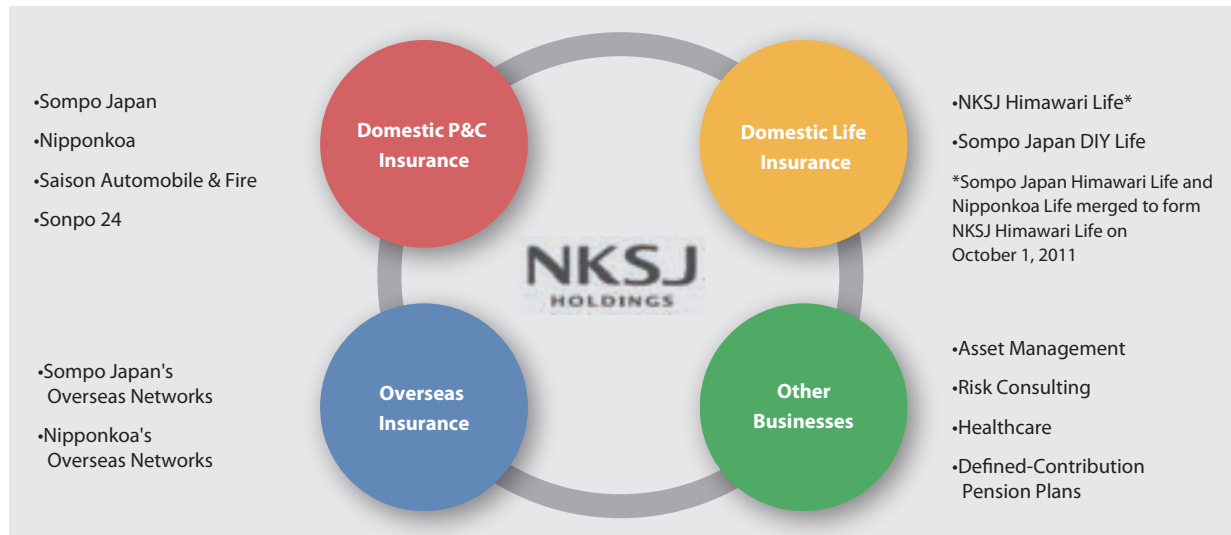
1. As of July 1, 2011; 2. As of April 1, 2011

# About the NKSJ Group

## Business Domains and Major Group Companies

The NKSJ Group aims to become a new solution service\* group that will conduct all value judgments thoroughly from our customers' perspective, providing customers with security and service of the highest quality, and contributing to social welfare.

\* A "solution service" means a broad range of services, which will provide solutions to the needs of customers and the risks that surround them across the boundaries of the insurance business



### Domestic P&C Insurance

This is the NKSJ Group's core business, through which we provide high-quality products and services that ensure our customers' peace of mind and safety. Sompo Japan and Nipponkoa market through insurance agencies, while Saison Automobile & Fire and Sonpo 24 sell directly to customers.

### Overseas Insurance

We are pursuing business expansion, mainly through M&As, in overseas insurance markets with promising growth prospects, capitalizing on the human resources and strengthened financial foundation following the business integration.

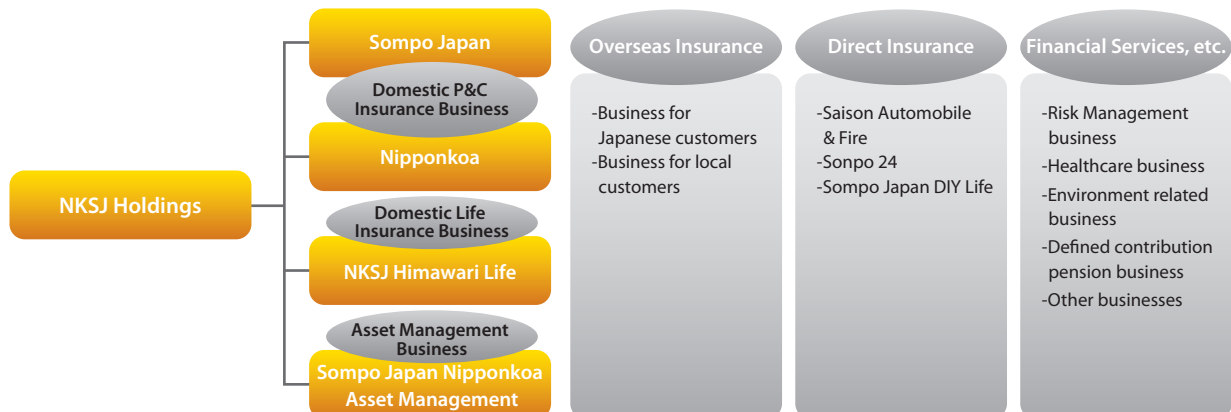
### Domestic Life Insurance

We are actively engaged in this high-growth-potential area. NKSJ Himawari Life markets mainly through P&C insurance agencies, while Sompo Japan DIY Life engages exclusively in direct marketing.

### Other Businesses

To help customers address the risks and issues that they face, we also provide products and services in areas other than insurance, including asset management, risk consulting, healthcare, and defined-contribution pension plans.

### Group Structure



# Management Plan

The NKSJ Group pursues sustainable growth and further improvement of our corporate value by expanding group income through prompt realization of integration synergies and strategic allocation of management resources to growth areas.

## Basic Management Policies

### Aiming to become No. 1 in "Growth" and "Customers' Trust"

Recognizing its social responsibility and public mission in insurance and financial services, the NKSJ Group pursues sustained growth by executing management strategies for the entire Group through operations premised on building highly transparent governance systems and ensuring effective risk management and compliance.

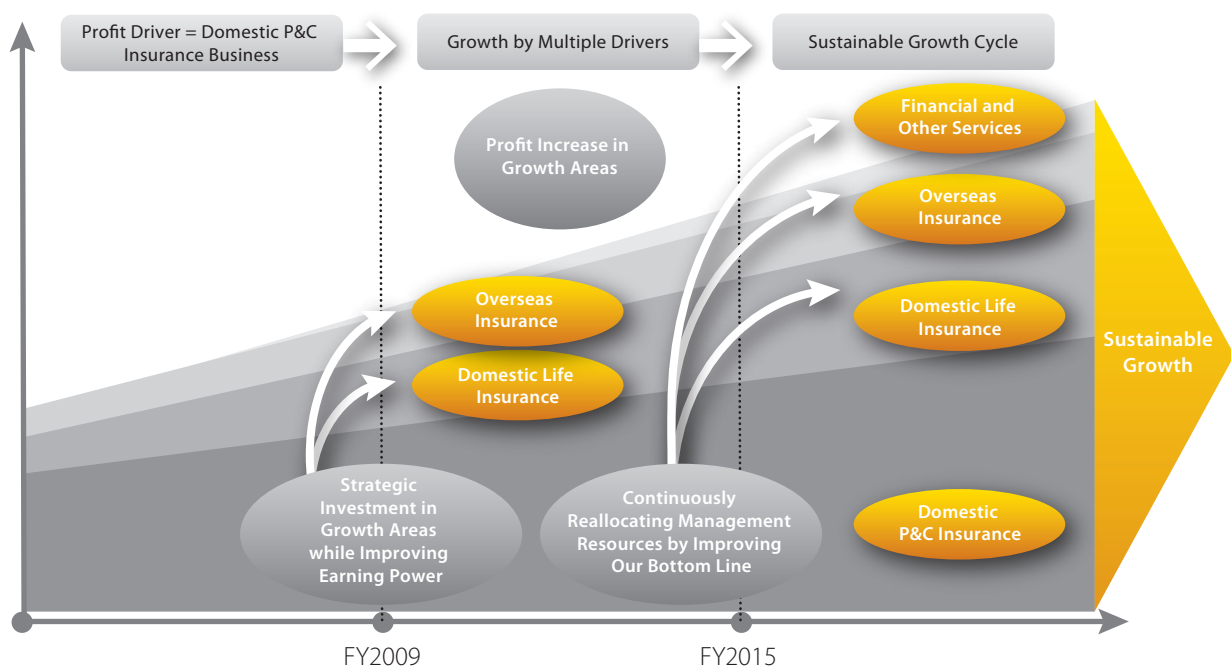
1. We are enhancing management efficiency through collaboration in all areas of the NKSJ Group's operations to ensure that the effects of the business integration are realized as soon as possible.
2. Drawing on the solid financial foundation and human resources provided by the business integration, we are strategically investing resources in growth areas in the aim of bolstering earnings on a group-wide basis and enhancing our corporate value.
3. We endeavor to enhance operational quality in all of our service processes and provide customers with absolute

peace of mind and the highest quality services so as to strengthen the trust that customers place in us.

4. Utilizing our core business strengths in areas such as the environment, health and medical care, we fulfill our corporate social responsibility and help to build a sustainable society through active dialog with stakeholders.
5. We actively undertake human resource exchanges within the Group, effectively utilize know-how, and work to invigorate our workforce to realize a vibrant and open NKSJ Group that grows together with its employees.

## Basic Strategies

We aim to further improve our profit-earning capacity in the domestic P&C insurance business, which is a profit driver of the Group. Also, we are shifting management resources to promising areas such as domestic life insurance and overseas insurance businesses, and working to establish a more balanced business portfolio. Moreover, we are investing in growth businesses by utilizing enhanced profit expanded by multiple profit drivers. In this way, the NKSJ Group aims to create a sustainable growth cycle.



# Message from the Management



NKSJ Holdings, Inc.

*Makoto Hyodo*

**Makoto Hyodo**  
Representative Director,  
Chairman and Chief Executive Officer

*Masatoshi Sato*

**Masatoshi Sato**  
Representative Director,  
President and Chief Executive Officer

First of all, please allow us to express our deepest sympathy to all the victims of the recent Great East Japan Earthquake.

More than ever, we are being asked to fulfill our social mission of providing safety and peace of mind to our customers as an insurance group. To that end we have made the swiftest possible provision of insurance payments to customers in the affected areas a matter of highest management priority. We have devoted our concerted efforts to make these payments in a prompt and smooth manner, such as immediately establishing Disaster Countermeasures Headquarters in the affected areas and dispatching over 3,000 personnel there.

In addition to our responses as part of our core business, we also asked executives and employees of the NKSJ Group for donations. As a result, we collected approximately ¥120 million within two weeks from inside and outside Japan. This money was given to organizations including the Central Community Chest of Japan. In the past we introduced a system to provide donations to environmental NGOs and to

support the natural energy development projects in cases such as when customers select a web-based clause instead of a traditional paper clause for automobile insurance (one of our main businesses). However, we have added the recipients of this support, and are making donations to the Japan Earthquake Local NPO Support Fund, which also aims to provide assistance to the affected areas. We intend to continually expand this support throughout our entire value chain, involving customers, agencies, and other stakeholders as well.

The devastating earthquake was also an opportunity for human beings to think more deeply about various sustainability issues. In the future, we need to carry out reconstruction with the aim of creating a truly sustainable society. To that end we must first create a blueprint for society as a whole, and corporations such as the NKSJ Group must also fulfill our roles as solution providers based on our medium- and long-term strategies. In order to resolve social issues

related to the key concepts of employment, disaster prevention, health care, medical care, and the environment, the NKSJ Group—as a financial and insurance group with a wide range of accumulated expertise regarding human and societal risks—will work to contribute to sustainable development through Japan’s reconstruction.<sup>1</sup> Through

future-oriented dialogue with our stakeholders, we are also incorporating matters such as consideration for both local and global societies and environmental issues into our business activities to fulfill our social responsibility as a corporation.

1. Please see p. 7 of Our Medium-Term CSR Objectives

## Interview with Masatoshi Sato, President and CEO

**Q** Looking back on the Group’s FY2010 CSR initiatives, how do you think they went since the business integration one year ago?

**A** In managing the Group’s CSR during the first year, the major companies, Sompo Japan and Nipponkoa, have worked together, making the most of their mutual strengths, to achieve greater results. In terms of those results, in addition to maintaining inclusion in the 2011 Dow Jones Sustainability World Index (DJSI World) for the 12th consecutive year,<sup>2</sup> the NKSJ Holdings became the first Japanese insurance group to be awarded Gold Class status in the 2010 SAM’s Corporate Sustainability Assessment, which is used as a basis for assessment for the DJSI.

Starting from the second year, FY2011, CSR initiatives that will demonstrate the synergy benefits of the business integration are being accelerated.

2. This includes the listing of Sompo Japan for 10 years prior to the establishment of NKSJ Holdings

**Q** How are CSR initiatives developed and extended within the NKSJ Group?

**A** One of the Management Policies of the NKSJ Group is to help build a sustainable society by utilizing our core business strengths in dealing with sustainability issues such as the global environment, health and medical care. In line with that policy, we are giving extensive consideration to new solution and service fields that can produce synergies with our current core business, P&C insurance.

In Sompo Japan and Nipponkoa, each department implements PDCA cycles with clear targets that are linked to subsequent planning. Also, I believe the fostering of employees with a high level of receptiveness towards sustainability is very important for increasing the effectiveness of our CSR initiatives. In order to do so, we promote human

resources development by conducting training, stakeholder dialogues and other activities throughout all the Group companies.

**Q** What should be noted about the NKSJ Group’s future initiatives?

**A** I think that companies need to take the initiative as entities that suggest, implement, and have the ability to provide solutions, all while looking 50 years ahead. In particular, it is important to consider how we can contribute to sustainable development in the Asian region, which is becoming the “growth engine” of the global economy. Within these highly diverse Asian societies, there are a variety of challenges that urgently need to be tackled in solidarity with multi-stakeholders. Among them, climate change in particular poses threats to Asia, where disaster risks are accumulating. Managing climate risk is also one of the most important issues for our insurance group. At the East Asian Insurance Congress held in Indonesia in 2010, I proposed that insurance companies in the Asian region should work together to deal with this problem.

Making the maximum use of its abilities, the NKSJ Group will continue to be a leader for sustainable development in the global insurance industries.



Speech at the East Asian Insurance Congress as the EAIC Executive Board Member for Tokyo



# NKSJ Group's Approach to CSR

## Our Impact on Society

The NKSJ Group has pledged to fulfill its corporate social responsibilities and contribute to the realization of a sustainable future by drawing on strengths based on its core activities in the financial and insurance business. Described below are our approach to these goals, our medium-term priorities, and our basic strategies.

## NKSJ Group's Approach to CSR

In addressing corporate social responsibility as the NKSJ Group, we respect international regulations and norms of conduct and undertake business by high ethical standards while actively engaging stakeholders through forward-looking dialogue. We integrate broad environmental and social considerations into our core business operations, including tackling environmental challenges such as climate change and

biodiversity loss, respect for human dignity and diversity, and proactive community involvement.

Drawing on core strengths in the insurance business cultivated over our 120-year history, we will continue to contribute toward realizing a sustainable society, create new value, and provide customers with peace of mind and safety.

## Our Medium-Term CSR Objectives

**1. To become a highly valued corporate group by creating new social value toward a safe, secure, and sustainable future for society. In particular, we will provide a variety of solutions designed to address social challenges in areas such as healthcare and the environment.**

- (1) We will provide insurance products and financial products and services, and make investment and loans, that meet the needs of society.
- (2) We will further enhance our corporate citizenship activities.

**2. To seek to assume environmental leadership in addressing climate change, biodiversity loss, and other environmental challenges.**

- (1) We will minimize our environmental footprint through group-wide efforts to reduce greenhouse gas emissions.
- (2) We will remain focused on valuing biodiversity and actively

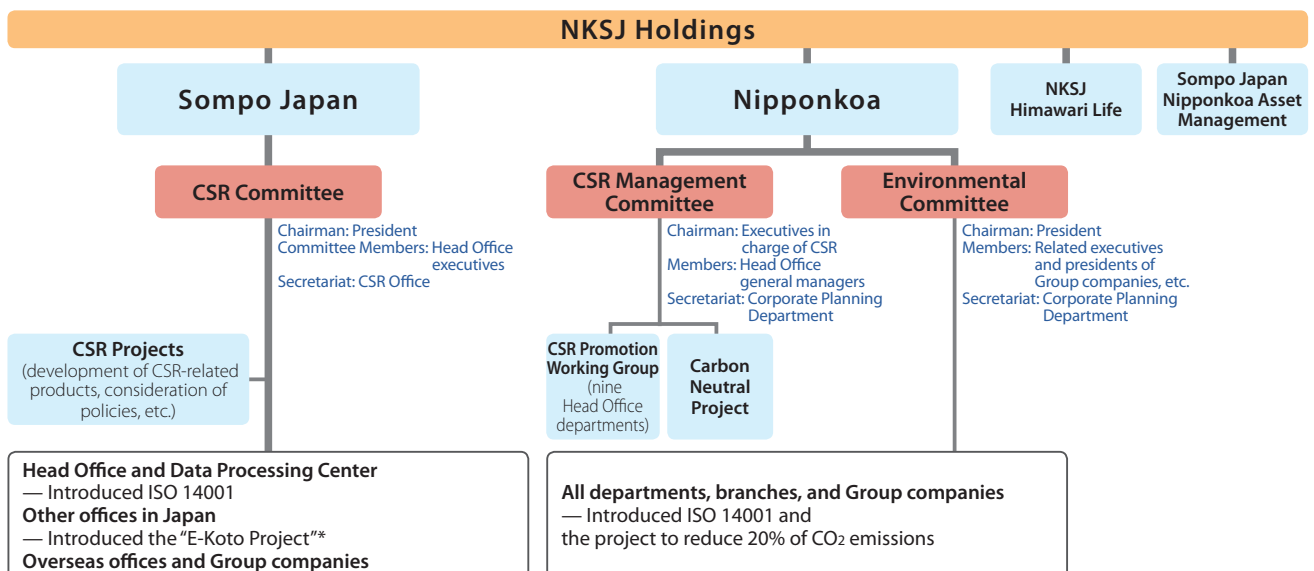
engage in the creation of a recycling-based society and the protection of ecosystems.

- (3) We will provide environment-friendly products and services. Together with our stakeholders, we will promote Eco-Safe Driving as well as the utilization of recycled auto parts, upgrade our green purchasing throughout our value chain, and enhance our environmental education initiatives.

**3. To actively engage our stakeholders to share favorable outcomes and build trust.**

- (1) We will maintain a high level of transparency and clarity in disclosure and engage in active dialogue with our stakeholders.
- (2) We will work in partnership with our stakeholders in an effort to resolve environmental and social issues and make the world a better place.

## CSR Management Framework



\*\*"E-Koto Project" is Sompo Japan's unique CSR Management system



## Engaging Stakeholders

The NKSJ Group sees engagement with a wide range of stakeholders as essential to fulfill its corporate social responsibilities, and as a core activity that enables us to continually improve our CSR initiatives and achieve tangible results. We regard participation as a member in international organizations and initiatives as especially significant, due to the potential to make lasting contributions to the solution of sustainability challenges and deliver real benefits to stakeholders. Listed below are main initiatives in which we are participants or signatories.

### United Nations Global Compact

The United Nations Global Compact is a partnership initiative between the UN and business that motivates companies to grow into better corporate citizens by voluntarily addressing the areas of human rights, labor, the environment, and anticorruption. It was initiated in response to a proposal by then UN Secretary-General Kofi Annan. (Sompo Japan, Nipponkoa)



### Principles for Responsible Investment (PRI)

The PRI was formulated by the United Nations Environment Programme Finance Initiative (UNEP FI) as a declaration by financial institutions that they will take environmental, social, and governance (ESG) issues into account when making investment decisions. Sompo Japan was the first Japanese insurance company to become a signatory to these principles in 2006. As an asset owner, we consider ESG in our investment and financing processes. (Sompo Japan)



### Carbon Neutral Declaration

Nipponkoa issued a Carbon Neutrality Declaration in July 2008, stating its intention to achieve net zero CO<sub>2</sub> emissions by FY2012 by cutting its CO<sub>2</sub> emissions by at least 20% (versus FY2006) and purchasing carbon credits to offset unavoidable emissions. By donating purchased emissions credits to the Japanese government, Nipponkoa is also helping Japan meet its greenhouse gas emissions reduction target under the Kyoto Protocol. (Nipponkoa)

### United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is an international financial sector network of 194 financial institutions from 40 countries (as of March 2011). Since its launch in 1992, the initiative has promoted the integration of environmental considerations into all aspects of the financial sector's operations and services in pursuit of sustainable development that is conducive to both economic progress and environmental protection. Sompo Japan has been participating in the development process of the Principles for Sustainable Insurance (PSI) to be launched at the 2012 "Rio+20 conference" together with other insurers from around the world since 2010. (Sompo Japan, Nipponkoa)



### Carbon Disclosure Project (CDP)

The CDP is a collaborative initiative by the world's leading institutional investors. This international initiative encourages businesses to adopt climate change strategies and disclose their greenhouse gas emissions, spurring action on climate change. Sompo Japan has been a member since 2005 as an institutional investor and joined its advisory board of Japan in 2007. (Sompo Japan)



### World Business Council for Sustainable Development (WBCSD)

The WBCSD, established in 1995, is a CEO-led global association of companies. As of March 2011, some 190 company leaders from 35 countries were involved, providing industry leadership on the environment and sustainable development through lively debate, policy recommendations, and other activities. (Sompo Japan)



# Highlights of NKSJ Group's CSR in 2010

## Awards to NKSJ Holdings

NKSJ Holdings was awarded "SAM Gold Class" in 2010 by the SAM Corporate Sustainability Assessment for determining sustainability leaders. It is the first insurance group in Japan to receive the distinction. NKSJ Holdings was also selected for inclusion in the Dow Jones Sustainability Indexes; the world's first and most widely used family of global sustainability benchmarks which is based on the results of that assessment.

In addition, NKSJ Holdings was named one of the top companies for CSR in "East Asia 30" among three East Asian countries (Japan, China and South Korea) in 2010.



## Climate Change Adaptation Measures

(For details, see p. 19)

Climate risk, in the form of major losses caused by extreme weather events attributable to the effects of climate change, is a serious management issue for P&C insurance companies. Insurance companies are increasingly expected to play an important role in this area. The NKSJ Group believes that climate change will create both risks and opportunities for companies.

For example, since 2007 Sampo Japan has been carrying out research on risk finance methods to respond to climate change together with organizations including Japan Bank for International Cooperation. As a result, in January 2010, Sampo Japan began offering Weather Index Insurance in northeast Thailand. This product, which is one method of adaptation to climate change, aims to reduce damage caused by droughts for rice farmers. It has been praised as being easy to understand, and sales regions of this insurance were expanded to five provinces in February 2011.

Furthermore, based on its past experience in typhoon and earthquake risk evaluation, NKSJ Risk Management began research on flood risk evaluation in consideration of the effects of climate change together with Kyoto University's Disaster Prevention Research Institute in October 2010.



Thai farmers listen intently as Sampo Japan Insurance (Thailand) representatives introduce the benefits of the weather index insurance

## Mitigation of Climate Change

### Medium- and Long-Term Targets and Progress in CO<sub>2</sub> Reduction

Sampo Japan is working to mitigate climate change with the target of reducing our CO<sub>2</sub> emissions by 56% from FY2002 levels by FY2050, and is expanding these activities through our entire value chain including our roughly 45,000 agencies nationwide. On a year-on-year basis, emissions increased by 2.1% over FY2009, which was a 36.2% reduction over FY2002.

Nipponkoa will reduce emissions from 2006 levels by at least 34.0% by FY2020 and at least 80.0% by FY2050. In FY2010, a reduction of 20.4% was achieved, which greatly exceeded the target reduction of 18.5%.

### Promotion and Expansion of Eco-Safe Driving

Since April 2010, Sampo Japan and Nipponkoa have simultaneously held the Eco-Safe Driving Contest, targeted at corporations, with the support of the Ministry of the Environment and the Ministry of Land, Infrastructure, Transport and Tourism. The aims of these contests are to promote the Eco-Safe Driving program which helps protect the environment, reduces fuel costs, and contributes to the creation of a society with few traffic accidents. The companies also hold Eco-Safe Driving workshops and provide brochures and stickers for agencies and customers to place on vehicle interiors and exteriors.

## Offering Environmentally Friendly Products and Services, and Our International Contributions

(For details, see p. 69)

As a part of its efforts to reduce its burden on the environment, Nipponkoa strives to provide environmentally friendly products and services. These efforts include a paperless option for the terms and conditions of automobile and other types of insurance, allowing policyholders to view them on our website instead of on paper. Nipponkoa also gives automobile insurance policyholders the option of using recycled parts instead of new parts for vehicle repairs following an accident. When policyholders choose one of these environmentally friendly options, Nipponkoa donates a preset amount to the purchase of emission reduction credits generated



UN-certified natural energy development project (India)

from natural energy development projects certified by the United Nations, thereby funding these projects. In this way, Nipponkoa plays a role in reducing greenhouse gases and supplying funds for natural energy development projects in emerging countries, which contributes to their economic development by creating new jobs.

**Minimizing the Impact on Biodiversity  
—Protection of Japan’s Endangered Species**

(For details, see p. 23 )

Because of its effect on forests, paper consumption has a large impact on biodiversity. Sompo Japan has made it possible for automobile insurance customers to select a web-based insurance clause that can be viewed on our website. Starting in FY2011, with the selection of a web-based clause by customers, Sompo Japan is also carrying out the “Save Japan Project” in which we make donations to environmental NGOs through the Japan NPO Center: an intermediate support organization, in order to protect endangered species that inhabit Japan.

Also, direct donations to the Japan Earthquake Local NPO Support Fund for providing assistance in disaster areas were added to its recipients.



Participants building nests for endangered species in Yamanashi Prefecture

**For a Better Quality of Life—New Cancer Insurance Product** (For details, see p. 27 )

NKSJ Himawari Life (then Sompo Japan Himawari

Life) introduced a new cancer insurance policy called *Yuki no Omamori* in November 2010. It features more coverage for outpatient services, in reflection of a growing trend towards outpatient treatment of certain types of cancer instead of hospitalization. The outpatient cancer treatment benefit of *Yuki no Omamori* covers outpatient costs unrelated to hospitalization for an unlimited number of days. Whether or not the patient was hospitalized, the payment of benefits exclusively for outpatient costs is now possible. The policy specifically covers the treatment of cancer on an outpatient basis, reassuring our customers who undergo prolonged treatments.

**High Praise for Sompo Japan Green Open Eco-Fund** (For details, see p. 33 )

The *Sompo Japan Green Open* eco-fund managed by Sompo Japan Nipponkoa Asset Management is an investment trust product. It incorporates the concept that companies which actively address environmental issues, by gaining support not only from shareholders but also many stakeholders in companies, can ultimately expect to provide continual improvement in shareholder value. Based on comprehensive evaluations of its long-term good risk return, management systems and processes, the fund received an award for excellence in the domestic stock investment section of the 2010 Morningstar Fund of the Year awards, and also received the award in 2009 and 2007.

In addition, the fund received awards for excellence in the R&I Fund Award 2011 as a Japanese SRI Fund in the Investment Trusts category and a Japanese Equity Fund in the Defined Contribution Pension category, and has received awards in the R&I Fund Award for five consecutive years.

**Assistance to Great East Japan Earthquake Disaster Areas** (For details, see p. 38)

In addition to carrying out the mission of the core business including insurance payment to victims of the Great East Japan Earthquake, we have also provided assistance to the disaster areas in a variety of other forms. For example, we held food-tasting and sales events in a number of locations for products including fresh vegetables and rice from areas suffering due to rumors resulting from the Fukushima nuclear accident. In addition, by utilizing its nationwide network of motor vehicle repair shops, Sompo Japan acted as a go-between to match up disaster-affected repair shops in need of machinery and tools with repair shops willing to supply them free of charge. In this way, through measures such as the assisting of disaster-affected repair shops to reopen for business, the Group has also engaged in reconstruction efforts involving its own value chain.



Supporting recovery through an Ibaraki food-tasting and sales event at Nipponkoa Nihonbashi building

# Inclusion in SRI Fund Universes and SRI Indexes

NKSJ Holdings was selected for inclusion in the following SRI indexes and as a candidate for inclusion in SRI funds (as of April 1, 2011).

## Dow Jones Sustainability Indexes (DJSI World)



DJSI World is a leading global SRI index of companies that are leaders in sustainability, as assessed from their economic sustainability, environmental sustainability and social sustainability.

## FTSE4Good Index Series



The FTSE4Good Index Series is a group of Socially Responsible Investment indexes that tracks the performance of companies that meet recognized corporate responsibility standards.

## Ethibel Pioneer Register and Ethibel Excellence Investment Register



The Ethibel Investment Register is a socially responsible investment universe for European institutional investors.

## Morningstar Socially Responsible Investment Index



The Morningstar Socially Responsible Investment Index covers Japanese companies and is Japan's first SRI index.

# UN Global Compact Communication on Progress 2011

The index below shows our performance in demonstrating the UN Global Compact's 10 principles in our business. This is our Communication on Progress, reporting our progress to the UN Global Compact, where we all share our endeavor.

The UN Global Compact, an international initiative began in July 2000, is the first of its kind, bringing private enterprises companies, labor organizations, UN agencies, and civil society together, in support of ten principles covering human rights, labor, the environment and corruption.

The ten principles are based on the prominent inter-

nationally proclaimed instruments such as the Universal Declaration of Human Rights, the International Labour Organisation's Declaration of the Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development.

Sompo Japan and Nipponkoa believe in the importance of the initiatives led by the UN Global Compact and declared our participation. The ten principles of the UN Global Compact have been our guideline in the course of pursuing more sustainable development in our business.

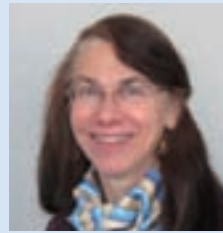
The Ten Principles	Pages
1. Businesses should support and respect the protection of international proclaimed human rights within their sphere of influence.	7, 18, 50
2. Businesses should make sure that they are not complicit in human rights abuses.	18, 43-44, 50, 79-80
3. Businesses should uphold the freedom of association and the effective recognition to the right to collective bargaining.	16-17, 81-82
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	81-82, Sompo Japan [Data Book] 10
5. Businesses should uphold the effective abolition of child labour.	81-82, Sompo Japan [Data Book] 10
6. Businesses should eliminate discrimination in respect of employment and occupation.	43-44, 81-82
7. Businesses should support a precautionary approach to environmental challenges.	14, 65
8. Businesses should undertake initiatives to promote greater environmental responsibility.	18-24, 61-71
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	23-24, 33-34, 72, 75
10. Businesses should work against all forms of corruption, including extortion and bribery.	7, Annual Report 22

# Third Party Comments on NKSJ's CSR Communication

Two elements dominate my impression of this year's NKSJ Holdings' report: (1) effective integration of reporting by NKSJ Holdings' two major components, Sampo Japan and Nipponkoa Insurance, and (2) clear indications of a consistent strategy for NKSJ to achieve the highest level of CSR, in which corporate activities contribute to improvement in "social capital" and "natural capital" of the entire society. The latter has especially significant implications for global impact, as NKSJ expands into an increasing number of countries in Asia, and operates in selected countries in the Americas and Europe as well.

## Effective Integration

Business integration involves some risks, including dilution of CSR initiatives which may not be shared equally by the merging entities, and decline in morale and productivity related to loss of corporate identity. Indications from this CSR report, and from my October 2011 face-to-face meetings with President and CEO Sato, and with CSR management of both Sampo Japan and Nipponkoa, are very positive with respect to the future of NKSJ. The report reflects the shared values and high priority placed on CSR by core management. Equally importantly, the separate sections highlight the specific insurance products, and specific CSR efforts, that were identified and tracked by each group. The reader notes that Sampo Japan has increased its CSR activities in other countries, such as issuing a local Chinese CSR report to its stakeholders in China, is deepening its work on the four material issues, and has an increasingly high international profile. Their stakeholder engagement is emphasized, with examples, more than in previous reports. Nipponkoa's commitments to greenhouse gas reduction, and to biodiversity, are explained and documented. Provision of specific examples and reasons indicate the use of carefully compiled data to drive improvements. Attention to indirect as well as to direct



**Carolyn Schmidt**  
Program Director, ECOLOGIA

Participated in Global governance and international standards, and ISO 26000 Working Group as an expert delegate. Graduated from University of Pennsylvania.

Engaged in environmental activities as well as teaching at high school. Since 2000, she became Program Director at ECOLOGIA, which places headquarter in Vermont, United States.

impacts, and measurement from upstream and downstream facilities, demonstrate responsibility for the entire supply chain.

## Building a sustainable society through CSR

NKSJ consistently shows how its own programs also serve the larger purposes. Clear explanation of the reasoning behind socially responsible investing, for example, encourages the reader to understand its potential. NKSJ's involvement in many aspects of response to the March 11 earthquake and tsunami (from above-industry average prompt payment of claims to those in the affected areas, to relief shipments, to reconfiguring corporate structure to deliver service during the crisis, to supporting NGOs working on disaster relief) shows the sense of responsibility of a corporate citizen.

## Conclusion

NKSJ has produced a significant document which also sets itself a high and public standard against which to be measured. It is an impressive undertaking. Widespread distribution of this report (with perhaps a "digest" version for wider use, or even a video version to get these ideas and documentation out to a more diverse audience), would build on this achievement.

## Response to Third Party Comments

We were very encouraged by our candid discussion with Ms. Carolyn Schmidt. The spirit of cooperation that we demonstrated after the Great East Japan Earthquake that occurred on March 11, 2011 directly reflects the mentality behind the founding of the NKSJ Group's core P&C insurance companies 120 years ago. This spirit is further deployed in our partnerships with various parties that are necessary for solving today's complex global sustainability challenges. The NKSJ Group will continue to take the initiative in becoming a "solution provider" for those issues. We will work even harder to more effectively incorporate CSR efforts into our business.



**Masatoshi Sato**  
Representative  
Director,  
President and  
Chief Executive  
Officer



# Sompo Japan Group's CSR

## Milestones of the Sompo Japan Group's CSR

### Expanding Our CSR to Group-wide

- 2011** - Launched the Save Japan Project to preserve Japan's endangered habitats and species along with the introduction of a web-based insurance clause for automobile insurance
- Published the China subsidiary's local CSR report, the first such report in China by a Japanese financial institution
- Began to incorporate ISO 26000 into CSR management system
- 2010** - Established the "NKSJ Group's Approach to CSR" (CSR basic policy)
- Abolished the personnel systems by staff divisions
- Participated in the "Japan Business and Biodiversity Partnership" along with 36 NKSJ Group companies
- Started the comprehensive Biodiversity Consulting service by NKSJ Risk Management
- 2009** - Formulated Comprehensive Paper Use Management Plan
- Launched the E-Koto CSR Point System to accelerate each employee's initiatives on CSR and sustainability
- Launched *Weather Index Insurance* scheme for Thai farmers suffering from drought damage
- 2008** - Developed the *Sompo Japan Eco Open* eco-fund
- Jointly developed the *Aeon High Dividend Green Balance Open* fund together with Aeon Bank, Ltd.
- 2007** - Acquired "Corporation Promoting Support for Child Rearing" authorization under the Next Generation Education and Support Promotion Act
- Began publishing the *Voices of Our Customers White Paper*

### Integrating CSR into Our Core Business

- 2006** - Signed the UN Global Compact and the Principles for Responsible Investment (PRI)
- 2005** - Started the NGO strengthening grants project by Sompo Japan Foundation
- Participated in the Carbon Disclosure Project as an institutional investor
- 2004** - Began to integrate social targets into each department's environmental management targets at the Head Office
- Developed the *Sompo Japan SRI Open* fund
- 2003** - Established the CSR Office
- Began the CSR Literacy Training program for all Group employees

### Initiatives Fully in Progress— From the Environment to CSR

- 2002** - Merged to create Sompo Japan
- Held the 1st Stakeholder Meeting
- Established the Sompo Japan Environmental Policy and the Sompo Japan Corporate Citizenship Policy
- Introduced the E-Koto Project, an EMS unique to regional head offices and branches throughout Japan
- Data Processing Center was declared a "Zero-emissions Office"
- Established the Human Rights Promotion Headquarters
- Signed the World Business Council for Sustainable Development (WBCSD) Financial Sector Statement
- 2001** - Published the *Sustainability Report*, the first among financial institutions in Japan
- 2000** - Started the Sompo Japan CSO Learning Scholarship Program
- 1999** - Established the Sompo Japan Environment Foundation by Sompo Japan Environmental Foundation
- Started the Chikyu (Earth) Club Social Contribution Fund
- Started social welfare NGO Start-up Supporting Grants by Sompo Japan Foundation
- Developed the *Sompo Japan Green Open* eco-fund (1999 was the year Japan's first SRI-fund was introduced)

### Initial Stage

- 1998** - Published the *Environmental Report*, the first among financial institutions in Japan
- Established the Yasuda Fire and Marine Global Environment Charter
- 1997** - ISO 14001 certification acquired by the Data Processing Center, the first among financial institutions in Japan
- 1995** - Implemented an Environmental Management System at regional head offices throughout Japan
- Signed the United Nations Environment Programme Finance Initiative (UNEP FI) Statement of Environmental Commitment by the insurance industry
- 1993** - Started the employee volunteer organization Chikyu (Earth) Club
- Started Public Seminars on the Environment with a NGO
- 1992** - Our then-President participated in the United Nations Conference on Environment and Development (Earth Summit) held in Rio de Janeiro as a chief of Nippon Keidanren's mission
- Established the Global Environment Office
- Developed *Environmental Impairment Liability Insurance*
- 1990** - Established the Environmental Risk Management Office, the first among financial institutions in Japan

## Looking One Step Ahead

Working towards a sustainable future, the Sampo Japan Group promptly takes notice of new environmental and societal changes and human risks, and uses a preventative approach to solve sustainability issues and create social value.

### CSR Policy

The Sampo Japan Group recognizes that CSR serves as the basis of management that supports the competitiveness of corporations, as well as the sustainable development of society. For that reason, we work on CSR based on the "NKSJ Group's Approach to CSR" basic policy (see p. 7) and according to the Sampo Japan Environmental Policy, Sampo Japan Corporate Citizenship Policy, and the Basic Code of Conduct on Human Rights (see p. 44).

Specifically, we are working to incorporate structures into our business processes that help prevent risks such as those

related to human rights and the environment. We also make use of our insurance, financial, and risk management expertise—the strength of the Group—to provide solutions to sustainability issues by responding to new changes in society and risks.

→ Sampo Japan Environmental Policy

☐ Data Book p. 4

→ Sampo Japan Corporate Citizenship Policy

☐ Data Book p. 16

### Four CSR Material Issues

We have also identified the Four CSR Material Issues as challenges we have focused our attention on since 2006. Furthermore, we will flexibly review the priority of these issues based on changes to the Group's management and ISO 26000,

guidance on social responsibility.

This report focuses on the progress of initiatives toward these Four Material Issues.

#### 1 Adaptation to and Mitigation of Climate Change

The Sampo Japan Group is tackling climate change through the two-pronged approach of adaptation and mitigation focusing on developing new insurance and financial services.

☐ Initiative phases and examples: pp. 19–24

#### 2 Risk Management for Safety and Security

In addition to working to prevent accidents, the Sampo Japan Group works to recognize new needs for the safety and security of society, such as health, medical care, and the environment. In this way, we provide superior solutions for the risks associated with individuals' lives and business activities.

☐ Initiative phases and examples: pp. 25–30

#### 3 Providing Sustainable and Responsible Financial Services

In addition to promoting responsible investment that incorporates environmental, social, and governance (ESG) issues, the Sampo Japan Group provides products and services that contribute to addressing sustainability issues by making use of its financial and insurance functions.

☐ Initiative phases and examples: pp. 31–34

#### 4 Community Involvement and Development

The Sampo Japan Group is fostering highly sensitive human resources who contribute to the creation of a sustainable society through supporting cooperation with citizens, governments, and NGOs to address community challenges using employees' skills developed through daily operations.

☐ Initiative phases and examples: pp. 35–42



## Stakeholder Engagement and Extracting the Four Material Issues

ISO 26000, guidance on social responsibility launched in November 2010, says that stakeholder identification and engagement are central to addressing an organization's social responsibility. The Sompo Japan Group holds two-way dialogues with its diverse range of stakeholders. These dialogues are an important activity for us to recognize sustainability issues, build trust and cooperative relationships, and create more significant results. Specifically, we will achieve the following goals:

1. Utilizing the comments and views of our stakeholders in the Sompo Japan Group's decision-making process for innovation and quality improvement.
2. Making use of stakeholder engagement as a key driver for promoting mutual understanding and cooperation by approaching stakeholders proactively, sharing common

### Major Stakeholders that are Affected by the Business Activities of the Sompo Japan Group, or that Influence the Group's Business Activities

- Customers—Corporations/individuals
- Agencies (approximately 45,000 agencies nationwide)
- Stockholders/investors
- Corporations to which Sompo Japan invests or lends money
- Government
- NGOs
- Employees (Approximately 28,000 employees)

### Engaging Stakeholders

#### Cooperation with NGOs for Strategic Partnerships in Our Core Businesses

The Sompo Japan Group has been focusing attention on cultivation of human resources through partnerships with NGOs as the key driver. Through the CSO<sup>1</sup> Learning Scholarship Program (a long-term internship that aims to train human resources who can resolve sustainability issues by cooperating with environmental NGOs), we have dispatched 597 students over 11 years and created a network with environmental NGOs nationwide. Now, our partnerships with NGOs that were developed through such activities have led to more strategic cooperation in our core business, such as product development and management improvement.

From FY2011, we are making donations to environmental NGOs when automobile insurance customers chose a web-based insurance clause, and co-work with the Japan NPO

#### Responsibility to Our Customers—Continual Discussions and Disclosure of Information to Customers

We are working to carry out a wide range of communication based on "Voices of Our Customers," as well as the accurate and easy-to-understand provision of information to our customers regarding insurance payments, contract procedures, and other matters. For example, we centrally manage inquiries, opinions, requests, and complaints from our customers, and perform analyses on their issues and needs. The results of these analyses are shared with related departments in the Head Office and the

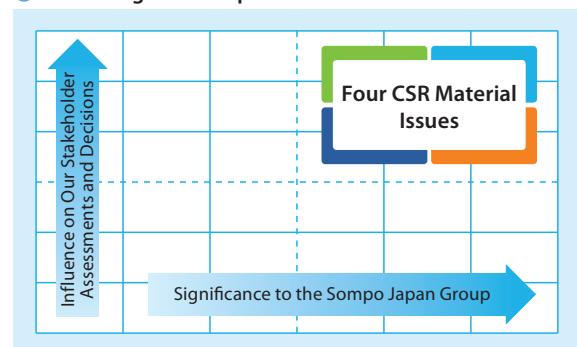
1. CSO: Civil Society Organization 2. VOC: Voices of Our Customers

values and building trust.

Sompo Japan's dialogues and engagements include cooperative projects with NGOs, day-to-day discussions with experts and consumer groups, stakeholder dialogues with experts from outside the company, exchanges of opinions via our website, exchanges of opinions with stakeholders at global meetings, and more.

Through this engagement, we have come to recognize the two axes of "Influence on Our Stakeholder Assessments and Decisions" and "Significance to the Sompo Japan Group." Items of great priority for each have been extracted as the "Four CSR Material Issues."

### Extracting the Group's Four CSR Material Issues



Center to plan and develop environmental conservation activities for the public throughout the country. This project is called the "Save Japan Project" which aims to support the preservation of endangered habitats and species in various areas across Japan (see pages 21 and 23).

Furthermore, since 2001 we have been receiving assistance from Hideto Kawakita, representative of the International Institute for Human, Organization and the Earth (IIHOE), in order to improve our CSR management through discussions with civil society organizations. This support includes receiving his opinions as a third party regarding this report, discussions and stakeholder dialogues with executives in charge of CSR and people responsible for each department, employee training, and more.

VOC<sup>2</sup> Committee made up of management personnel, and these are also used to revise our business content and processes as well as to improve our products and services.

In addition, we publish the *Voices of Our Customers White Paper* each year. On our website we also disclose examples of improved products and services, the complaints we have received, a summary of these complaints, and other information. We also have opportunities for continual dialogues with consumer groups.

## Measures and Training to Raise Awareness of CSR

### Efforts at Head Office Departments

Sampo Japan is working to strengthen the effectiveness of CSR management at Head Office departments, which have an especially large influence on its branches, Group companies, and external stakeholders.

#### 1. Determining CSR Targets through Our Core Business in All Head Office Departments

All Group companies and departments affiliated with the Head Office determine their own CSR related targets and implementation plans each year, and initiatives are carried out in line with the special characteristics of each department's business under the leadership of each department manager.

#### 2. Internal Auditing Based on Dialogue

Each year, "interactive" internal audits are performed in order to confirm whether each department has reached their targets. The effectiveness of the PDCA (plan-do-check-act) cycle and the state of progress of the Four CSR Material Issues-related efforts being undertaken through our core business are confirmed via individual discussions with each department. In FY2010, audits were conducted in 29 departments.

#### 3. Training Leading to CSR Practice in Core Business

Sampo Japan carries out highly specialized CSR Development Training Programs for the employees of its Group

#### ● CSR Development Training in FY2010

##### Session 1: July 2010

##### Theme: Towards initiatives in consideration of ecosystems and biodiversity conservation

Instructor: Keiko Suzue, Dr. Head of Program, BirdLife Asia (currently BirdLife International Asia Division)  
Participants: 53 employees

##### Session 2: February 2011

##### Theme: An overview of ISO 26000 and hints for making use of it in daily business

Instructor: Masao Seki, Associate Director, Chief CSR Officer, Sampo Japan  
ISO 26000 social responsibility working group expert representing Japanese industry  
Participants: 98 employees

companies and Head Office departments with the purpose to provide hints for CSR practice in our core business. CSR training is also held for executive officers and newly appointed general managers and branch general managers to facilitate understanding of CSR among management personnel.

### Expanding Our CSR Initiatives Nationwide and Overseas

We are working to expand the following types of measures in order to encourage CSR consciousness among all employees of the Sampo Japan Group.

#### 1. Nationwide Development of the E-Koto Project

At all of our departments and branches except the Head Office and Data Processing Center, we are working towards CSR based on the "E-Koto Project," Sampo Japan's unique CSR Management System.

We use our in-house intranet and satellite broadcasting to introduce examples of favorable initiatives by each department and branch in a timely manner, and also share information about examples of CSR practice in various locations. In FY2010, staff from the Head Office's CSR Office visited four CSR Secretariat Divisions at the regional head offices. There, they shared information regarding future visions and issues for each region.

#### 2. The E-Koto CSR Point System

In order to further promote the CSR efforts of each employee, we introduced the E-Koto CSR Point System in FY2009. In FY2010, 19,371 Sampo Japan Group directors and employees checked the status of their own CSR initiatives on the Internet Sums equivalent to the number of points earned (¥1,640,302) were donated to NGOs that are active in the fields of the environment and social welfare and that received the most votes in our in-house survey.

#### 3. CSR Literacy Training

To deepen understanding of human rights and create a lively working environment, group training using the CSR Communication report as a teaching material is held for all



### China Subsidiary Uses its Expertise for Human Resource Training

Sampo Japan Insurance (China) Co., Ltd. founded the Project Team for Creating a CSR Implementation System, comprised of staff from its Dalian Head Office and three branches, in FY2010. In September, the First Fudan-Waseda East Asia Region Joint Forum was held at Fudan University in Shanghai with the goal of contributing to the training of human resources who can display leadership and play a part in the sustainable development of the East Asian region. We also held a free lecture on corporate risk management for around 300 high-level executives from companies including P&C insurance companies and insurance agencies in Dalian. In this way we contributed to developing regional human resources in the field of insurance by making use of our

expertise. Furthermore, we also give assistance for a scholarship fund to the Dongbei University of Finance and Economics

School of Finance, and provide assistance each year to create a comic textbook about insurance distributed to 50,000 elementary and junior high school students in Dalian for the purpose of consumer education by the Dalian Municipal Public Health Bureau and Dalian Municipal Bureau of Education.

In May 2011, Sampo Japan Insurance (China) released a local CSR report the first such report in China by a Japanese financial institution.



The Project Team for Creating a CSR Implementation System

## Measures and Training to Raise Awareness of CSR (continued)

directors and employees of the Sampo Japan Group. This participatory training includes discussions with all members of a workplace regarding what efforts should be made towards addressing the specific issues that each workplace is actually facing.

### 4. Holding of the Biodiversity Forum

Along with the Tenth Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10) held in Nagoya, the Sampo Japan Biodiversity Forum took place in October 2010. Approximately 80 people attended, including staff from our agencies and employees from the region's Head Office.



The Biodiversity Forum

Understanding of the connections between corporations, individuals, and biodiversity was deepened through lectures by experts from outside the company, as well as the COP 10 Origami Project\* managed by the Japan Committee for IUCN.

### 5. Raising CSR Consciousness at Group Companies including Overseas Offices

Sampo Japan's CSR Office has been working since FY2009 to promote CSR consciousness through discussions at our Group companies including overseas offices. In FY2010, we held interviews at 10 Group companies in Japan. The CSR Office also gathered quantitative ESG information by conducting surveys targeting our 14 consolidated subsidiaries. This information allows us to understand the issues each company faces and is put to use when drafting policies to increase CSR consciousness throughout the Group.

\* A project to give all people an opportunity to think about their relationship to biodiversity through Japanese paper craft

## Communication with Stakeholders

### Stakeholder Dialogue

In FY2010, we held a stakeholder dialogue in Osaka for the purpose of promoting initiatives and reminding employees of the significance of CSR. Approximately 70 employees from the region attended this forum, which discussed what type of initiatives we should be working towards as a sustainable company and what we can do through our daily work.

### CSR Communication Website

The CSR Communication website contains information about Sampo Japan's beliefs and discussion of various issues in the field of CSR. Anyone can view the content of these

discussions and post comments. We added the "Voices of the CSR Office Staff" blog in FY2010, which features staff members' notices and feelings regarding day-to-day business. The website also includes details about past CSR dialogues held in various regions.

→ Sampo Japan CSR Communication website (Japanese only)  
<http://sampo-japan.stadiams.jp/>

### Other Communication with Stakeholders

As an effort to strengthen engagement especially with stakeholders abroad, the CSR Office began sending regular E-mail news concerning Sampo Japan's latest initiatives to its stakeholders in FY2011.

## Launch of the ISO 26000 Standard and its Use at Sampo Japan

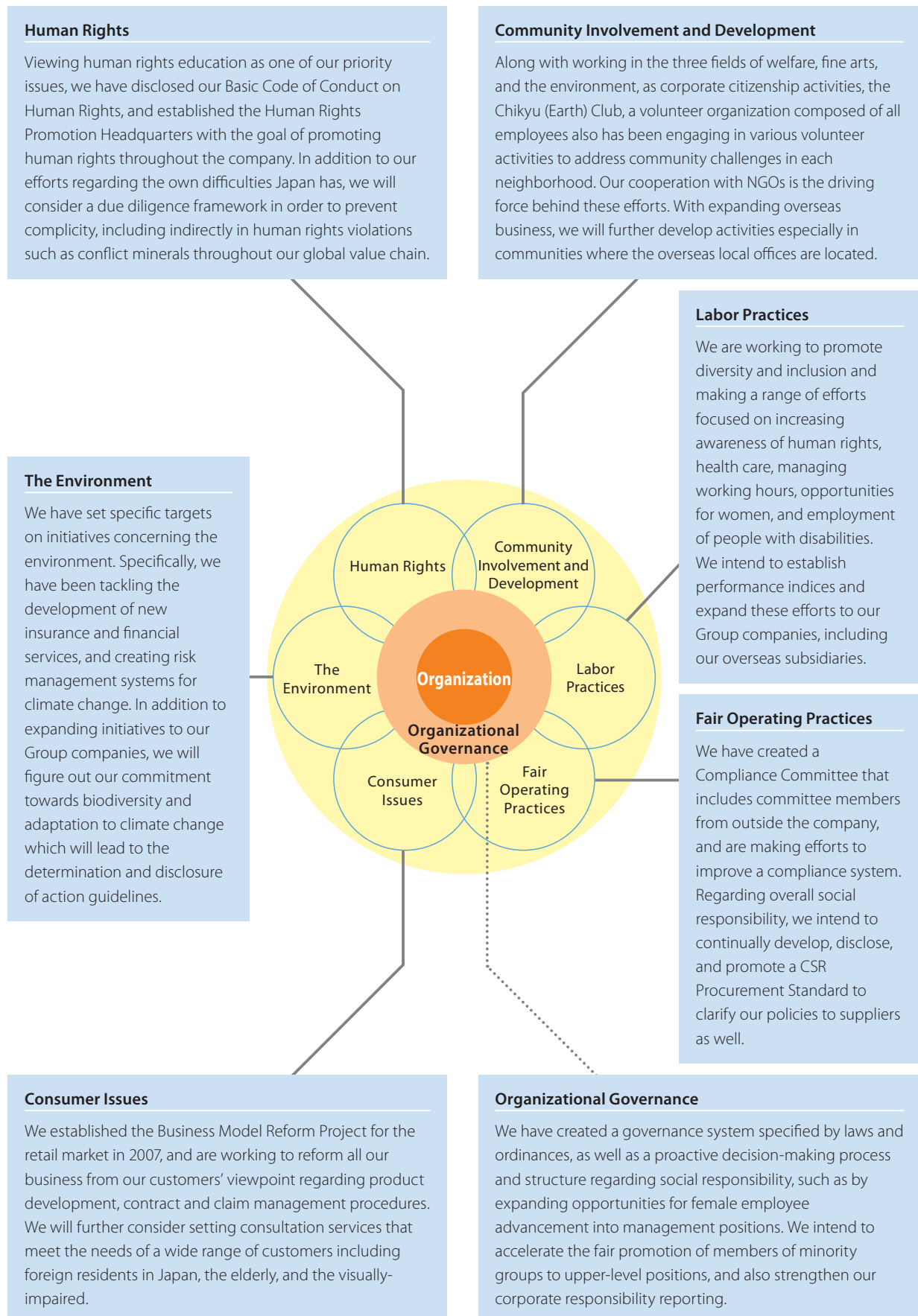
ISO 26000,\* guidance on social responsibility, was launched in November 2010.

In order to decide upon and implement initiatives on social responsibility with higher priority, Sampo Japan has begun using the ISO 26000 standard as an evaluation tool to clarify its own strengths and weaknesses. Based on the seven core subjects of ISO 26000 as outlined on the next page, in FY2010 we worked to figure out the current situation, organize our issues, and perform assessments. We are also using ISO 26000 as a capacity building tool for each level of employees in the company. In FY2010, we implemented training for the all regional division managers and held CSR Development Training in workshop style. In FY2011, we also incorporate ISO

26000 in CSR Literacy Training which includes discussions with all workplace members on issues such as human rights, diversity, the environment and consumer issues. Furthermore, in order to promote initiatives for social responsibility that are in line with the unique characteristics of each department, starting in FY2011 we are determining and implementing the goals and targets included in the yearly CSR Implementation Plan List after referring to action examples for ISO 26000. In this way, ISO 26000 is incorporated into current CSR Management.

\* Masao Seki, Associate Director and Chief CSR Officer at Sampo Japan, participated for over five years in the developing process as an expert from the Japanese industry

## Our Efforts and Tasks Based on the Seven Core Subjects of ISO 26000



1

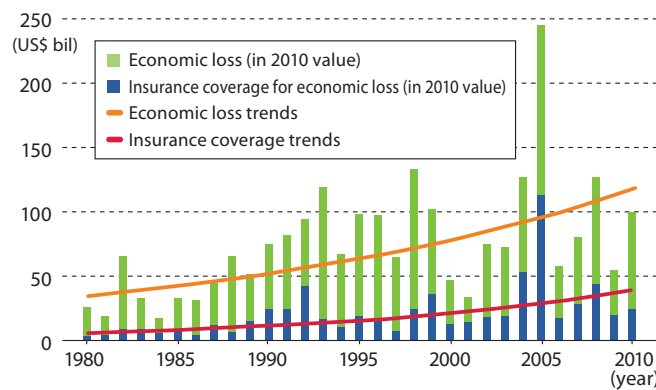
# Adaptation to and Mitigation of Climate Change

Climate change is seen in the increasing incidence of major disasters triggered by abnormal weather phenomena, such as giant hurricanes, droughts and massive floods. Adaptation to and mitigation of climate risk is a vital management issue for insurance companies. At the same time, efforts to address this issue may lead to new business opportunities.

The Sompo Japan Group is working to develop insurance products and financial services that serve as effective measures to adapt to climate change. For example, we have been developing methods to assess flood risk in Japan that take into account the impacts of climate change and the provision of new risk finance in developing countries in Asia. In the realm of mitigation, Sompo Japan is working together with the agencies that are an important part of our value chain to accelerate specific medium- and long-term measures, including the reduction of CO<sub>2</sub> emissions and paper use. We are also working in partnership with customers to reduce paper use by implementing online contract procedures, promoting safe and ecologically responsible driving, and promoting the use of recycled parts for repairs to vehicles damaged in accidents.

As a member of an international initiative comprised of industries and institutional investors from all over the world, we also make efforts to encourage other companies to take action on climate change.

● Weather Catastrophes Worldwide 1980–2010  
Economic Loss and Insurance-covered Loss



Source: Munich RE NatCatSERVICE

Since 1990, the number of large-scale disasters caused by abnormal weather is increasing throughout the entire world. There were 873 cases of weather disasters in 2010, including storms and floods, which resulted in economic loss totaling approximately 100 billion U.S. dollars.

Many major disasters occurred in Asia in particular, where the numbers of resultant deaths is one of the highest in the world. However, funds are not sufficient to meet the loss, and the area has a low insurance penetration rate.





## FY2010 Results and State of Progress

Self-assessment

pp. 17–18	Highlight <b>01</b> Paper use: <b>±0%</b> compared to FY2009 ..... ☆ CO <sub>2</sub> emissions: <b>+2.1%</b> compared to FY2009 ( <b>-36.2%</b> compared to FY2002) ..... ☆
p. 19	Highlight <b>02</b> Joint development of Biodiversity Consulting with international environmental NGOs ..... ☆☆☆
p. 20	Highlight <b>03</b> Expanded sales regions for Weather Index Insurance in Thailand ..... ☆☆☆ Beginning of joint research on flood risk evaluation in Japan ..... ☆☆☆

\* Self-assessment of activities

☆☆☆: Major progress was made towards the achievement of goals ☆☆☆: Progress was made towards the achievement of goals

☆: Activities implemented but more progress is required

Data Book (PDF) pp. 4–10

FY1990–2002

### Phase 1

- Established the Environmental Risk Management Office
- Introduced Environmental Management System throughout Japan
- ISO 14001 certification acquired by the Data Processing Center, the first among financial institutions in Japan
- Established the Sompo Japan Environmental Policy
- Data Processing Center declared a “Zero-emissions Office”

FY2003–2008

### Phase 2

- Established CO<sub>2</sub> reduction strategy (set long-term reduction targets)
- Expanded environmental initiatives through our value chain, such as at agencies
- Strengthened cooperation with international organizations
- Viewing climate change as both a risk and an opportunity, developed products and services that contribute to adaptation and mitigation
- Started up climate change risk management consulting business

FY2009–

### Phase 3

- Formulated Comprehensive Paper Use Management Plan and introduced full-scale document management system
- Developed Weather Index Insurance scheme for farmers in Thailand
- Launched Eco and Safety Drive Contests
- Started research on flood risk evaluation methods



# Highlight 01

## Document Management and CO<sub>2</sub> Emissions Reduction

### Working Throughout the Value Chain to Mitigate Climate Change

Sompo Japan, as part of an insurance industry that consumes a large amount of paper, achieved an approximate 20% reduction in the amount of paper used compared to FY2007 through the application of information technologies. Furthermore, we are working to mitigate climate change with the target of reducing 56% of our CO<sub>2</sub> emissions from FY2002 levels by FY2050, and are expanding these activities through our entire value chain including our roughly 45,000 agencies across Japan.

#### Switching from a Paper-based Culture

Up until now, insurance companies have used large amounts of paper for insurance clauses and various types of pamphlets. Sompo Japan realized the importance of reducing paper use from an early stage, and has been carrying out initiatives to this end as one facet of our climate change countermeasures. In April 2009 we established a Comprehensive Paper Use Management Plan. We also founded a cross-sectional working group and constructed a company-wide document management system based upon the PDCA (plan-check-act) cycle to drastically reduce paper use.

The main feature of these efforts is the introduction of a new management system that promotes the visualization of paper use from the standpoint of

cost. Specifically, we introduced a system which enables each department to figure out annual paper use in terms of expenses, visualize paper cost data for each center, and report each month on progress. In this way we have been working to shift to the non-paper based business process.

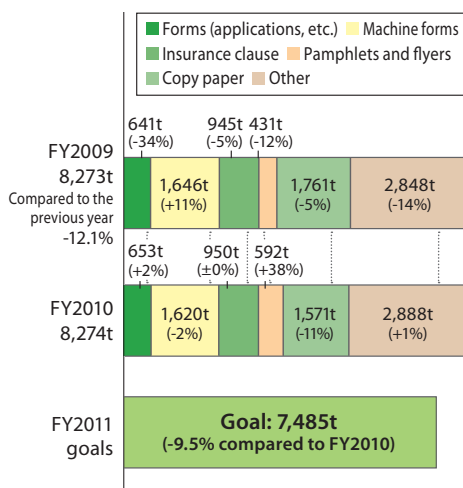
#### Introduction of Web-based Insurance Clause

One of our significant initiatives in FY2010 was the full-scale introduction of a web-based insurance clause for automobile insurance which accounts for half of our premium income among our lines. Although we had made progress in creating pamphlets that could be read online as e-books, paper was still the basic format for clauses. However, now that the Internet has become so widely used, documents that can be viewed online at any time

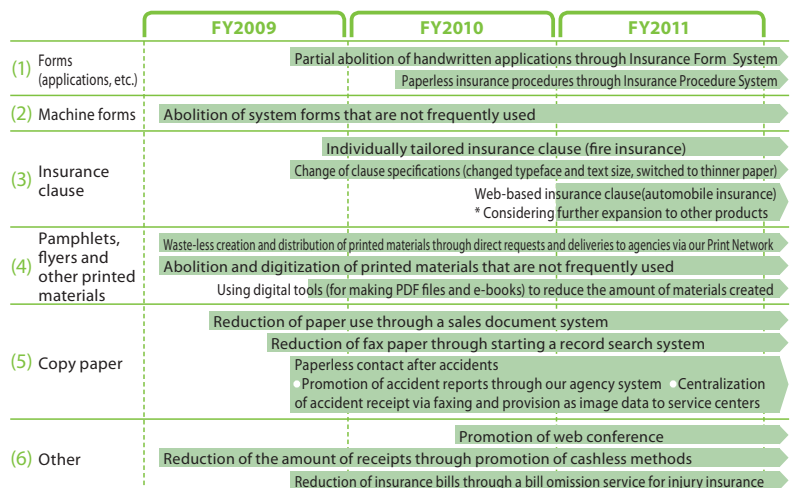
may be in fact more convenient for customers than actual booklets that number several hundred pages. For that reason, starting from April 2011 we made it possible for customers to choose a web-based insurance clause when concluding contracts for automobile insurance. Along with the development of a web-based insurance clause, we are also carrying out the Save Japan Project that involves environmental conservation activities and support for the areas affected by the Great East Japan Earthquake.

In addition to continuing our efforts towards reaching our target ratio of 60% of customers switching to a web-based insurance clause during the initial year, we also intend to expand this service to products other than automobile insurance and are also considering the introduction of online policies.

#### Paper Use for the Entire Company



#### Major Initiatives by Head Office to Reduce Paper Use from FY2009





## Web Conferencing Helps Optimize Our Business

From August 2010 we have worked to promote web conferencing, which leads not only to reducing paper use for resumes and other documents, but also making the work of participating employees more efficient, and also reducing CO<sub>2</sub> emissions from travel. We have held over 3,000 web conferences until March 2011.

During FY2010, the amount of paper we used (mainly for pamphlets and flyers) increased due to products revisions that had not been scheduled in the beginning of the year. For this reason we were unable to accomplish our goal of reducing our paper use by 6.9% (7,705 tons) over FY2009 levels. However, due to the inhibitory effects of activities such as the promotion of e-book use, the amount of paper used at 8,274 tons was at the same level as the FY2009 amount. In the future we intend to make further efforts towards paper reduction in our business processes and systems through the establishment of infrastructure such as for web conferencing.

## Initiatives towards CO<sub>2</sub> Emissions Reduction Targets

With the mid- and long-term target

of reducing our CO<sub>2</sub> emissions by 40.5% over FY2002 levels by 2020, and by 56% by FY2050, Sompo Japan has created plans to cut CO<sub>2</sub> emissions with a long-term outlook at our business facilities\* in use throughout Japan.

Our Head Office, the Data Processing Center, and Tachikawa Building are subject to the Tokyo Metropolitan Ordinance on Environmental Preservation. We created countermeasure plans from 2005 and have worked to reduce energy consumption. We renovated the air conditioning equipment, elevators, and lighting at the Head Office and the Data Processing Center, as well as changing air conditioning settings and installing an inverter unit on the pumps and other equipment at the Tachikawa Building. The results of these measures are

### Greenhouse Gas Reduction and Evaluations for Buildings Subjected to Tokyo Metropolitan Ordinance on Environmental Preservation

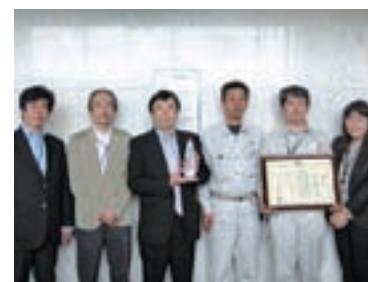
	GHG standard emissions	Planned rate of reduction	Reduction results	Evaluation
Head Office	10,353	-3.0	-9.0	AA+
Data Processing Center	5,146	-6.1	-16.9	AAA
Tachikawa Building	3,874	-5.4	-5.9	AA

described below.

In particular, the Data Processing Center received an evaluation of "AAA" regarding the accomplishment of significant reductions in the "Office/Data Center" category and for our efforts such as optimizing information processing room air conditioning systems and switching to high-efficiency lighting. In March 2011, we received a Business Excellence Commendation from the Tokyo Metropolitan Government.

From here on, we will implement new countermeasures and work to accomplish the defined average reduction ratio by FY2014.

\* All of Sompo Japan's owned and rented properties, except for company-owned housing



Receiving a Business Excellence Commendation from the Tokyo Metropolitan Government (Data Processing Center)

## In Focus

### Initiatives by AIR JAPAN, Association of Insurance Repair-Shop Agencies

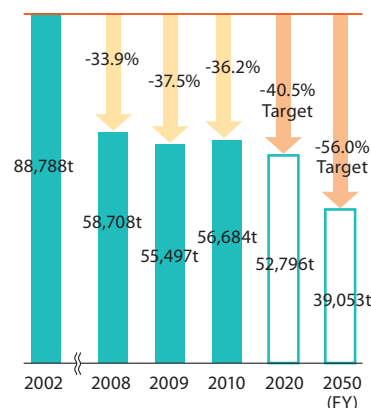


AIR JAPAN<sup>1</sup> is implementing the e-Koto Project, which consists of systematic environmental conservation activities that are rooted in regions, based on the AIR JAPAN Environmental Declaration. The promotion of green purchasing has advanced the use of a central purchasing system, resulting in a member purchase ratio of 54.7% for FY2010 (which was greater than the target of 50%). The AIR e-Shop 21, which is made up of automobile repair shops that are carrying out business activities with particular consideration given to the environment, has earned ISO 14001 certification for the group. Members are promoting the use of recycled parts, and they are issued a report on contributions to CO<sub>2</sub> emissions reduction via their use of recycled parts, which makes it possible to visualize reduction amounts.

1. AIR JAPAN: A nationwide organization consisting mainly of automobile maintenance and repair shops of a defined size acting as agencies

### CO<sub>2</sub> Emissions and Goals over the Medium- and Long-Term

Target value	FY2020: 40.5% reduction
	FY2050: 56.0% reduction
Results	FY2010: 36.2% reduction
(All percentages are compared to FY2002)	



## Highlight 02

## Comprehensive Enterprise Support Services Related to Biodiversity Co-Working in the World's Largest Partnership for Conservation

At the Tenth Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10) in October 2010, a resolution was adopted encouraging private sector participation in business related to biodiversity conservation projects. Under the circumstances, NKSJ Risk Management, Inc. has been cooperating with international environmental non-governmental organizations (NGOs) to develop and start providing services—the first of their kind in Japan—to comprehensively support initiatives by corporations to preserve biodiversity.

→ NKSJ Risk Management, Inc. [http://www.nksj-rm.co.jp/english/company\\_overview.html](http://www.nksj-rm.co.jp/english/company_overview.html)

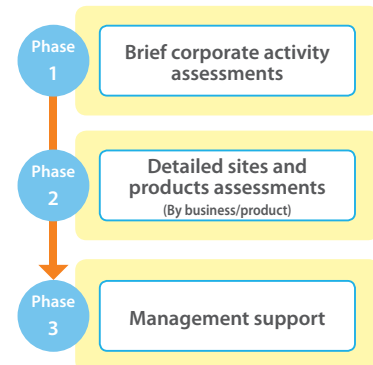
### Making Use of a Global Partnership and Corporations' Know-How

In October 2010, NKSJ Risk Management, Inc. (NKSJ-RM)—a risk consulting company—jointly developed a Biodiversity Consulting service together with the BirdLife International Asia Division (BirdLife Asia). By assessing corporate activities from the standpoint of biodiversity, this service clarifies issues and countermeasures for corporations. Furthermore, through incorporating these into management systems, assistance is given towards concrete biodiversity-related initiatives for corporations from an administrative viewpoint.

NKSJ-RM has ample know-how

regarding environmental management assistance, as well as thorough knowledge and enterprise consulting experience for dealing with various types of risks. BirdLife Asia's strengths include a wealth of knowledge related to biodiversity as well as its ability to conduct fair and neutral assessments as an NGO. This service, which features effective assessments and advice, was realized by applying the areas of expertise of both parties. NKSJ-RM has been told by a corporation using this service that it helped clarify their own management issues regarding biodiversity. We intend to expand our risk management service menu for resolving various sustainability issues such as climate change and biodiversity.

### ● Process for Biodiversity Consulting Services



Assessment report

## In Focus

### Introduction of the "Save Japan Project" to Protect Japan's Endangered Species

Sompo Japan introduced a web-based insurance clause for automobile insurance in 2011. Every time a customer selects the web-based insurance clause, Sompo Japan donates funds to environmental NGOs through the intermediate support organization Japan NPO Center for the "Save Japan Project" that carries out activities to protect endangered species and their habitats in Japan.

In this project, we hold outdoor events for the public, hand in hand with NGOs in 12 regions nationwide in FY2011 and all prefectures in FY2012.

We would like to contribute to the creation of a habitable environment for living species while protecting the rich nature of Japan together with our stakeholders and deepen awareness about endangered species.

→ Save Japan Project <http://www.sompo-japan.co.jp/english/about/csr/pickups/contents8.html>



Cleaning event in the Kiritappu Wetland

Highlight **03**

# Weather Index Insurance for Drought Risk

## Sales Expanded to Five Provinces in Northeast Thailand

In January 2010, Sompo Japan began selling Weather Index Insurance in Khon Kaen Province in northeast Thailand. This product, which is one method of adaptation to climate change, aims to reduce damage caused by droughts for rice farmers. It has been praised as being easy to understand, and sales of this insurance were expanded to five provinces in February 2011.

→ Sompo Japan Insurance (Thailand) Co., Ltd. <http://www.sompojapanthai.com>

### The Role of Insurance in Adaptation to Climate Change

Expectations are growing internationally around the role of insurance, which is increasingly seen as one type of effective adaptation measure for climate change. Since 2007 Sompo Japan has been carrying out research on risk finance methods to respond to climate change together with organizations including Japan Bank for International Cooperation. As a result, we began offering Weather Index Insurance in northeast Thailand.

### Exceeding Targets through Cooperation with BAAC

The purpose of Weather Index Insurance is to reduce losses suffered by rice farmers due to drought. Farmers are able to receive insurance payments if cumulative rainfall data published by

the Thai Meteorological Department falls below a certain value.

In order to develop this simple product for farmers who are not very familiar with insurance, we carried out local surveys repeatedly and listened to their opinions. We also made great efforts to develop easy-to-understand pamphlets.

After three years of research and development, this product first went on sale in January 2010. Sompo Japan Insurance Thailand (SJIT) worked to solicit farmers who used loans from Thailand's Bank for Agriculture and Agricultural Co-Operatives (BAAC) via the BAAC. People highly praised how easy it was to understand this product, and we achieved 1,158 applications in approximately four months of the first year (which exceeded our target of 1,000 applications). After the observation period from July to September, we paid

insurance benefits for a total of 66 cases.

### Expanding Sales Regions and Possibilities for the Future

In response to a request from BAAC to expand the regions where this product is sold, SJIT decided to begin sales in four new provinces. From February 2011, it started the second round of solicitation and received 6,173 applicants.

We will consider revising the content of this product, as well as diversifying its target crops and expansion into other provinces in Thailand and other countries.



Briefing farmers on insurance payments

## In Focus

### Joint Research for the Development of Flood Risk Evaluation

Based on its past experience in typhoon and earthquake risk evaluation, NKSJ Risk Management, Inc. began research on flood risk evaluation in consideration of the effects of climate change together with Kyoto University's Disaster Prevention Research Institute in October 2010. In spite of increasing flood risk such as river flooding caused by local severe rain in recent years, no consistent standard for measuring flood risk throughout Japan is available at the moment. Considering growing social needs and the recent improvements in Global Climate Models, we have begun developing a stochastic flood model throughout Japan. We are currently coping with modeling major water systems such as Yodo, Kiso and Shonai River. Our future goal is to apply the modeling results to our designing of insurance products, and to make proposals to the government from the viewpoint of an insurance company.



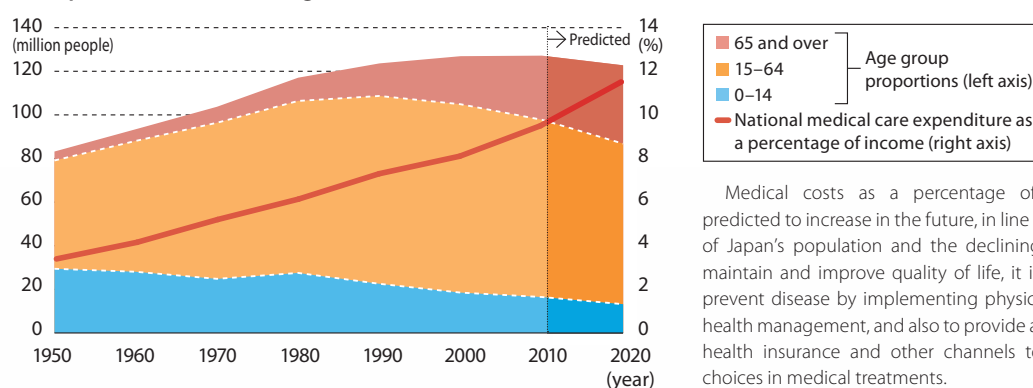
**Hajime Sano**  
Head of Natural Catastrophe  
Research & Development Department  
NKSJ Risk Management, Inc.

# 2 Risk Management for Safety and Security

One of the Sampo Japan Group’s management philosophies is to provide outstanding solutions to risks associated with individuals’ lives and corporate activities that keep up with social trends and changes in customers’ needs for safety and security.

The Sampo Japan Group supports accident prevention by utilizing its vast accident data and risk quantification know-how accumulated over many years, and it also offers solutions that take a preventive approach to complex and diverse new social risks in areas such as health, medical care and the environment.

● Japan’s Age Distribution and National Healthcare Expenditure as a Percentage of Income



Compiled from the following sources:

**Age Distribution**

1950–2000: “Population Census,” Ministry of Internal Affairs and Communications, Statistics Bureau, Japan  
 2010: “Population Estimates” (May 2011), Ministry of Internal Affairs and Communications, Statistics Bureau, Japan  
 2020: “Population Projection for Japan: 2001–2050” (December 2006), National Institute of Population and Social Security Research, Japan

**National healthcare expenditure as a percentage of income**

1950–2000: “Estimates of National Medical Care 2008 Expenditure: Current National Medical Care Expenditure,” Ministry of Health, Labour and Welfare, Japan  
 2010–2020: “Issues and Perspectives on Healthcare System Reform: Future Medical Care Expenditure Estimates,” Ministry of Health, Labour and Welfare, Japan

Medical costs as a percentage of income are predicted to increase in the future, in line with the aging of Japan’s population and the declining birthrate. To maintain and improve quality of life, it is necessary to prevent disease by implementing physical and mental health management, and also to provide access through health insurance and other channels to a variety of choices in medical treatments.







## FY2010 Results and State of Progress

Self-assessment

pp. 27–28	<p>Highlight <b>01</b></p> <p>Launched new cancer insurance product for better Quality of Life .....☆☆☆</p> <p>Launched overseas travel insurance for Chinese visitors to Japan .....☆☆☆</p>
pp. 29–30	<p>Highlight <b>02</b></p> <p>Supporting mental healthcare:</p> <p>Developed program for measuring decreasing rates of work productivity due to ill-health .....☆☆☆</p>

\* Self-assessment of activities

☆☆☆: Major progress was made towards the achievement of goals ☆☆☆: Progress was made towards the achievement of goals

☆: Activities implemented but more progress is required

Data Book (PDF) pp. 22–25

FY2001–2005

FY2006–2008

FY2009–

### Phase 1

- Focused on accident prevention activities
- Commenced Business Continuity Management (BCM) consulting
- Commenced health promotion and disease prevention services for corporate employees

### Phase 2

- Improved expertise in the risk management field
- Commenced providing support for corporate mental healthcare measures
- Strengthened systems for Integrated Risk Management Consulting

### Phase 3

- Started providing information to contribute to the safety and security of society, and expanding fields of consulting services
- Rolled out the retail market business model reform project



## Highlight 01

# New Services Aimed at Creating a More Secure Society

## Providing Health Support to Our Customers

We are protecting our customers from diseases and other health risks by making medical information available and providing cover for when health problems arise. The Sompo Japan Group has introduced a variety of services and initiatives, including preventive healthcare and measures directed to those facing issues such as receiving cancer treatment while continuing to work. In this way, we would like to contribute to the creation of safe and secure society.

### New Cancer Insurance Product for Better “Quality of Life”

In November 2010, the NKSJ Himawari Life Insurance Co., Ltd. (NKSJHL; then Sompo Japan Himawari Life) launched its new cancer insurance product.

The focus of cancer treatment has shifted from hospital admission to an outpatient basis, with more people being treated with anticancer drugs and radiation therapy as outpatients. This type of treatment places emphasis on quality of life, reducing the anxiety and stress associated with issues such as being unable to work due to pain or hospitalization.

Our insurance product has been developed with the aim of assisting customers to maintain their livelihood while undergoing this type of outpatient treatment. By introducing benefits for outpatient treatment, cover is available for hospital visits without the need for hospitalization. Outpatient benefits provide cover while treatment with anticancer drugs and radiation therapy are continuing, which helps patients in economic terms. For example, once a diagnosis of cancer is confirmed, benefits are payable in respect of the diagnosis prior to the commencement of treatment. Also, if the cancer returns or metastasis occurs after two years from previous payment, the same amount of benefits are payable from the time when the second diagnosis is confirmed.

This insurance product enables customers who are undergoing cancer treatment to continue to work and maintain their normal life.

### Cancer Seminars to Spread Awareness of Cancer Treatment

In association with the launching of new cancer insurance, we are holding cancer seminars in our offices nationwide for agencies and employees who are in a position of providing various types of information to customers. During FY2010, we held approximately 40 seminars where healthcare practitioners and people who have experienced cancer were invited to speak on topics including “The Current State of and Issues in Cancer Treatment in Japan” and “Further Information on Current Cancer Treatment.”

### Advanced Medical Care Online Search Service to Broaden Patients’ Medical Options

For some of NKSJHL’s health insurance products, a rider can be attached to provide cover for advanced medical care.

Advanced medical care involves specific, state-of-the-art procedures carried out in medical facilities approved by Japan’s Minister of Health, Labour and Welfare. Although they are expected to broaden medical treatment options, the costs of the procedures are not currently covered by public health, which means the treatments are not

affordable for many individuals. An advanced medical care insurance rider covers the costs of these procedures.

Furthermore, in November 2010, Advanced Medical Care Online Search, a search service for customers with this type of rider, was set up on the official NKSJHL website to enable users to search for medical technologies which are covered by the advanced medical care rider and facilities where they are carried out. We will continue to enhance this service to improve awareness of advanced medical care and assist as many customers as possible to broaden their medical options.



Advanced Medical Care Online Search (Japanese only)

## Encouraging More Potential Bone Marrow Donors

It has been almost 20 years since a bone marrow bank was established in Japan in 1992. In line with the expansion in understanding of bone marrow transplantation as an effective treatment for leukemia and other diseases, the number of registered donors has gradually increased to around 370,000 people nationwide as of 2010. To further boost this trend, NKSJHL commenced making benefits for surgery available to donors in November 2010.

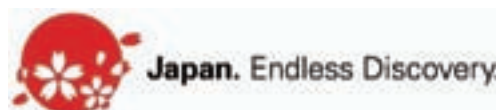
If a donor has suitable white blood cells, hospital and other expenses are payable from the patient's health insurance. However, there has previously been no cover for losses due to absence from work, mental strain, and other such issues arising from the hospitalization. The new initiative will enable donors with NKSJHL health insurance and the special rider who undergo bone marrow collection procedures to receive surgery benefits. These benefits are applicable not just to new insurance policies but also to existing policies, without any change to premiums.

The Sampo Japan Group is hoping to increase the number of registered



Brochure about Man You Ying Hua, an overseas travel insurance policy for Chinese visitors to Japan

Catchphrase and logo of Visit Japan



donors by easing the economic burdens on donors, as well as providing support for customers who wish to help other people.

## 24 Hours a Day Medical Support Service for Visitors from China

In 2009 Sampo Japan Insurance (China) Co., Ltd. launched its overseas travel insurance policy, *Man You Ying Hua*, to provide peace of mind to visitors from China to Japan. With the increase in sightseeing and medical tours to Japan, the policy has been expanded from January 2011 to include individual visitors from Shanghai, in addition to the existing cover for employees of local Chinese companies and Japanese affiliated companies.

A feature of *Man You Ying Hua* is that, in addition to the cover for injury, death and medical treatment usually provided by overseas travel insurance, it incorporates medical support services offered in conjunction with around 200 medical facilities in 36 Japanese prefectures. These services, which include introductions to the medical facilities in Chinese and the cashless services at the facility, are available for 24 hours a day, all year round. With the approval of the Visit Japan Campaign promoted by the Japan Tourism Agency, Sampo Japan is hoping to assist in increasing the number of visitors to Japan by creating a more secure environment for visitors through provision of this insurance product.

## In Focus

### Cancer Prevention Campaign

The Sampo Japan Health Insurance Service Center specializes in the payment of health insurance benefits. However, we wish to extend our impact on health beyond the payment of insurance benefits and to contribute to society by helping to prevent disease. Based on that goal, we have been actively involved in the Pink Ribbon campaign for early detection and treatment of breast cancer since 2008, and we have held seminars in cooperation with NGOs.

In light of the increasing incidence in Japan in recent years of cancer types other than breast cancer, including cervical and prostate cancer, we commenced the Cancer Prevention Campaign in 2010 to expand our focus to all types of cancer. In October 2010, we held a Medical Seminar on the Prevention of Cervical Cancer at our Tokyo Head Office where guest lecturers spoke of the importance of preventive healthcare in dealing with cervical cancer. Using our information and know-how as an insurance company, we will continue our efforts to disseminate and expand knowledge of preventive care.



Medical seminar on the prevention of cervical cancer



Highlight 02

# Healthcare Services for the Mind and Body

## To Create a Healthy Society through the Healthcare Business

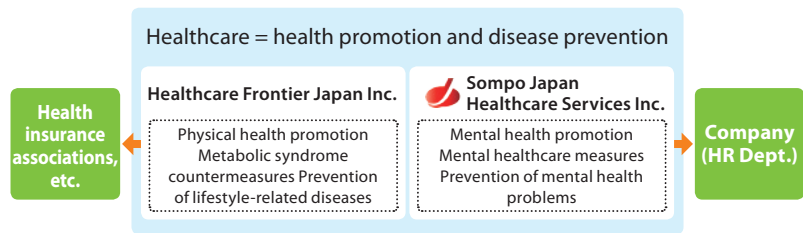
Mental and physical health needs are rising throughout Japanese society as a consequence of the aging of the population and the declining birthrate, changing patterns of lifestyle-related and other diseases and changes in the work environment. To respond to the needs of the times, the Sompo Japan Group is working to contribute to the health of the nation and sustainable development through our businesses which support the physical and mental health of employees.

### Supporting Physical Health Management Including Prevention of Lifestyle-related Diseases

Healthcare costs are growing into a serious problem in line with the increases in lifestyle-related diseases, such as diabetes, heart attack and stroke. Under this situation, from April 2008, public health insurers such as health insurance societies are required to conduct medical checkups for metabolic syndrome for insured workers. If their examination results exceed nationally determined criteria, insured workers also undergo follow-up health guidance, including advice on lifestyle improvement. Three years have passed since the commencement of this system and, as more people are required to undergo the guidance, outsourcing needs for those with public health insurance have been growing due to problems with establishing systems and securing the necessary personnel.

The Sompo Japan Group company, Healthcare Frontier Japan Inc. (HFJ),

### Healthcare Services for the Mind and Body



Individual health promotion

▶ Contribution of building a “healthy company”\* to improve business performance

\* Sompo Japan believes that a healthy company is “a vibrant and attractive company that is trusted and respected by society” and “an organization that supports employees’ personal growth and enables them to feel proud of their work.” This is because we consider that the most important assets of any organization are the people who work there, and employees feel happiest when they can be proud of and enthusiastic about their jobs.

offers health support for company employees, focusing on metabolic syndrome health guidance for those with public insurance.

As an example, through the services provided by HFJ, 36% of the people who initially required the guidance had improved by the following year to the extent that they no longer needed to receive guidance. Approximately 1,000 highly experienced public health nurses, registered nurses and dietitians are deployed nationwide, making the company one of the largest service

providers of metabolic syndrome health guidance in Japan.

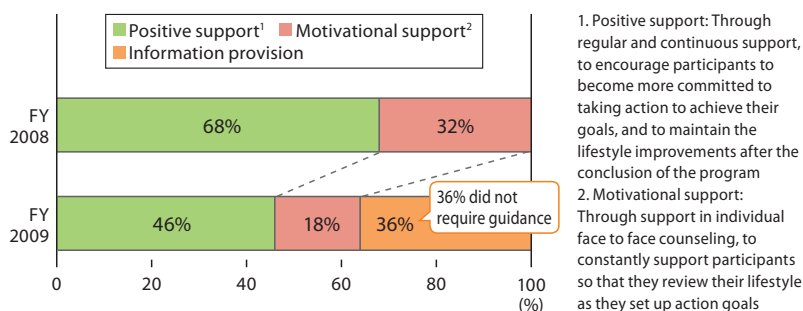
### Providing “Face to Face” Health Support to Over 400 Organizations

Apart from providing health guidance on metabolic syndrome, HFJ undertakes home health guidance, incorporating lifestyle improvement and prevention of serious diseases, for people in the younger elderly age group of 65 to 74 years, and maternal health guidance which includes support from pregnancy through to child rearing. Over 130,000 health support consultations are conducted each year by both face to face counseling and telephone at more than 400 organizations, primarily health insurance societies.

HFJ’s “Face to Face” services are based on the provision of one-on-one health support. In order to create autonomous health management support systems, it provides individual training and technical support for its professionals. In this way, it lays the groundwork for systems

### Improvements after HFJ Guidance (N = approximately 2,500)

36% of the people who were eligible for the health guidance in FY2008 no longer required the guidance in FY2009.



\* Breakdown of participants in HFJ’s programs for some public health insurers—extracted from collected results

that are able to deliver high quality services.

### Supporting Mental Healthcare and the Creation of Industry Health Systems

The impact of mental health problems on employees, their families, companies and society has been increasing rapidly in recent years. According to a 2010 study by the Japan Productivity Center in relation to trends in the level of mental health illness, 90% of listed companies reported that rates of mental illness had increased or remained the same over the previous three years. Also, as the overwhelmingly largest age group affected by mental illness within companies is those in their 30s who are in the prime of their working life, taking active measures to deal with this phenomenon is an extremely important

management issue for companies.

In July 2010, Sampo Japan Healthcare Services Inc. (SJHS) held a seminar\* entitled "Positive Mental Healthcare as a Strategic Investment in Human Capital." The seminar was attended by approximately 200 managers, human resources department administrators, and others. It included a lively question and answer session and it was evident that there is a high level of concern about mental healthcare.

SJHS's mental healthcare services for companies feature comprehensive solutions, a team approach by our own specialists and a systematic lineup of services. In addition to the conventional stress checkups, training, and counseling for people with problems, by closely communicating with company personnel, human resources department staff and industrial health staff, particularly

industrial physicians, SJHS provides comprehensive solutions to issues, and supports the development of industrial health systems within the company.

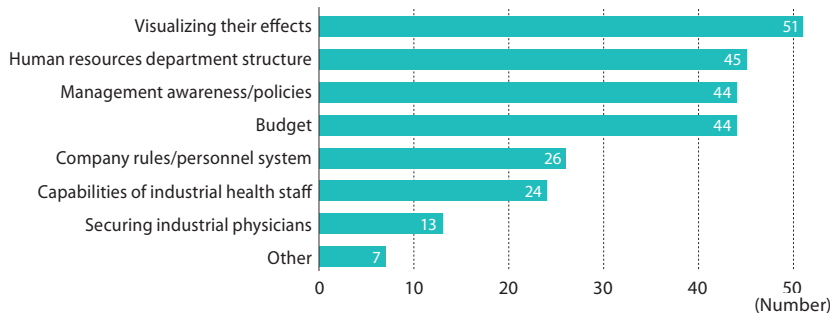
The services are provided by teams of SJHS consultants and medical staff with a thorough knowledge of industrial health. They deal with mental healthcare not just as a matter of people's own internal problems, but also undertake a broad-ranging evaluation and analysis, including latent problems in the workplace environment and personal relationships, and they work with the company to resolve the issues. Starting with a nationwide network of more than 150 psychiatrists, SJHS has created a support system for building healthy companies on a national scale.

### Program for Measuring Decreasing Rates of Work Productivity Due to Ill-health

In FY2010, SJHS developed MIMOZA WLQ-J, the first program in Japan for quantitatively measuring the effects of employees' physical and mental health on work productivity. The program has had a major impact, as it provides client companies with a tangible means for understanding the effects of their mental health measures, and it can also be used for management indicators.

#### ● Results of Survey of Participants at Mental Health Seminar (July 2010)

Problems and difficulties involved in strategic implementation of mental health measures (multiple responses included)



### In Focus

#### Contribution to Physical and Mental Health Improvement and Preventive Care

Sompo Japan Research Institute Inc. aims to contribute to the advancement of the health support business and the creation of a healthier society through studies and research in the social security and healthcare fields. The findings from its studies in relation to innovative health improvements and preventive care initiatives in communities and companies have appeared in the 19 volumes of the Disease Management\* Reporter (DMR) published since 2004. The DMR is circulated to people who deal with health improvement and preventive care, and is also available on the company's website in English and Japanese.

The DMR has published information about a campaign in the city of Fuji for preventing suicide resulting from depression, which is a major issue in Japan. The campaign, which is targeted mainly at middle-aged people, was the model for a suicide prevention campaign launched by the Cabinet Office in 2010.

→ Sompo Japan Research Institute Inc. <http://www.sj-ri.co.jp/eng/>



*"If you have had trouble sleeping for more than two weeks, it's time to see a doctor."*

\* Disease Management: Programs for the prevention of serious disease aimed mainly at those with chronic illnesses

# 3 Providing Sustainable and Responsible Financial Services

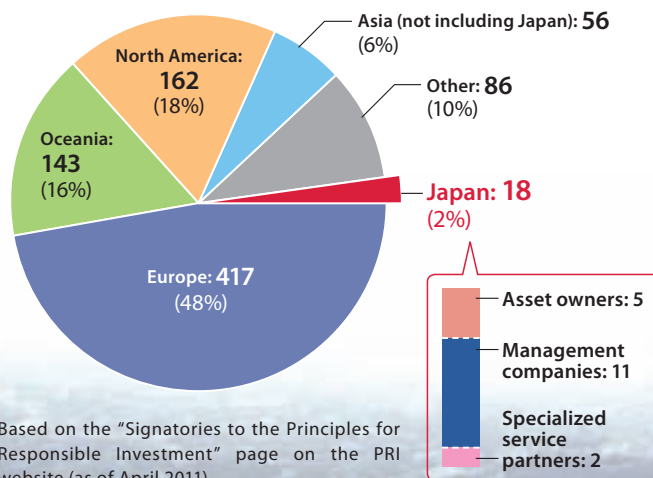
The Sampo Japan Group is using our core capabilities in insurance and financial services toward resolving sustainable issues. To this end we are promoting SRI<sup>1</sup> funds that contribute to sustainable development through flows of investment based on assessments of companies' efforts to ensure sustainability. We are also contributing to the creation of a sound society through environmental finance and social capital development, as well as through the development of new products and services that contribute to resolving social challenges by making use of insurance and financial functions.

We also apply the UN Principles for Responsible Investment<sup>2</sup> to our own lending and investment processes by taking the ESG (Environmental, Social, Governance) issues into account.

1. Sustainable and Responsible Investment (SRI): An approach to investment under which investment decisions are based not only on economic and financial criteria, but by comprehensively incorporating a corporation's efforts regarding corporate governance (which denotes the corporation's transparency), as well as social issues such as the environment and human rights, into an investment appraisal standard. SRI funds are investment trusts made up of investment stocks that were selected via this method.

2. Principles for Responsible Investment (PRI): This initiative was proposed to the financial world by then-Secretary-General of the United Nations Kofi Annan in 2006. These international investment principles say that institutional investors have a duty to act in the best long-term interests of their beneficiaries, and that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios. They also include the concept of incorporating ESG issues into the decision-making processes of institutional investors within the range of fiduciary responsibilities.

● Number of Organizations that have Signed the PRI Worldwide



As of April 2011, 882 financial institutions all over the world (including Sampo Japan) have signed the PRI (see p. 8)

Based on the "Signatories to the Principles for Responsible Investment" page on the PRI website (as of April 2011)





## FY2010 Results and State of Progress

Self-assessment

- p. 33 | Highlight **01**  
*Sompo Japan Green Open* eco-fund: **¥15.8 billion balance** (as of March 31, 2011)  
 Increased adoption for defined contribution pension investment products and sales companies .....☆☆☆
- p. 34 | Launched Tuition Debt Forgiveness Insurance .....☆☆

\* Self-assessment of activities

☆☆☆: Major progress was made towards the achievement of goals ☆☆☆: Progress was made towards the achievement of goals

☆: Activities implemented but more progress is required

FY1992–2005

FY2006–2008

FY2009–

### Phase 1

- Developed Environmental Impairment Liability Insurance
- Developed the *Sompo Japan Green Open* eco-fund and *Sompo Japan SRI Open* fund

### Phase 2

- Signed the Principles for Responsible Investment (PRI)
- Expanded base for SRI
- Expanded products and services that utilize insurance and financial functions to make a positive contribution to social challenges —Began offering microinsurance in India

### Phase 3

- Started expansion and promotion of insurance and financial services toward resolving sustainability issues



## Highlight 01

## Financial Products and Services for Addressing Sustainability Issues In Pursuit of Lending and Investment that Take ESG into Account and the Promotion of SRI Funds

Insurance companies, as institutional investors, are required to engage in investment and lending in a responsible way that takes ESG\* factors into account. Sompo Japan makes efforts for CSR financing through offering of financial products and services, and signed the UN Principles for Responsible Investment, we give consideration to ESG issues in our investment and lending processes as well.

→ Sompo Japan Nipponkoa Asset Management Co., Ltd. <http://www.sjnk-am.co.jp/dat/english.pdf>

\* ESG (Environmental, Social, Governance): PRI includes the concept that investment entities should give consideration to ESG factors when making decisions

### Long-Term Efforts to Promote SRI Funds (SRI Investment Trusts)

SRI funds are one approach for contributing to sustainable development from a financial standpoint.

The *Sompo Japan Green Open* eco-fund managed by Sompo Japan Nipponkoa Asset Management Co., Ltd. (SNAM), which was established in September 1999, was the second SRI-fund on the Japanese market. This fund has the biggest share of balance in SRI domestic stock investment trusts in Japan (as of March 31, 2011). A primary universe of investment is created based on the results of environmental management analysis for listed companies by NKSJ Risk Management, Inc., and out of the universe SNAM selects stocks to invest for the fund.

SRI funds—including the eco-fund and the *Sompo Japan SRI Open* fund that has been operated since 2005—are being increasingly adopted in defined contribution pension investment products in which employees of corporations enroll. SNAM is aiming to expand the base for SRI funds in Japan by establishing eco-funds for financial institutions and other institutional investors, and also through conducting activities to promote and introduce pension funds.

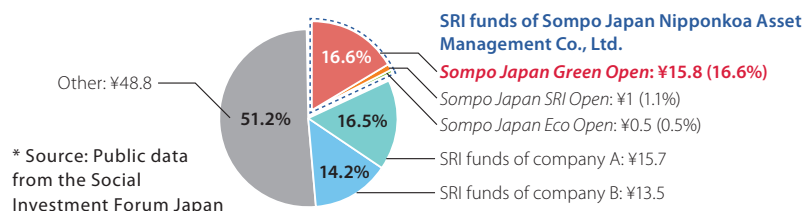
In addition to SRI funds, Sompo Japan cooperates with credit companies to promote the lending of money to purchase solar power generation systems. Over 10% of the amount lent in FY2010 was for environment-related loans.

### PRI-based Investment and Lending

As a signatory of the Principles for Responsible Investment (PRI; see p. 8), Sompo Japan also incorporates consideration for ESG issues into the investment and lending processes. Specifically, the environment-related efforts of the target companies—as well as whether the companies are included in any environment-related fund or index—are taken into account in the examining process of investment or lending. In this way we work to assess corporations in a multifaceted manner. When entrusting investment assets to outside fund managers, we confirm their investment systems and policies as a method of assessment, including their initiatives related to ESG issues.

The *Sompo Japan Green Open* fund received an award for excellence in the domestic stock investment section of the Morningstar Award Fund of the Year 2010 competition, as well as the Second Prize for Japanese SRI Funds in the Investment Trusts Category and for Japanese Equity Funds in the Defined Contribution Pension Category in the R&I Fund Award 2011. (These evaluations are analyses of past achievements during fixed periods. No warranty is provided concerning future investment results.)

### ● SRI Investment Trusts in Japan (Domestic Stock Investment) Breakdown of ¥95.3 Billion Balance (as of March 31, 2011; in billions of yen)



Net asset balance of all SNAM investment trusts: **¥236.8 billion**

### ● Sompo Japan Green Open Trading Units and Balance (at the end of each fiscal year)

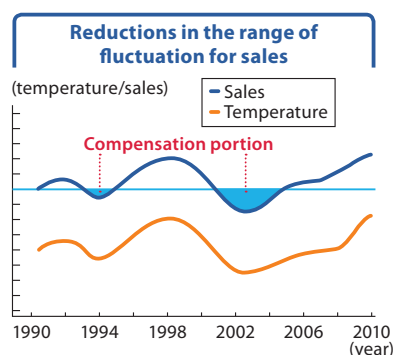
	FY2008	FY2009	FY2010
Trading Units (in billions of units)	23	24	23.4
Balance (in billions of yen)	¥12.5	¥17.7	¥15.8

## Other Products and Services This page introduces our major products and services for solving sustainability issues.

### Weather Derivatives

Weather derivatives, which help prepare for profit loss stemming from bad weather, are an effective financial product for adapting to climate change. For example, retail stores—whose sales of beer decrease when the temperature is low—can participate in a contract to receive fixed

#### ● Shifts in Corporate Sales and Their Influence on Earnings Using derivatives (A conceptual display of the correlation between sales and weather)



compensation payments if the average temperature for the period in July and August drops below a certain standard. In addition to temperature, almost all weather data released by the Japan Meteorological Agency (such as precipitation, maximum snowfall, and wind speed) can be used as indices to determine compensation.

The entire country of Japan experienced fierce heat from June to September 2010, which led to significant drops in the production output of agricultural produce and animal products. This greatly affected businesses in the agricultural and livestock industries. Tremendous snowfalls also occurred from December on, which had large impacts on the leisure industry (such as golf courses) and local governments who had to defray the cost of snow removal. The need for weather derivatives is rapidly growing in such situations.

**Note: The following is being published in accordance with Japanese Laws. Notice Concerning Article 37 of the Financial Instruments and Exchange Act**

#### Primary risks of Weather Derivatives

Weather Derivatives are products in which the amount of compensation paid is based on the observation results of the meteorological indices measuring such things as the temperature and the amount of rainfall. Since the amount of compensation changes depending on the observation results of the meteorological indices, the compensation received by the clients may be less than the premium they paid, and in some cases no payment will be received. Other risks may also be involved. For details, please refer to the contract or the documents delivered prior to the conclusion of the contract.

#### Outline of the Financial Instruments Business Operator, etc.

Trade name: Sompo Japan Insurance Inc.,  
Registered Financial Instruments Business Operator, Registration Number 142, Kanto Local Finance Bureau  
Member association: Japan Securities Dealers Association (JSDA)

### Financing for Social Capital Improvement and the Environment

Sompo Japan provides financing support to businesses contributing to social capital improvement and corporations addressing environmental problems. In 2001, Sompo Japan became the first non-life insurance company to participate in the joint financing of a PFI\* project, the Project for the Construction, Maintenance, and Operation of Chowa Elementary School in Chofu City. It has since provided financing in a wide range of fields.

\* Private Finance Initiative (PFI): A method that utilizes private funds and expertise to carry out the construction, maintenance and management, operations, etc. of public and other facilities. These initiatives aim to cut the project costs for national and local authorities and ensure the provision of higher-quality public services.

### Green Reform Loan Plan

The Green Reform Loan Plan is a financial product that combines climate change countermeasures and biodiversity conservation, and was developed together with a NGO. It offers a 0.3% decrease compared to the normal applicable interest rates on loans for environment-friendly refurbishments, and then donates a 0.3% financing amount to the *Satoyama Donguri Charity Fund*, which supports revitalization and conservation activities for biologically rich environments between traditional rural villages and foothills, called satoyama areas, across Japan.

Sompo Japan has presented six pizza ovens to action groups at satoyama areas over two years since FY2009 via the *Charity Fund*. The project provides opportunities for environmental education to a wide range of people.

### Tuition Debt Forgiveness Insurance

In recent years, there are many children who have given up on entering private schools or who have transferred to public schools because of their financial circumstances.

From 2010, Sompo Japan has offered tuition debt forgiveness insurance as one facet of support services for continued education. This service provides assistance for regulations to reduce tuition and other fees for private elementary and junior high schools decided by the Study Encouragement Support Insurance Services for Private Schools, Inc., which has received financing from Nichinoken Kanto and Yotsuya Otsuka Inc. Sompo Japan makes insurance payments for the amount of exemption to schools that actually exempt tuition and other fees based on these regulations.

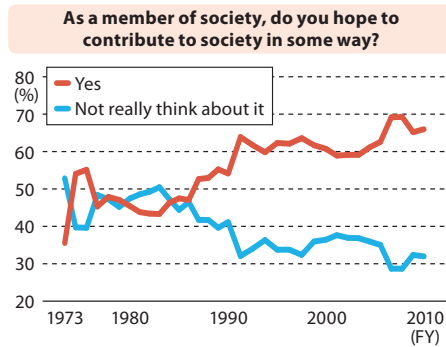


# 4 Community Involvement and Development

In order to create better local communities, it is important for each employee to make use of the skills they have obtained through their jobs and accumulate experience by taking part in resolving community challenges. With a focus on the employee volunteer organization Chikyu (Earth) Club, Sompo Japan has for many years continually and steadily carried out volunteer activities throughout Japan and other countries. These activities involve making use of the technical knowledge and skills members and our agencies possess such as cleaning and repairing wheelchairs at facilities for the elderly, as well as computer classes for people with disabilities.

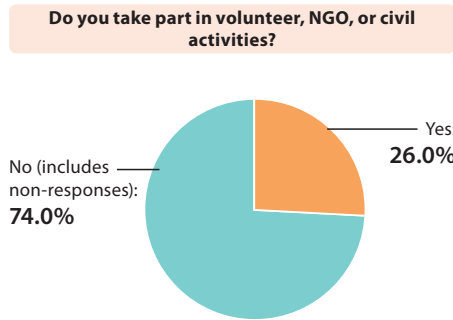
The Sompo Japan Group's employees and agencies work hand-in-hand with local NGOs, governments, and residents to resolve community challenges. In this way they gain greater perceptiveness. The Group regards fostering and supporting highly perceptive people who contribute to the creation of a sustainable society as an important responsibility.

### ● Citizen Awareness of Social Contribution



Source: "Public Opinion Survey on Social Awareness" (FY2010), the Cabinet Office, Japan

### ● Citizen Participation in Volunteer Activities, etc.



Source: "The National Survey on Lifestyle Preferences" (FY2010)

In Japan, the number of people who hope to contribute to society began increasing in the late 1980s, and was 66.0% in FY2010. In contrast, the majority of people (74.0%) are not participating in volunteer or civil activities such as NGOs. In order to fill in this gap, it is becoming even more necessary to foster talented people who will be in charge of new types of public service through partnerships with the government, corporations, and NGOs.





## FY2010 Results and State of Progress

Self-assessment

pp. 37–38	<p>Highlight <b>01</b></p> <p><i>Chikyu (Earth) Club Social Contribution Fund:</i></p> <p>Total annual earnings: <b>Approx. ¥24 million 1,100 more participants</b> than in FY2009 .....☆☆</p> <p>Assistance regarding the Great East Japan Earthquake .....☆☆</p>
pp. 39–40	<p>Highlight <b>02</b></p> <p>The Art Appreciation Education through Dialogue project for elementary and junior high school students: <b>36 schools, 1,997 participants</b> .....☆☆</p> <p>First social welfare grants for overseas organizations: <b>2 groups</b> .....☆☆☆</p> <p>Public Seminars on the Environment (total <b>12 seminars</b>) and outdoor seminars: <b>Total more than 16,000 participants since 1993</b> .....☆☆</p>

\* Self-assessment of activities

☆☆☆: Major progress was made towards the achievement of goals ☆☆☆: Progress was made towards the achievement of goals

☆☆: Activities implemented but more progress is required

Data Book (PDF) pp. 16–21

FY1993–2002

### Phase 1

- Started activities of the employee volunteer organization Chikyu (Earth) Club
- Started cooperative programs with NGOs, including Public Seminars on the Environment
- Established the Sompo Japan Corporate Citizenship Policy
- Started the Sompo Japan CSO<sup>1</sup> Learning Scholarship Program

1. CSO: Civil Society Organization

FY2003–2008

### Phase 2

- Started cooperative forest development projects
- Started the NGO strengthening grants project

FY2009–

### Phase 3

- Expanded scope of corporate citizenship activities focusing on *pro bono* programs based on characteristics in the department and the region
- Launched the E-Koto CSR Point System
- Started overseas grants for social welfare groups



## Highlight 01

# Corporate Citizenship Activities—System and Cooperation with NGOs

## Corporate Contributions and Contributions by Individual Employees

The Sompo Japan Group actively engages in corporate citizenship activities. It also focuses on awareness-raising and support systems to encourage employees to participate in corporate citizenship activities. In addition, collaboration with highly skilled NGOs is the key in promotion of these activities.

### Corporate Citizenship Policy

Sompo Japan's corporate citizenship policy is based on the dual perspectives of corporate contributions and contributions by individual employees. The policy also identifies three priority areas of corporate contribution: welfare, fine arts and the environment. The Chikyu (Earth) Club, a volunteer organization of which all of the Group's employees are members, collaborates closely with the three Sompo Japan foundations on promoting initiatives in cooperation with local communities.

### 1. Corporate Contributions

#### ● Contributions through Three Foundations

The three priority areas for Sompo Japan's corporate contribution activities are mainly carried out through three foundations: the Sompo Japan (Welfare) Foundation, the Sompo Japan Fine Arts Foundation and the Sompo Japan Environment Foundation. A variety of activities are pursued in collaboration with NGOs (see pp. 35–36).

### 2. Contributions by Individual Employees

#### ● Volunteer Organization, Chikyu (Earth) Club

The Chikyu (Earth) Club has been carrying out activities in collaboration with agencies since 1993. In FY2010, it undertook 373 projects in various areas, including forest preservation activities, cleanup programs, computer classes for people with disabilities, cleaning and repair of wheelchairs in elderly facilities and collection and donation of

calendars, diaries and used books. Projects are tailored to the needs and characteristics of local communities.

#### ● Chikyu (Earth) Club Social Contribution Fund

Executives and employees can voluntarily donate ¥100 or more to the Fund from each month's salary to support mainly the Chikyu (Earth) Club's activities. In FY2010, the 7,453 people who participated each donated an average of ¥215 per month, giving the Fund a total income of approximately ¥24 million, including the balance carried forward from the previous year. The cumulative total of donations since the Fund was established in 1999 has reached approximately ¥185 million.

#### ● Sompo Japan Matching Gift Program

Under the matching gift program, Sompo Japan donates an amount equivalent to 50% of an employee's monetary donations (up to a maximum of ¥50,000). In FY2010, it donated an amount matching the proceeds raised from a charity bazaar held by employees.

#### ● Leave for Volunteer Activities

Since 1993, all Sompo Japan employees have been able to take up to two days leave per month, or a

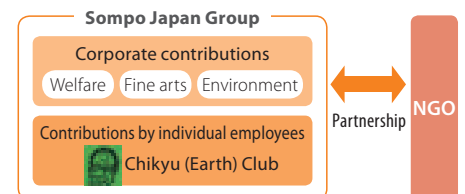
maximum of 20 days per year, in addition to their normal paid leave to participate in volunteer activities. There is also a long-term leave program under which employees with at least four years of continuous work can take leave for a period of six months to three years.

In FY2010, one employee took volunteer leave to undertake activities in an orphanage.

#### ● E-Koto CSR Point System

Under the E-Koto CSR Point System, employees record their own efforts regarding CSR and points are given for each activity. Amounts are then donated by Sompo Japan to NGOs, calculated on the basis of ¥1 per point. In FY 2010, all of the Sompo Group's 19,371 executives and employees participated in the system and ¥1.64 million was donated to NGOs working in the fields of the environment and welfare.

#### ● Overview of Sompo Japan's Corporate Citizenship Activities



#### ● Breakdown of FY2010 Expenditures of Chikyu (Earth) Club Social Contribution Fund

Support for local community activities	¥504,704
Support for NGOs and other organizations	¥5,550,000
Extensive large-scale disaster assistance	¥5,700,000
Donations to NGOs and other organizations via foundations Donations to Sompo Japan Foundation, Sompo Japan Fine Arts Foundation and Sompo Japan Environment Foundation (utilized for Sompo Japan CSO Learning Scholarship Program and strengthening welfare organizations)	¥8,000,000
Administrative expenses (transfer fees, printing, etc.)	¥488,775
Balance carried forward	¥3,620,080
<b>Total</b>	<b>¥23,863,559</b>

## Assistance to Disaster Areas of the Great East Japan Earthquake

As well as focusing our efforts on assisting reconstruction through our core insurance business, each of our employees have worked hand-in-hand to do whatever they can to help people in the disaster areas.

### ● Collecting of Donations

In addition to making corporate monetary donations through The General Insurance Association of Japan, we appealed for donations from employees of all NKSJ Group companies. The funds that were collected, totaling ¥120 million, were delivered to the Central Community Chest of Japan and other channels.

### ● Prompt Assistance for NGOs

#### Working in the Disaster Areas

The *Chikyu (Earth) Club Social Contribution Fund* gave assistance in the sum of ¥5 million to NGOs working in the disaster areas for use as operating expenses. The money was donated just one week after the earthquake as a means of immediate support.

### ● Material and Human Resources Assistance

As well as providing necessities such as towels and tissues, employees participated in packaging aid supplies for the disaster areas as a member of the Keidanren 1% club. Our Chairman and Executive Officer, Masatoshi Sato, visited



Marche for disaster area aid  
(Tokyo Head Office)



The Fuyo Group volunteer project  
(Miyagi)

disaster areas to hand out the aid supplies as a chairman of the 1% club.

### ● Marche Held to Support Disaster Areas

With the cooperation of agricultural producers in Fukushima and Ibaraki prefectures and the Japan Agricultural Corporations Association, products hit hard by rumors, such as rice, vegetables and processed goods from Fukushima and Ibaraki prefectures were sold in four institutions in Sompo Japan.

### ● The Fuyo Group Volunteer Project

30 employees from Sompo Japan along with over 130 employees from the Fuyo Group\* participated in cleaning the

beach and houses in the disaster area.

\* The Fuyo Group: A group of 64 companies, including Sompo Japan, Marubeni Corporation, Mizuho Financial Group and Oki Electric Industry

### ● Support Messages through Twitter

Twitter was used to send messages of support to the victims and to provide various types of information relating to disaster assistance and volunteering.

### ● Initiatives of the Three Foundations

- The **Sompo Japan Foundation** provided a ¥4.6 million Regional Disaster Emergency Grants to three organizations helping children and adults with disabilities and welfare organizations in the disaster areas.
- The **Sompo Japan Fine Arts Foundation** donated ¥1.5 million of its admission fees from the "Sompo Japan Collection" exhibition to the Foundation for Cultural Heritage and Art Research for protecting and repairing cultural assets damaged by the disaster.
- The **Sompo Japan Environment Foundation** donated grants of ¥200,000 collected from the CSO Learning Scholarship Program network to each of four environmental NGOs in the disaster areas.



The *Chikyu (Earth) Club Social Contribution Fund* was used for medical support, meal preparation and other expenses



Packing aid supplies (Nagoya)



## Highlight 02

# Corporate Citizenship Activities based on Three Foundations

## Sompo Japan Foundation

Established in 1977, the Sompo Japan Foundation aims to contribute to welfare and cultural improvement, focusing on the following activities.

### Social Welfare Grants to Support NGOs

The Foundation provides grants to organizations carrying out welfare activities primarily for people with disabilities and the elderly to help them form incorporated NGOs, and it assists in areas such as the purchasing of vehicles for disabled people's welfare organizations. In these ways, it helps the organizations to strengthen their foundations and to actively continue with their work. In FY2010, it expanded its aid systems outward and

commenced providing grants to welfare organizations in ASEAN member nations. It assisted two nonprofit organizations in Indonesia (Jakarta) and the Philippines (Manila) with funds required for programs for people with disabilities. In addition, after the Great East Japan Earthquake, it provided Regional Disaster Emergency Grants to organizations primarily carrying out welfare activities for disabled people.

### Social Welfare Literature Award Project

To promote research in the field of social welfare, the Foundation confers the Sompo Japan Foundation Award on promising young and mid-level researchers in recognition of

## The Sompo Japan Fine Arts Foundation

The Sompo Japan Fine Arts Foundation, established in 1976, aims to promote fine arts and culture and contribute to education for young people. Its main activity is the administration of the Seiji Togo Memorial Sompo Japan Museum of Art, located on the 42nd floor of Sompo Japan's Head Office building.

### Education of Future Generation

Elementary and junior high school students are admitted to all exhibitions free of charge. This reflects the Foundation's commitment to contributing to academic and social education of future generations.

→ <http://www.sompo-japan.co.jp/museum/english/index.html>

### Art Appreciation Education

Since FY2008, the Museum has conducted the Art Appreciation Education through Dialogue project, in cooperation with the local government where the Museum is located. The program, which takes place on days when the Museum is closed, is mainly for elementary and junior high school students in the area, and 1,997 students from 36 schools participated during FY2010. Volunteer guides teach the students to carefully look at, consider, discuss and learn about works of art. In this way, the program aims to develop students' skills in areas such as observation, thinking, creativity, expression and communication.

## Sompo Japan Environment Foundation

Established in 1999, the Sompo Japan Environment Foundation is involved in developing human resources in the environment field. Its motto is "Fostering people who plant trees," and partnership with NGOs plays an important role to ensure that we continue its programs on a long-term basis.

### Sompo Japan CSO Learning Scholarship Program

Launched in 2000, the Foundation provides long term internships with environmental NGOs for approximately 70 undergraduate and postgraduate students each year where they have opportunities to learn about environmental problems and civil society. By its 10th anniversary in FY2009, the Foundation

had arranged placements with NGOs for 597 students.

### Public Seminars on the Environment

Since 1993, the Foundation has conducted Public Seminars on the Environment, comprised of approximately 12 lectures per year, in conjunction with the Japan Environmental Education Forum and Sompo Japan.

### Environmental Protection Project Grants to Support NGOs

The Foundation also provides environmental protection project grants to NGOs to support their activities, and academic research grants to assist doctorate students working in environmental fields.

The Sompo Japan Group works primarily through three foundations in collaboration with NGOs to pursue a variety of activities in the fields of welfare, fine arts and the environment.

academically excellent books and papers on social welfare. There have been 24 recipients since the commencement of the award in FY1999. A symposium was held in July 2010 which included a commemorative address by the winner of the award in FY2009.

**Scientific Projects Relating to Welfare and Insurance**

The Foundation provides assistance for the conducting of seminars and research relating to social welfare, social insurance and non-life insurance in Japan. The research results are widely released and are available in a series of books and on the Foundation website (Japanese only).

**Overseas grant presentation ceremony**



St. Francis school for the hearing impaired in Manila



YPAC Jakarta

**Exhibitions Held at the Seiji Togo Memorial Sampo Japan Museum of Art during FY2010**

- Maurice Utrillo Exhibition  
"A Lonely Painter who Loved Paris"
- The World of Trick Art  
"It's Fun to be Fooled"
- Self-Portraits from the Uffizi Gallery Collection  
"Private Faces of the Masters 1664-2010"
- Works from the Seiji Togo Memorial Sampo Japan Museum of Art Collection
- Seiji Togo Memorial Sampo Japan Museum of Art Grand Prix  
Nobuya Hitsuda
- 30th Outstanding Rising Artists Exhibition presented by Sampo Japan Fine Arts Foundation



Pamphlets for school students—  
"Maurice Utrillo Exhibition" and  
"Self-Portraits from the Uffizi  
Gallery Collection"



Students viewing Van Gogh's *Sunflowers* during the Art Appreciation Education through Dialogue project

•Total number of visitors during FY2010: **260,000**  
•Cumulative total number of visitors (since the Museum opened):  
Approximately **4.74 million**



Public Seminar on the Environment titled "The Power of Forests"

CSO Learning Scholarship Program students participating in sea cleaning activities



The Foundation also held a symposium for the publication of *Environmental Risk Management and Precautionary Principle* by Kazuhiro Ueta and Tadashi Otsuka Published June 2010 (Yuhikaku)



## Highlight 03

## Corporate Citizenship Activities around the World

## Europe Providing Skills through the Company's Core Business



## United Kingdom

At Sampo Japan Insurance Company of Europe Limited, the Corporate Services Department, which runs and manages the CSR Committee regularly, provides employees with information about CSR activities and events in which they can participate. In March 2010, 25 obsolete computers were donated to a charity organization, with IT supervisors from the company assisting in their installation. The computers are used for improving the IT skills of elderly people. In November 2010, 62 employees participated in the "BBC Children in Need,"\* a fundraising event, which aims to assist children suffering from disabilities or illnesses, and they donated a total of £178.

\* BBC Children in Need: This is a fundraising event held in November to December each year by the British broadcasting corporation, BBC. Sampo Japan Europe employees wore various hats and bandanas while they conducted a fundraising activity for the event.



Employees participating in the "BBC Children in Need" activity

## Japan



## Participation by Group Company Employees in Forest Improvement Activities

In November 2010, in Ranzan, Saitama Prefecture, a group of 30 people comprised of Sampo Japan Group company employees and their families participated in forest improvement activities in the Sampo Japan Tokyo Community Forest Agreement event. The event was to mark the joining by 37 NKSJ



Forest improvement activities in the Sampo Japan Tokyo Community Forest Agreement event

Group companies in the Japan Business and Biodiversity Partnership. The participants carried out activities including the thinning of conifers, improvement cutting of evergreen trees and craft-making. By means of its membership, the NKSJ Group will continue, through its community involvement, to undertake forests improvement and other measures to reduce environmental burdens and maintain biodiversity.

## Asia Continuing Support through Donations



## Thailand

In 2009, a CSR Committee was set up by employee volunteers within Sampo Japan Insurance (Thailand) Co., Ltd. and Sampo Japan Service (Thailand) Co., Ltd. During a visit to the Kurunoi orphanage in February 2010, organized by the CSR Committee, employees deepened their relationships with the children through games, a luncheon and other activities, and the two companies and the employees gave donations totaling 10,500 baht. In addition to these activities, the two companies continued to donate funds to assist with the purchase of school equipment, as they have continued since 2004. They also made donations in FY2010 to assist with the recovery efforts from the flood damage which occurred throughout Thailand.



A visit to the Kurunoi Orphanage



## Malaysia

At Berjaya Sampo Insurance Berhad, activities include seminars on breast cancer and cervical cancer prevention and sewing classes for single mothers.



## Indonesia

Activities for helping to resolve social problems are undertaken in PT Sampo Japan Insurance Indonesia, mainly by the employee volunteer organization, "Sampo Peduli."\* These include the donation of textbooks to elementary schools attended by children from economically disadvantaged families, and the holding of seminars to promote drinking milk for good health.

\* Sampo Peduli: An organization voluntarily established by PT Sampo Japan Insurance Indonesia employees to carry out CSR initiatives

Among Group companies and agencies within Japan and overseas offices, Sampo Japan Group is continuing to expand its corporate citizenship activities, in cooperation with local communities and through the contributions of the companies and individual employees. Here, we introduce some of those activities.

 **Nationwide Expansion of Program for Cleaning and Repairing of Wheelchairs**

Ten years ago, AIR JAPAN<sup>1</sup> commenced a program for cleaning and repairing wheelchairs. This has now been expanded to facilities in various areas throughout Japan, in conjunction with employees of J-SA<sup>2</sup> and Sampo Japan.

As AIR JAPAN members are skilled at repairing automobiles, they are able to do simple repairs to wheelchairs, which are highly appreciated by the people who receive their assistance. The program for cleaning and repairing of wheelchairs has been doubled in scale, expanding from 15 facilities in FY2009 to 39 facilities in FY2010. Hiroki Shimozato, Manager of the AIR JAPAN Kanagawa branch, is keen to continue the program, saying that he wants to contribute to the local community through the volunteer activities.

1. AIR JAPAN: A nationwide organization consisting mainly of automobile maintenance and repair shops of a specified size acting as agencies
2. J-SA: A nationwide organization of professional agencies of a specified size offering both life and non-life insurance



Cleaning and repairing of wheelchairs



Hiroki Shimozato, Manager, AIR JAPAN Kanagawa branch

**North America**

**Supporting Children and Young People who will Lead the Next Generation**



**The United States**

At SJA Agency, volunteer activities by the employees include accompanying local elementary school students on museum excursions, participating in fire training programs for children and career advice for high school graduates. In addition, Christmas presents purchased by the employees were given to 25 children in a social welfare organization.



Employees accompanying local school students to a museum

**South America** **Initiatives for Improving Employees' Awareness of Environmental Protection**



**Brazil**

At Yasuda Seguros, S.A., as a first step towards environmental protection initiatives, seminars on environmental sustainability were held in order to raise company and individual awareness of environmental protection. The seminars took place over three days in September and October 2010 and were attended by 241 employees.

In addition, corporate citizenship activities are undertaken by the company and individual employees with the aim of contributing to the resolution of social issues such as disparities in income. They include the employment of economically disadvantaged young people and the donation of clothing and other items to children.



Seminar participants



Seminar

Data Book (PDF) pp. 11–15

# Promotion of Employee Diversity and Inclusion

Amidst growing global competition, low birth rates, and an aging society, the Sampo Japan Group has committed to further improving our global human resources strategy in order to accomplish sustainable growth and fulfill our responsibility to our employees as a highly valued corporation. From this standpoint we are making efforts to promote diversity and inclusion.

## Our Steps toward Diversity and Inclusion

In 2003, Sampo Japan established the Gender Equality Promotion Group (the first among Japanese financial institutions) in the Human Capital Department. In this way we have made efforts to create an environment for women to fill more active roles. We also founded the Diversity Committee in 2007, which promotes more active roles for women and also works to realize quality working environments in which all employees can feel comfortable, secure, and motivated. Moreover, in April 2011, we established the Diversity Promotion Group inside the Human Resource Development Office.

### “New Approach to Work”

We began promoting the “New Approach to Work,” which is not bound by existing frameworks, from FY2009. The aim of the program is to further improve the quality of employee work by allowing our employees to freely exhibit their abilities without being limited by their roles and duties, and regardless of gender, nationality, or age.

In FY2010 we introduced a new human resource system to unify and integrate our staff divisions. In this way we abolished limitations regarding roles, duties and treatments according to staff type. We are making efforts to

create an environment in which each employee can make maximum use of their abilities, and also to transform the behavior of each person.

Furthermore, in July 2010 our directors declared to all employees that the Sampo Japan Group will become Japan’s most appealing group of talented people. To this end, we are focusing even more on human resource development. Based on our recognition that diverse professional duties and experience lead to growth, we are also working to create a structure to encourage the growth of our employees, such as through proactive personnel exchange between different departments and Group companies.

### Promotion of Women to Management Positions

As one facet of promoting diversity, we are also making efforts to promote women to management positions. Starting in FY2010, the Human Resource Department began holding interviews and dialogues with around 600 female employees who are likely to be candidates for future management positions. Specific advice was given to them regarding their future career visions.

We also plan to introduce a mentor program\* on a trial basis in FY2011. In this way we will help female employees improve their careers continually.

\* A system in which senior employees (other than supervisors) serve as advisors to provide assistance to younger employees

### Promotion of Non-regular Staff Members

Sampo Japan introduced a system to promote non-regular staff members to permanent positions in FY2008. A total of 22 employees were promoted in FY2010. We are striving to prevent mismatches between human resources and roles through a “Challenge Period” in which the candidates for permanent positions are responsible for the same work as an employee for the six months before their promotion. In addition, staff motivation is improved by continual promotion.

### Work-Life Balance Support

Various systems for creating balance between work and daily life have been established to a certain degree. We are currently working to increase the number of people making actual use of these systems. As a result, the users of all systems increased during FY2010. Regarding measures related to working hours, we are making efforts for the three priority issues of further reducing working hours, promoting the taking of leave, and establishing the individual management of working hours.

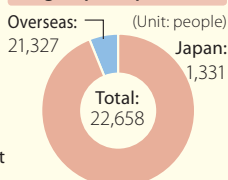
### Number of Directors and Employees (as of the end of FY2010)

(Unit: people)	Male	Female	Total
Directors	18	1	19
Employees*	10,487	8,221	18,708

\* The number of persons employed, including those who hold concurrent posts at Group companies

\* The Data Book (PDF) includes details about areas of work, positions, etc.

### All employees including group companies



### Women in Management Positions (as of the end of each fiscal year)

(Unit: people)	FY2008	FY2009	FY2010
Management positions	53	69	72
Section managers/ Senior deputy managers	362	445	527

## Global Human Resource Cultivation

Towards expansion of overseas business infrastructure, we are cultivating global human resources with the ability to work collaboratively with people from different cultures and countries. Specifically, these initiatives include the Overseas Trainee Program, in which employees learn about international business through actually working at our overseas subsidiaries, and the English Ability Improvement Contest.

In FY2011 as well, we are training our employees to be able to respond to customers on a global level by increasing employment of foreign nationals and having national staff from foreign subsidiaries transfer to our Tokyo Head Office.



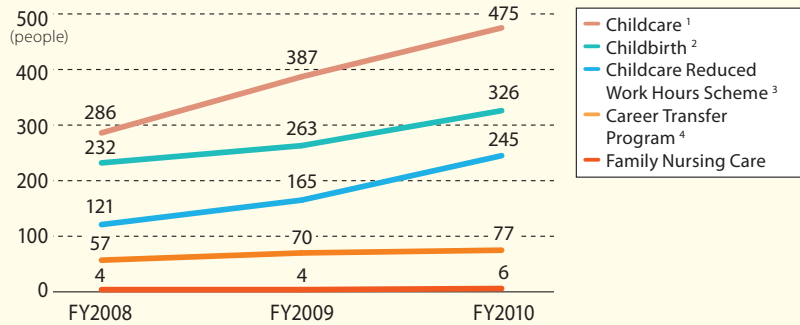
Overseas Trainee Program at Sompo Japan Insurance Company of America

### Percentage of Disabled Employees\* (as of the end of each fiscal year) (Unit: %)

FY2008	FY2009	FY2010
1.85	2.17	2.11

\* The minimum legal requirement in Japan is 1.8%

### Use of Work-Life Balance Support Programs



1. Childcare: Employees, including male employees, can take leave for up to two years to care for children
2. Childbirth: Employees are allowed up to eight weeks leave before and after childbirth
3. Childcare Reduced Work Hours Scheme: Employees who need to care for children may reduce their working hours by up to three hours per day in one-hour increments. This system is available until the end of each child's third year at elementary school.
4. Career Transfer Program: This system was established to help employees who would not normally need to undertake work transfers requiring a change of residence, but are forced to change their places of work for other reasons, such as a spouse's work transfer. On an exceptional basis, Sompo Japan will allow employees in these situations to relocate to another place of work.

\* When use of any of the programs spans across years, all years are counted

### Employment of People with Disabilities and Support for Their More Active Roles

In FY2010, Sompo Japan employed 43 people with disabilities, and also has worked to create a working environment without access barriers. In FY2010, we interviewed 20 supervisors of employees with disabilities who have

active positions in our workplaces across Japan. We intend to transmit and share this information via our in-house Intranet, and also to make efforts that lead to the establishment of support for the more active roles of disabled people after employment.

### Basic Code of Conduct on Human Rights

- No employee shall act in any way that discriminates based on social status, birth, race, gender, political views, or opinion in any aspect of duties.
- All employees strive to cultivate a spirit of respect for human rights and contribute to the realization of a society that respects the human rights of each and every person.
- All employees understand that every person is born free and equal in dignity and rights. They are also aware of human rights issues and the importance of diversity and equal opportunity, and act toward one another with a spirit of humanity.

## In Focus

### Working Together with People with Intellectual Disabilities

In April 2011, Sompo Japan Building Management Inc. employed three graduates of special needs schools who had completed internships. They were assigned to departments that are in charge of receiving and sending postal items and printing-related work. When welcoming these three individuals, we received advice from teachers at special needs schools and also made careful preparations including training given to all directors and employees. As we considered systems for working together with people with intellectual disabilities, we were able to achieve better optimization and equalization of work by re-examining lines of work flow and also visualizing business, which has long been an issue. There are also benefits to employing people of the young age of 18, such as bringing vitality to our workplace. Now, we feel that working together with these people has created many favorable results, both for their coworkers and the surrounding environment. We intend to continue internships hereafter for the employment of people with disabilities.



**Motoya Fujisawa**  
Specially Appointed Manager to the President  
Sompo Japan Building Management Co., Ltd.



## Sompo Japan Group CSR Issues Progress and Targets

CSR Issues	FY2010 Targets	FY2010 Progress	Self-Assessment of Progress	FY2011 Targets	Reference	
Advancement of Initiatives for CSR and Environmental Issues in Insurance and Financing Operations	Adaptation to and Mitigation of Climate Change	Reduce paper use by 6.9% year-on-year and increase use of our Print Network to 55% or higher	<ul style="list-style-type: none"> <li>The level of paper use was the same as FY2009, mainly due to increased use for flyers and pamphlets</li> <li>Usage rate of the on-demand Print Network was 43.7% at the end of FY2010</li> </ul>	☆	Reduce use of paper by 9.5% from FY2010 through measures including promotion of optional web-based insurance clause for customers and greater use of web conferencing instead of meetings	p. 17
		Steadily reduce CO <sub>2</sub> emissions through facility improvements and energy savings, with mid- to long-term target reductions of 40.5% by FY2020 and 56.0% by FY2050 over FY2002 levels	On a company-wide basis emissions increased by 2.1% over FY2009, which was a 36.2% reduction over FY2002	☆	Through continued facility improvements and energy savings, aim for an average yearly reduction of 1%	p. 18
		Promote sales of Weather Index Insurance and make improvements to the product (Sompo Japan Insurance (Thailand) Co., Ltd.)	Since February 2011, sales regions for Weather Index Insurance have been expanded to five provinces from the one province (Khon Kaen Province) in FY2009	☆☆☆☆	Consider revising the contents of the product, expanding sales to other regions of Thailand, diversifying target crops and expanding into other Southeast Asian countries	p. 20
		Consider other adaptation measures	Commenced joint research on flood risk evaluation in consideration of the effects of climate change with Kyoto University's Disaster Prevention Research Institute (planned research period is until 2013); began developing flood models for three major metropolitan areas (NKSJ Risk Management, Inc.)	☆☆☆☆	Complete flood models for the three major metropolitan areas and begin development of new probable rainfall models, with the aim of integrating them with the flood models	p. 20
	Risk Management for Safety and Security	Enhance capabilities in new risk management consulting fields including environmental risk management and Business Continuity Management (BCM) (NKSJ Risk Management, Inc.)	<ul style="list-style-type: none"> <li>Developed a Biodiversity Consulting service in conjunction with an environmental NGO</li> <li>Commenced providing assistance for energy saving measures including a consulting service for acquisition of ISO 50001 certification</li> </ul>	☆☆☆☆	Expand operations in the business fields of food safety, CSR, the environment and the inspection of electric power facilities, in order to support corporate management	p. 19
		Develop new products and services that meet society's concerns and needs for safety and security	<ul style="list-style-type: none"> <li>Developed a new cancer insurance product which helps customers to maintain their quality of life while undergoing treatment by providing cover for outpatient treatment without hospital admission (NKSJ Himawari Life Insurance Co., Ltd.)</li> <li>Launched travel insurance for visitors from China to Japan, with features including Chinese language introductions to medical facilities and cashless services (Sompo Japan Insurance (China) Co., Ltd.)</li> </ul>	☆☆☆☆	Continue providing products that meet society's needs for safety and security	pp. 23–24
		Expand our lineup of mental healthcare services and our nationwide network of mental health specialists (NKSJ Risk Management, Inc.)	Developed the first program in Japan for quantitatively measuring the effects of employees' physical and mental health on work productivity; established nationwide counseling networks and healthcare facility networks	☆☆☆☆	Work to offer and promote effective solutions for creating healthy companies	pp. 25–26
	Providing Sustainable and Responsible Financial Services	Increase new sales financial institutions to commit to promote and expand SRI funds; continue initiatives towards the adoption of SRI funds by pension funds, institutional investors and defined contribution pension (DC) investment products (Sompo Japan Nipponkoa Asset Management Co., Ltd.)	<ul style="list-style-type: none"> <li>Increased sales institutions and adoption of SRI funds for defined contribution pension investment products from the previous year</li> <li>Achieved largest balance (¥15.8 billion) among Japanese SRI funds as of March 2011</li> </ul>	☆☆☆☆	Continue working to promote SRI funds including the Sompo Green Open	p. 29
		Prior to the making of investments and loans, confirm that companies selected to receive the investments and loans are implementing environmentally friendly, and other initiatives	<ul style="list-style-type: none"> <li>Confirmed the status of environmentally friendly, and other initiatives of companies receiving investments and loans</li> <li>Through cooperation with credit companies, promoted the lending of money for purchasing of solar power generation systems</li> </ul>	☆☆	Continue promoting environment-related investment and lending	p. 29
		Consider development of CSR-related products	Commenced providing support services for continued education	☆☆	Consider development of products and services that contribute to the solving of social problems	p. 30

\* Self-assessment of activities

☆☆☆: Major progress was made towards the achievement of goals ☆☆☆: Progress was made towards the achievement of goals

☆☆: Activities implemented but more progress is required



We present the progress made on CSR issues, with emphasis on the Four Material Issues identified through engagement with our stakeholders.

CSR Issues	FY2010 Targets	FY2010 Progress	Self-Assessment of Progress	FY2011 Targets	Reference	
Promoting Involvement of Employees in Corporate Citizenship Activities	Fostering Community Involvement	Enhance E-Koto CSR Point System	The Group's 19,371 executives and regular employees checked their CSR activities on the Internet and an amount equivalent to the points earned of ¥1.64 million was donated to NGOs	☆☆☆	Consider establishing ongoing relationships with organizations that received donations	p. 33
		Enhance provision of information to increase participation in the <i>Chikyu (Earth) Club Social Contribution Fund</i>	<ul style="list-style-type: none"> <li>The number of participants in the Fund was increased since FY2009 by around 1,100 people to 7,453</li> <li>The total income of the Fund was approximately ¥24 million (including the balance carried forward from the previous year)</li> </ul>	☆☆☆	Consider reforms aimed at further utilization of the Fund	pp. 33–34
		Commence social welfare grants to overseas organizations (Sompo Japan Foundation)	Provided grants to ASEAN member nations for the first time, assisting two nonprofit welfare organizations in Jakarta and Manila with funds required for programs for children and adults with disabilities	☆☆☆☆	<ul style="list-style-type: none"> <li>Continue providing grants to ASEAN member nations for social welfare and other organizations</li> <li>Assist areas affected by the Great East Japan Earthquake by providing Regional Disaster Emergency Grants</li> </ul>	pp. 35–36
		Consider expanding the “Art Appreciation Education through Dialogue” project (Sompo Japan Fine Arts Foundation)	Carried out trials in other locations to determine whether the “Art Appreciation Education through Dialogue” project at the Seiji Togo Memorial Sompo Japan Museum of Art should be extended beyond the current area of Shinjuku-ku, Tokyo	☆☆☆☆	Devise ways of extending the project to meet the various social needs of other organizations including other schools, municipalities and corporations	pp. 35–36
		Hold the Public Seminars on the Environment, comprised of 12 lectures with four themes	<ul style="list-style-type: none"> <li>The 12 lectures and also open air lectures were held, attended by a total of 1,394 people</li> <li>The CSO Learning Scholarship Program 10th Anniversary Symposium was held, along with the publication of the 10th Anniversary pamphlet, and discussion took place at the Symposium between experts involved in the Program and alumni of the Program</li> </ul>	☆☆☆	<ul style="list-style-type: none"> <li>Hold a scheduled total of nine lectures with three themes: forests and water—the earth, oceans and space—and two decades of “the environment”—and four special lectures</li> <li>Continue working to develop human resources in the environment field</li> </ul>	pp. 35–36
Creating Quality Working Environments in Which All Employees Can Feel Comfortable, Secure, and Motivated	Engaging with Employees	Create environments where employee diversity can flourish	<ul style="list-style-type: none"> <li>To allow employees to freely exhibit their abilities without being limited by factors such as staff divisions, we reviewed our separate career tracks human resource system and unified staff divisions</li> <li>More women were promoted to management positions</li> </ul>	☆☆☆☆	Change structures from the Gender Equality Promotion Group within the Human Resource Department to a Diversity Promotion Group within the Human Resource Development Office; strengthen systems for promoting employee diversity	pp. 39–40
		Create a working environment where people with disabilities can have stable and active employment	<ul style="list-style-type: none"> <li>Employed 43 people with disabilities, making an employment rate of 2.1%, which exceeds the statutory requirement; the Human Resource Department interviewed managers of departments where people with disabilities are employed</li> <li>Employed three people with intellectual disabilities who had recently graduated from special needs schools, and created a working environment without access barriers (Sompo Japan Building Management Inc.)</li> </ul>	☆☆☆☆	Analyze measures for promoting more active roles for people with disabilities and transmit information to Group companies nationwide	
		Develop global human resources	Expanded various training programs for global human resources in accordance with the expansion of overseas insurance operations through M&A strategies	☆☆☆	Start receiving national staff from Sompo Japan Group foreign subsidiaries, and increase employment of foreign students	
Stakeholder Engagement	CSR Management	Expand and enhance CSR information disclosure	<ul style="list-style-type: none"> <li>Published the first CSR Report among Japanese financial institution operating in China (Sompo Japan Insurance (China) Co., Ltd.)</li> <li>Enhanced the CSR Communication website</li> </ul>	☆☆☆☆	Increase comprehensiveness of the official website and enhance the English language website to further improve the transmission of CSR updates overseas	pp. 11–14
		Enhance internal communication to integrate CSR into business throughout Group companies	<ul style="list-style-type: none"> <li>Conducted interactive internal audits in the 29 Head Office departments and held CSR development training</li> <li>Held CSR Literacy Training in all sections and Biodiversity Forums in Nagoya; shared examples of CSR practices in various places via the Internet and in-house satellite broadcasting.</li> <li>Conducted surveys in relation to ESG issues targeting 14 consolidated companies within Japan and overseas</li> </ul>	☆☆☆	<ul style="list-style-type: none"> <li>Incorporate ISO 26000 items into existing CSR and environmental management systems</li> <li>Implement action by each of our companies based on the results of surveys of the overseas offices and Group companies carried out in FY2010</li> </ul>	pp. 11–14
		Gather information and strengthen our networks through active participation in external activities	Participated in the formulation of rules and guidelines such as ISO 26000 and UN PSI, and provided examples for initiatives in which we are taking part	☆☆☆	Actively collect information through involvement in initiatives in Japan and overseas, and enhance transmission of the information	p. 43

## Awards and Rankings in Past Three Years

### FY2008 Achievements

- The *Sompo Japan SRI Open* fund received the best fund award for a Japanese Equity Fund in the Defined Contribution Pension category and the *Sompo Japan Green Open* eco-fund received an award for excellence as a Japanese SRI Fund in the Investment Trusts category for the R&I Fund Award 2008.
- Sompo Japan was listed in the Climate Disclosure Leadership Index (CDLI) by the Carbon Disclosure Project based in England.
- Sompo Japan ranked first in the non-manufacturing category and third in the general category in the Diamond Weekly ranking of listed companies' contributions to the prevention of climate change.
- Sompo Japan, together with its nationwide insurance agency organizations, received a Jury's Encouragement Award in the Green Purchasing Award for their promotion of green purchasing.
- Sompo Japan Insurance (China) Co., Ltd. was commended as an Outstanding CSR Enterprise by the Liaoning Province Association of Enterprises with Foreign Investment.
- Sompo Japan was approved as an Eco-First company by the Minister of the Environment.
- Sompo Japan's Tachikawa Building received an environmental award from Tachikawa City, Tokyo.

### FY2009 Achievements

- Sompo Japan was included in the Ethisphere Institute's 2009 list of the World's Most Ethical Companies.
- The *Sompo Japan Green Open* eco-fund received the best fund award for a Japanese SRI Fund in the Investment Trusts category and an award for excellence as a Japanese Equity Fund in the Defined Contribution Pension category for the R&I Fund Award 2009.
- Sompo Japan Insurance (China) Co., Ltd. received a commendation from the City of Dalian for its charitable activities.
- The *Green Reform Loan Plan* was selected for the Chairperson's Award for Excellence in the 6th Eco-Products Awards, organized by the Eco-Products Awards Steering Committee.
- Sompo Japan placed third in the financial section of the 13th Nikkei Environmental Management Survey and was the highest ranked insurance company for the third consecutive year.
- Sompo Japan was included among the Global 100 Most Sustainable Corporations in the World for the second consecutive year.
- Sompo Japan received a Bronze Class award in the SAM sustainability survey for the second consecutive year.
- *CSR Communication 2009* (Japanese version) was selected for an award for excellence in the environmental report section of the 13th Environmental Communications Awards.
- Sompo Japan received the Fuji Sankei Group Award in the 19th Global Environment Awards.

### FY2010 Achievements

- Sompo Japan Insurance (Thailand) Co., Ltd. received a Prime Minister's Award for Outstanding Management in 2009.
- Sompo Japan's Vietnam-based subsidiary; United Insurance Company of Vietnam, received a commendation from Vietnam's Minister of Trade and Industry in the 2010 Top Trade Service Awards.
- Sompo Japan received the inaugural Green Company of the Year Award at the 14th Asia Insurance Industry Awards.
- Sompo Japan received a commendation from the Minister of Health, Labour and Welfare for distinguished volunteer initiatives in FY2010.
- Sompo Japan placed second in the insurance section of the 14th Nikkei Environmental Management Survey.
- *CSR Communication 2010* (Japanese version) received an award for excellence in the sustainability reporting section of the 14th Environmental Report Awards for the second consecutive year.
- The *Sompo Japan Green Open* eco-fund received an award for excellence as a Japanese SRI Fund in the Investment Trusts category and an award for excellence as a Japanese Equity Fund in the Defined Contribution Pension category for the R&I Fund Award 2010.
- The *Sompo Japan Green Open* eco-fund received an award for excellence in the domestic stock investment section of the 2010 Morningstar Fund of the Year awards for the third consecutive year.
- Sompo Japan ranked in first place in the financial institutions category of the *Toyo Keizai* CSR ranking of "trusted companies" in 2011.
- Sompo Japan was elected to the Ethisphere Institute's 2011 list of the World's Most Ethical Companies.
- Sompo Japan's Data Processing Center received a Business Excellence Commendation from the Tokyo Metropolitan Government for its climate change countermeasures plans program.



# NIPPONKOA Group's CSR



## History of the NIPPONKOA Insurance Group's CSR (Includes Awards and Rankings)

FY

- |                   |   |
|-------------------|---|
| <b>2010</b> ..... | <ul style="list-style-type: none"> <li>• Received a letter of gratitude (#1) from the Sustainable Management Forum of Japan</li> <li>• Signed the UN Global Compact</li> <li>• Developed the CO<sub>2</sub> &amp; Cost Monitoring Service</li> <li>• Set medium- and long-term CO<sub>2</sub> emission reduction targets</li> <li>• Was ranked #2 in the Financial Division (#1 in the insurance industry) in the 14th Nikkei Environmental Management Survey (Nikkei Inc.)</li> <li>• Was awarded the Environmental Management Pearl Award in the Environmental Management Division of the 9th Japan Environmental Management Award</li> <li>• Was awarded the Excellence Award in the Environmental Report Division of the 1st Environmental Report Award / Sustainability Report Award</li> <li>• Participated in the Table for Two program</li> </ul> |
| <b>2009</b> ..... | <ul style="list-style-type: none"> <li>• Started the Eco-Agency Challenge program</li> <li>• Constructed the environmentally friendly Nihonbashi Building</li> <li>• Introduced Eco-Web Policy (automobile insurance)</li> <li>• Created the Eco-Safe Driving Instructor program</li> <li>• Established the NIPPONKOA Chiba-Boso Forest</li> <li>• Strengthened efforts for work-life balance (four pillars including days with no overtime work and turning out all lights at once)</li> </ul>   |
| <b>2008</b> ..... | <ul style="list-style-type: none"> <li>• Announced our commitment to becoming a carbon neutral company</li> <li>• Began accident claims handling services with carbon offset</li> <li>• Started the Eco-Safe Driving Contest</li> <li>• Set in-house standards for calculating CO<sub>2</sub> emissions</li> <li>• Implemented the Eco-First Commitments</li> <li>• Began selling insurance products with carbon offset</li> <li>• Started project to reduce CO<sub>2</sub> emissions by 20%</li> <li>• Established the NIPPONKOA Nishimera, Miyazaki Forest</li> <li>• Began exhibiting at the Eco-Products Exhibition</li> <li>• Created Ecoratta</li> </ul>  |
| <b>2007</b> ..... | <ul style="list-style-type: none"> <li>• The Business Center acquired ISO 14001 certification (all of the NIPPONKOA Insurance Group's offices have ISO 14001 certification)</li> <li>• The NIPPONKOA Hatayama Forest was established in Kochi Prefecture</li> <li>• Began the Quality of Service Improvement Campaign</li> <li>• Acquired certification as a company promoting childcare support based on the Act on Advancement of Measures to Support Raising Next-Generation Children</li> </ul>   |
| <b>2006</b> ..... | <ul style="list-style-type: none"> <li>• Began publishing the CSR Report</li> <li>• Installed a solar power generation system at the NIPPONKOA Training Center</li> <li>• Began holding practical insurance courses (sponsored courses) at universities</li> </ul>  |
| <b>2005</b> ..... | <ul style="list-style-type: none"> <li>• Acquired ISO 14001 certification throughout Japan (all Japanese Offices, NIPPONKOA Life Insurance Company, and Sonpo 24)</li> <li>• Began the Omoiyari Program (NPO assistance activities)</li> <li>• Began the Lady, Go! Project</li> <li>• Expanded measures to support balancing work and raising children (revised the childcare leave system, established a system in which the company bears day-care costs, established the U-Turn system, established a system to help spouses accompany employees in work transfers, etc.)</li> </ul>   |
| <b>2004</b> ..... | <ul style="list-style-type: none"> <li>• Began participating in the Special Project on Eco-innovation and Eco-business for Sustainable Development (SPEED)</li> </ul>   |
| <b>2003</b> ..... | <ul style="list-style-type: none"> <li>• Began selling Cost Insurance for Trust Recovery (with optional coverage for costs related to checking for soil pollution)</li> </ul>   |
| <b>2002</b> ..... | <ul style="list-style-type: none"> <li>• Acquired ISO 14001 certification (Head Office)</li> <li>• Signed the United Nations Environment Programme Finance Initiative (UNEP FI)</li> <li>• Began selling "e" comprehensive building insurance, a type of environmentally friendly fire insurance</li> </ul>   |
| <b>2001</b> ..... | <ul style="list-style-type: none"> <li>• Created the NIPPONKOA Insurance Group</li> <li>• Began investment in SRI funds</li> </ul>  |
| <b>1999</b> ..... | <ul style="list-style-type: none"> <li>• Began ISO 14001 consulting business at the Group's risk consulting companies</li> </ul>  |
| <b>1998</b> ..... | <ul style="list-style-type: none"> <li>• Established the Environment Committee, the NIPPONKOA Forest Program in Nagano Prefecture, and the Society and Aging Research Center</li> </ul>   |
| <b>1997</b> ..... | <ul style="list-style-type: none"> <li>• Began business related to ISO 14001 at the Group's risk consulting companies</li> </ul>  |
| <b>1996</b> ..... | <ul style="list-style-type: none"> <li>• Founded the NIPPONKOA Omoiyari Club</li> </ul>   |
| <b>1990</b> ..... | <ul style="list-style-type: none"> <li>• Established the Global Environment Office</li> </ul>   |

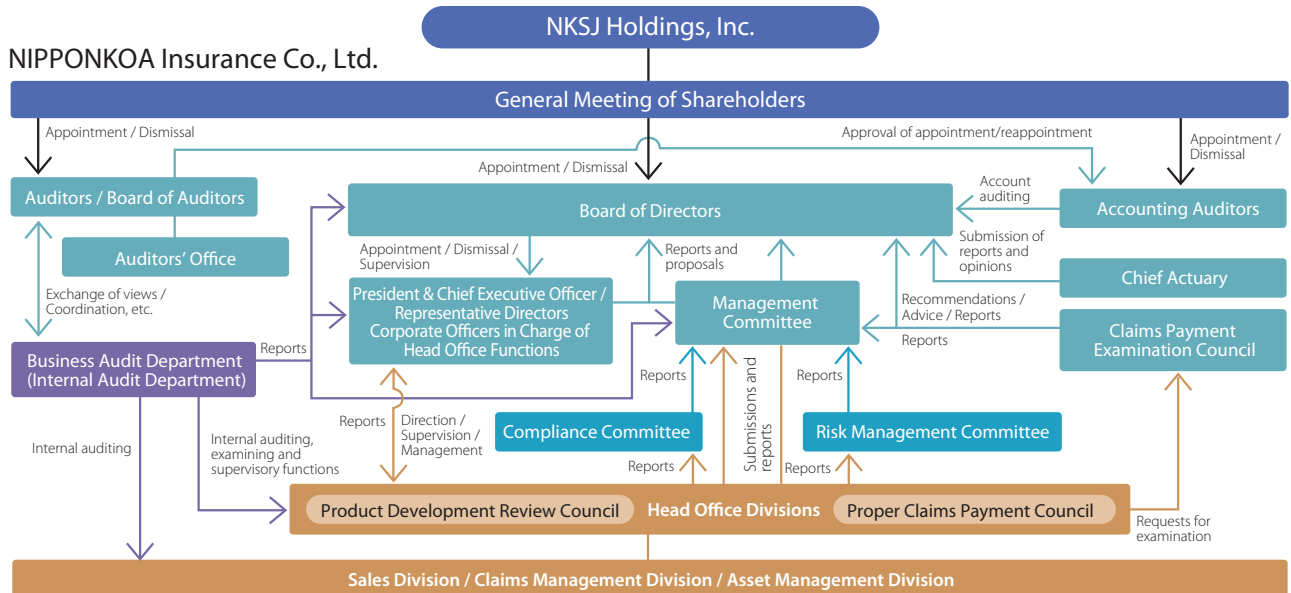
Have used current names of some organizations/projects/awards that have been renamed

# Strengthening Corporate Governance

The NIPPONKOA Insurance Group is building a management structure to enable it to appropriately and effectively carry out its business activities and earn the trust of all its stakeholders.

Also, to create sound business operations and steady growth in profitability, it is strengthening and enhancing its risk management, and is working to develop a Business Continuity Management System.

## Corporate Governance Structure



## Management Structure for Fulfilling Corporate Social Responsibilities

With the customer as the focus of all NIPPONKOA's business activities, we are pursuing even more rigorous compliance standards and enhancing our risk management structure. We are also building an appropriate management structure to enable us to improve the quality of our operations and fulfill our corporate social responsibilities.

### Directors and Board of Directors

9 directors (maximum 15), including 3 from outside the company

In principle, Board of Directors meetings are held once a month, and valuable discussion based on diverse views takes place at the meetings.

### Corporate Officers and Management Committee

25 corporate officers

The Management Committee, comprised of the President & Chief Executive Officer, corporate officers in charge of operations, executive directors and others, meets in principle twice a month.

Through discussion of important matters in relation to the conducting of business operations, it seeks to ensure that operations are carried out effectively and in conformance with the company's management policies.

### Auditors and Board of Corporate Auditors

5 auditors (maximum 5), including 3 from outside the company

Each fiscal year, the company's auditors formulate auditing policies and plans based on auditing standards. They undertake rigorous audits to ensure that operations are carried out in a legal and appropriate manner.

## Nominations and Remuneration Committee

NKSJ Holdings, Inc. has established a Nominations and Remuneration Committee based on its Corporate Governance Policies. The committee participates in the selection and remuneration of NIPPONKOA officers to ensure transparency in those processes.

## Management of Subsidiaries

Through appropriate exercising of its shareholder's rights, the formulation of management rules and other methods, NIPPONKOA ensures that each of its subsidiaries is properly managed. Also, we have established the Group Management Council to conduct discussions and other matters on the strategic development of our insurance subsidiaries in Japan.

## Creation of Internal Control Systems

NIPPONKOA has formulated basic policies for the creation of systems to ensure the appropriateness of the company's business operations, and it works to establish and maintain internal control systems in accordance with those basic policies. With respect to the internal control reports system for financial information (the Japanese version of SOX) introduced in FY2008, we are proceeding with the planned implementation of the system focusing on internal projects in the main relevant departments of the NIPPONKOA Insurance Group.

## Promotion of CSR through Various Committees

To promote NIPPONKOA's CSR activities, we have created a CSR promotion structure comprised of six committees. In addition to recognizing the CSR risks accompanying business operations, and examining countermeasures and ways of dealing with the risks, each of the committees actively promotes CSR management and works to create and expand CSR-related business opportunities.

Committee	Risks	Business Opportunities
CSR Promotion Committee	If a company does not carry out its social responsibilities as a corporate citizen, it will lose the trust of society and its raison d'être	Incorporating CSR activities into our core business and helping to resolve social problems improves the value of the company and enhances our competitiveness
Environment Committee	Climate change, loss of biodiversity and other environmental problems may make it difficult to maintain stability in the providing of insurance	Insurance coverage and new solution services that will contribute to the realization of a low-carbon society can be offered
Compliance Committee	The breaching of laws and social norms leads not just to the forfeiting of trust, but also threatens a company's survival	Effectively promoting compliance leads to improvements in areas such as the quality of marketing and accident claims handling
Risk Management Committee	Stable corporate management cannot take place without the proper recognition and control of risks	Appropriate risk management helps to ensure sound business operations and steady growth in profits
Human Rights Education Promotion Committee	Neglect and infringement of human rights harms the vitality of a company and also causes it to lose the trust of society	Mutual respect for human rights leads to a workplace where all employees can be active and enthusiastic participants
Human Resources Development Committee	If human resources are not effectively utilized and developed, the abilities of a company's human resources will decline and corporate growth will be impeded	The participation of diverse human resources creates an organization capable of properly understanding the needs of a wide range of customers

## NIPPONKOA Insurance Group's CSR Promotion Structure

With respect to NIPPONKOA's basic CSR policies and important measures developed from those policies, we have established the CSR Promotion Committee (chaired by the officer in charge of corporate planning) to comprehensively promote our CSR measures and engage in consultation across the organization. In addition, we have set up two bodies under the control of the CSR Promotion Committee—the CSR Promotion Working Group to plan and implement flexible and specific measures, and the Carbon Neutral Project Team to calculate our emissions and examine CO<sub>2</sub> reduction measures in accordance with our commitment to becoming a carbon neutral company.

## Risk Management Structure

### Basic Risk Management Policies

As a member of the NKSJ Group, we implement our own rigorous risk management measures with the aim of gaining the trust of customers and the market through sound business operations and ensuring steady increases in profitability. We are working to strengthen and enhance our risk management in accordance with the following basic policies.

#### Basic Risk Management Policies

1. Remain fully alert to the possibility that changes in the insurance business environment may lead to the emergence of new operational risks, and undertake risk management as a means of dealing with such changes rapidly and effectively.
2. Manage the company's capital appropriately by accurately identifying each type of risk and fully analyzing and evaluating those risks.
3. From the standpoint of securing and expanding profit opportunities, where it is necessary to actively incur risks, contain those risks within appropriate levels.
4. To maintain efficient and effective operations, work to mitigate risks and prevent the occurrence and escalation of losses arising from the actualization of risks.
5. Gain and maintain the trust of customers by taking proactive measures to mitigate risks that may have a direct adverse effect on them.

### Risk Management System

To fully manage the risks involved in our business operations, we have created departments for managing each type of risk, and we conduct comprehensive risk management. We have established the Risk Management Committee and undertake consultation across the organization on risk management systems and methods and other matters, and we also monitor the state of our risk management.

## Dealing with Natural Disaster Risks

In the event of a large-scale natural disaster, to enable us to provide timely and appropriate payment of customers' insurance claims, NIPPONKOA maintains the following risk management structure.

- By means of arrangements including the maintaining of various reserves and reinsurance, the company takes measures to enable it to fully cover large numbers of insurance claims resulting from a large-scale natural disaster.
- To provide for a temporary concentration of insurance claims due to the occurrence of a large-scale natural disaster, the company manages its liquidity position in such a way as to constantly maintain a fixed amount of highly liquid assets.
- The company prepares for specific scenarios such as a major earthquake in the Kanto region and periodically reviews the effects that the occurrence of such events would have on the operation of the company.
- The company ensures the stability of its operational base by maintaining systems to enable quick recovery and the continuation of operations in times of extraordinary disasters.

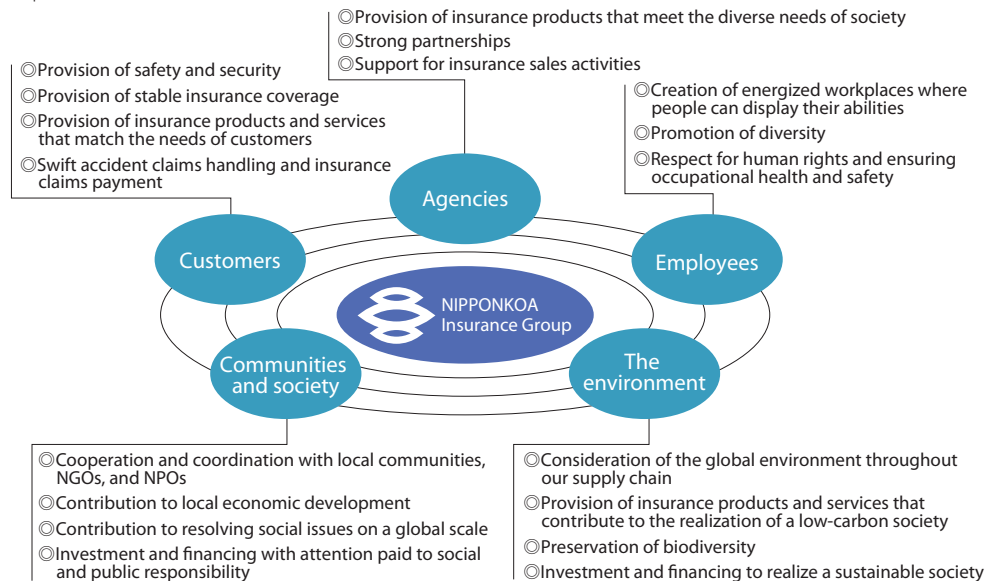


# Identifying Material Issues through Stakeholder Engagement



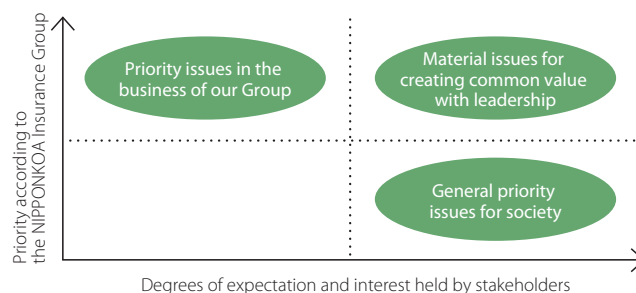
## Step 1 Clarifying CSR themes

We work to understand the expectations and interests of our stakeholders through measures including everyday discussions (dialogues) and cooperation with our stakeholders, feedback we receive from our customers during our daily business, and various types of surveys we conduct on our customers, agencies, and employees. We then clarify CSR themes from among these expectations and interests.



## Step 2 Deciding upon priority (materiality)

Based on the degrees of expectation and interest held by our stakeholders, as well as the priorities according to the NIPPONKOA Insurance Group, we decide upon the CSR themes we must make efforts towards while referring to the views of experts.

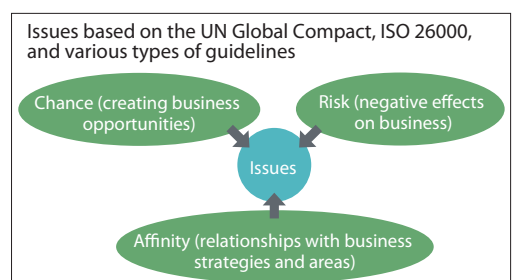


### Degrees of expectation and interest held by stakeholders

We work to confirm the degrees of expectation and interest held by our stakeholders through communication, discussions, and cooperation. These efforts include discussions with NGOs, NPOs, consumer groups, experts, and ordinary citizens (stakeholder dialogues), as well as taking part in review meetings, study groups, and activities by organizations to which NIPPONKOA belongs. We also refer to the UN Global Compact, ISO 26000 (guidance on social responsibility), and various types of guidelines from economic and other organizations.

### Chance, risk, and affinity involved in the creation of common value by the NIPPONKOA Insurance Group

We determine priority based on the types of impact on business: chance (creating business opportunities), risk (negative effects on business), and affinity (relationships with business strategies and areas).



Material Issue **01****Provision of Safety and Security**

» p. 55

The insurance business involves providing safety and security via making preparations for various societal risks. Insurance is the core business of the NIPPONKOA Insurance Group, and we believe that our most vital challenge is to continually provide safety and security to customers. It is also the issue that draws the highest degree of expectations and interests from stakeholders. Through working to create a safe society without accidents and offering insurance—a type of security to prepare for accidents—we contribute to the development of an affluent, healthy, and sustainable society.

**Step 3****Determining the NIPPONKOA Insurance Group's material issues**

This printed report focuses on initiatives related to the material issues listed to the right, including efforts related to priority issues for society such as declining birth rates, support for raising children, and support for cultivating future generations in order to realize a sustainable society. This report also includes major issues other than those previously mentioned in the three fields of economics, the environment, and society.

Material Issue **02****Response to Climate Change and Other Global Environmental Issues**

» p. 61

Our stakeholders are extremely interested in the issue of climate change, which is said to have serious negative effects on the lives of citizens. There is also concern in the P&C insurance business regarding increased insurance payouts due to growing numbers of natural disasters caused by global warming, as well as related increases in insurance premiums. In order to accomplish the stable provision of insurance—our mission as an insurance company—we are focusing on efforts regarding measures for adaptation to and mitigation of climate change.

Material Issue **03****A Strong Organization that Makes Full Use of Its Human Resources**

» p. 79

Society demands corporations to create workplaces where a diverse set of employees can work energetically, regardless of gender or disabilities, and our stakeholders are also becoming more and more interested in this issue. To that end we are striving to create workplaces where a diversely skilled workforce can fully display their individual abilities, and are also promoting the creation of a strong organization that makes maximum use of the capabilities of its individual employees. In order to realize the creation of a sustainable society, we are also making efforts regarding the development of workers who can contribute to society through the insurance business, which is one of our material issues.

# CSR Management

The following is a summary of the results and progress of CSR activity plans by the NIPPONKOA Insurance Group in FY2010, as well as targets for FY2011.

## Material issues

## Major items of expectation and interest from stakeholders

## Plan

Targets for priority initiatives in FY2010

### 01 Provision of Safety and Security

- Provision of stable insurance coverage
- Provision of insurance products and services that match the needs of customers
- Provision of insurance products that meet the diverse needs of society
- Strong partnerships with agencies
- Swift accident claims handling and insurance claims payment

- Provide insurance products and services that match the needs of our customers
- Through swift, timely and appropriate claims handling (payment of insurance claims) provide great security and satisfaction to our customers

### 02 Response to Climate Change and Other Global Environmental Issues

- Consideration of the global environment throughout our value chain
- Provision of insurance products and services that contribute to the realization of a low-carbon society
- Support for environmentally friendly insurance sales activities by agencies
- Initiatives to circulate resources and curb the usage of natural resources
- Initiatives to preserve biodiversity
- Investment and financing to realize a sustainable society






- As a company that has declared its commitment to becoming carbon neutral, meet the following targets by carrying out activities to reduce the usage of energy and resources throughout our entire value chain
- Reduce CO<sub>2</sub> emissions to 43,300 tons or less (an 18.5% reduction from FY2006 levels)
- Increase green purchasing ratio to 86.0% or greater
- Promote bumper repairs
- Promote the use of eco-parts (recycled parts)
- Increase applications of Eco-Web Policy
- Reduce use of printer paper and printed materials by 9% or more from FY2009 levels
- Promote Eco-Safe Driving

### 03 A Strong Organization that Makes Full Use of Its Human Resources

- Creation of energized workplaces where people can display their abilities
- Promotion of diversity
- Respect for human rights and ensuring occupational health and safety

- Create a workplace environment that makes it easy for people to work (improve employee satisfaction)
- Work to improve the ratio of annual paid leave taken
- Work to reduce the ratio of overtime work
- Work to improve the ratio of employees with disabilities

Self-assessment

-  Greatly exceeded target (previous year's results)
-  Exceeded target (previous year's results)
-  Met target (previous year's results)
-  Below target (previous year's results)
-  Significantly below target (previous year's results)

**Do** Major results to FY2010

**Check** Self-assessment

**Act** Major activity targets for FY2011

Degree of customer satisfaction (insurance contracts)

FY2008	FY2009	FY2010
73.1%	74.5%	74.7%

Degree of customer satisfaction (vehicle accident claims handling)

FY2008	FY2009	FY2010
86.1 points	87.6 points	88.6 points

\* Customer satisfaction was calculated from a customer questionnaire using a five-point scale

Number of complaints (expressions of dissatisfaction from customers)

FY2008	FY2009	FY2010
31,772	28,554	24,741



◎ We strive to provide insurance products and services that match the needs of our customers, as well as the industry's best claims handling services. In this way, we aim to be a company that fully protects the safety of communities and continues to offer security to the people living there. We work to improve customer satisfaction and reduce the number of complaints, which serve as indices for marking this progress.

CO<sub>2</sub> emissions

FY2008	FY2009	FY2010
46,729t	42,388t	42,329t

Overall energy used (total)

FY2008	FY2009	FY2010
663,803GJ	617,899GJ	649,775GJ

Proportion of green purchasing

FY2008	FY2009	FY2010
80.8%	85.0%	87.6%

Number of cases involving bumper repair (top) and eco-parts use (bottom)

FY2008	FY2009	FY2010
71,521	75,356	79,208
17,650	22,249	23,709

Number of cases involving Eco-Net Policy and Web-Confirm

FY2008	FY2009	FY2010
133,231	210,269	488,676

Total amount of printer paper and printed materials used

FY2008	FY2009	FY2010
5,443,000t	6,025,000t	4,813,000t



- ◎ As a company that has declared its commitment to becoming carbon neutral, we meet the following targets by carrying out activities to reduce the usage of energy and resources throughout our entire value chain
- Reduce CO<sub>2</sub> emissions to 41,480 tons or less (a 22.0% reduction from FY2006 levels)
- Reduce overall energy use to 632,120 gigajoules or less
- Increase green purchasing ratio to 89.0% or greater
- Promote bumper repair
- Promote the use of eco-parts
- Increase applications of Eco-Web Policy by more than three times over FY2010 levels
- Promote Eco-Safe Driving

Employee satisfaction

FY2008	FY2009	FY2010
80.5%	81.7%	81.2%

\* Total ratio of employees who answered they are "fully satisfied" or "satisfied"

Ratio of annual paid leave taken

FY2008	FY2009	FY2010
22.2%	22.5%	28.2%

Ratio of overtime work

FY2008	FY2009	FY2010
10.0%	8.4%	7.4%

Ratio of disabled people employed

FY2008	FY2009	FY2010
1.83%	1.87%	2.02%

\* As of June 1, 2011 the ratio of employees with disabilities was 2.27%



◎ Through promoting work-life balance and diversity and also strengthening the development of human resources, we work to create workplaces where a diverse range of people can be active in an energetic fashion. We strive to create an atmosphere in which it is easy for people to use systems for balancing work and child rearing, such as childcare leave.

# Making Society Safe and Secure through Insurance

Insurance is an industry that performs a major public service by helping people live safely and securely and by functioning as a social infrastructure for facilitating business activities and other forms of economic advancement.

The NIPPONKOA Insurance Group believes its ultimate social responsibility is to contribute to a safer, more secure society by continually underwriting the various risks associated with daily living and economic activities and by providing risk management services to prevent accidents, as well as to make society sustainable through its insurance business.

To fulfill this responsibility, we value communication with our customers and strive to meet their diverse needs. We also develop and offer insurance products and services with the safety and security of our customers and society highest in mind.

## Customer Satisfaction Survey on Insurance Policies

Every year, NIPPONKOA surveys its customers and uses the survey results to improve its products and services. In FY2010, 65,886 customers responded to our questionnaire, which included questions on the application process.

	FY2008	FY2009	FY2010
Satisfied	73.1%	74.5%	74.7%
Neither satisfied nor dissatisfied	25.5%	23.1%	23.2%
Dissatisfied	1.4%	2.4%	2.1%



### Preventing Accidents and Other Efforts to Make Society Safer

A critical function of insurance companies is to make claims payments quickly when accidents occur while at the same time reduce the incidence of accidents themselves. Indeed, making society safer and more secure, with fewer accidents, is the most important contribution we can make to our customers. It is also a key challenge from the perspective of running an insurance business; as risk management professionals, we believe it is our duty to prevent accidents.

One specific effort NIPPONKOA is making in this regard is promoting Eco-Safe Driving to reduce the number of traffic accidents. Eco-Safe Driving is the practice of driving less forcefully by adhering to the five points of Eco-Safe Driving, two of which are accelerating slowly and letting off the gas pedal early. Eco-Safe Driving not only helps prevent traffic accidents but also improves fuel efficiency—thereby reducing one's environmental impact—and saves fuel costs. NIPPONKOA supports measures taken by Gunma Prefecture, Kagoshima Prefecture, Sapporo City, Nagoya City, and other local governments to promote eco-driving, and hosts Eco-Safe Driving workshops in locations across Japan. Under the sponsorship of the Ministry of the Environment and Ministry of Land, Infrastructure, Transport and Tourism, and with the support

of the Energy Conservation Center, Japan, we are contributing to a safer society with fewer traffic accidents by hosting the Eco-Safe Driving Contest, in which over 7,000 companies participated in FY2010 (includes non-customer companies).

### Supporting a Lasting Virtuous Cycle of Safety, the Environment, and the Economy

NIPPONKOA is implementing the Vehicle Accident Reduction Program with other companies to establish systems for preventing motor vehicle accidents. This program is implemented through a process that follows the Plan-Do-Check-Act cycle. We provide companies with a variety of services and tools to help them prevent accidents at every stage in the cycle. We are also developing products and services to aid in the popularization of environmentally friendly vehicles, for example by creating an "eco-car discount" for electric and hybrid vehicles that meet certain requirements. Our focus as an automobile insurance provider is thus aimed at promoting a lasting virtuous cycle of safety, the environment, and the economy.

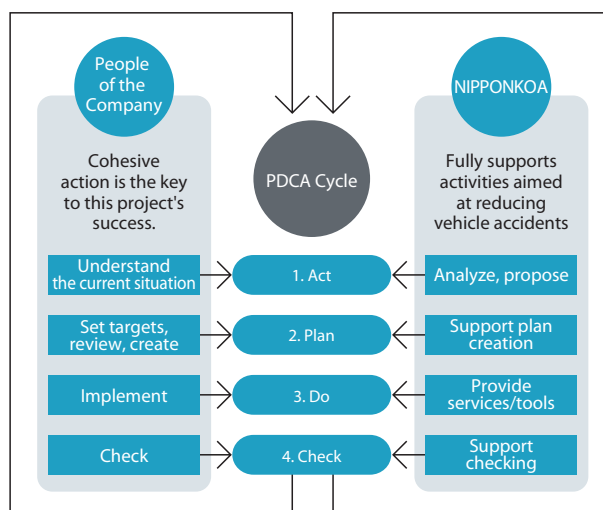
In demonstration of the quality of these efforts, our automobile insurance earned Eco Mark certification from the Japan Environment Association in March 2011.

#### Achievements of the Eco-Safe Driving Contest

	The 1st	The 2nd	The 3rd	The 4th	The 5th
Contest period	Oct. 2008 Mar. 2009	Apr. 2009 Sep. 2009	Oct. 2009 Mar. 2010	Apr. 2010 Sep. 2010	Oct. 2010 Mar. 2011
Number of participating companies	5,971	5,745	6,286	6,701	7,309
Number of participating vehicles	Approx. 230,000	Approx. 220,000	Approx. 250,000	Approx. 270,000	Approx. 250,000
Fuel-efficiency improvement rate	-4.3%	-2.1%	-0.1%	3.3%	First-time participants +3.3% Repeat participants -1.5%
Number of accidents	-20.1%	-13.5%	-11.2%	0.4%	First-time participants +2.8% Repeat participants +5.8%

\* The percentages for fuel-efficiency improvement rate and number of accidents for repeat participants are numbers compared to the achievements of the previous contest. It is believed that the main cause for the declining fuel-efficiency rate during the fourth contest is an increased use of air conditioning caused by a heat wave.

#### NIPPONKOA's Vehicle Accident Reduction Program



# A Close and Dependable Insurance Company and Agencies: Community-oriented Activities

The mission of any insurance company is to deliver safety and security to its customers by introducing them to and providing them with the insurance products and services that match their specific needs. NIPPONKOA works together with its agencies to keep communities safe and contribute to the growth of local economies by soliciting customers and providing services that benefit local communities.

Our agencies explain insurance products and services to customers, process all the necessary paperwork, and, in the event of an accident, receive a report on the accident from the customer, contact the insurance company, and give advice aimed at reaching a resolution. In order to make themselves more familiar and approachable to our customers, NIPPONKOA agencies conduct community-oriented activities and, as the literal face of our company, play a major role in all sales quality and insurance solicitation activities.

NIPPONKOA has long focused its energies on developing agencies that can give proper advice and adequate service that our customers can be satisfied with.

Our Head Office, Regional Headquarters, departments, and branch offices work together on a practical training program that covers everything from compliance, credentials acquisition, product knowledge, and sales techniques, to accident claims handling, legal and tax knowledge, agency management, and methods for improving operational quality.

Another one of our major initiatives to deliver security to our customers is our Measure Your Security Campaign.



Measure Your Security Campaign Pamphlet

### Measure Your Security Campaign: Showing Customers the Way to Security

Many of the people we talk to seem to struggle with a general feeling of anxiety as they do not know the potential risks associated with daily living and whether they are properly prepared for those risks. This is why we offer Measure Your Security, a service aimed at giving customers a tangible sense of security by helping them fully comprehend all of the potential risks they face and what risks can be covered with insurance.

Risks are all around us, and insurance is one of the tools that prepares us for those risks. With Measure Your Security, we check and analyze the various risks each individual faces, as well as their level of preparedness for those risks. We then explain the results using a simple, easy-to-understand chart. The service is free and available to anyone—even people who are not policyholders of NIPPONKOA.

### No.1 in Automobile Insurance General Satisfaction

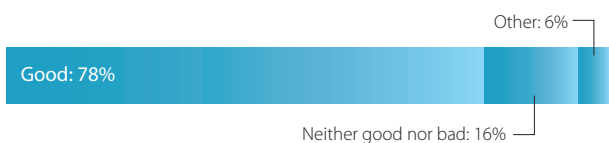
NIPPONKOA is highly rated by its customers, ranking first among P&C insurance companies with an agency network in the general satisfaction category of the 2011 Automobile Insurance Satisfaction Rankings conducted by Kakaku.com, Japan's largest price comparison website. However, we are not content to settle with these current results, and we will continue our endeavor to make society safe and secure—our mission as a P&C insurance company—and to further increase our customers' satisfaction.

#### Customer Reviews

To improve our services, we interviewed customers who used the Measure Your Security service. Approximately 80% of interviewees gave a positive review.

##### ▶ Interview Results

February 2011, out of 101 interviewees:



##### ▶ Customer Comments

- This was my first time receiving such a service.
- Your presentation was unlike anything I have ever experienced with other agencies.
- This service is great. It showed me how my risks are covered by insurance.
- I was unclear about what kinds of risks there are in daily life and what kinds of insurance can compensate for them, but this service made things much clearer.

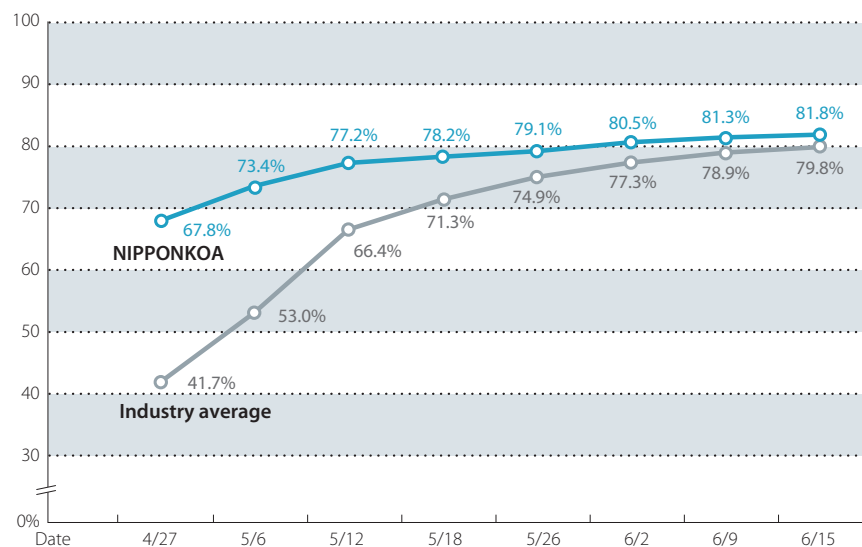
# Quick and Appropriate Responses When Unlikely Events Happen—Continuing to Support Businesses, Individuals and Day-to-Day Life

When unlikely events happen to customers, an insurance company's true worth is shown by how quickly and carefully it responds. The anxiety caused to customers by accidents is greater than most people think. At NIPPONKOA, throughout the time of receipt of an accident report, the initial handling of the matter, the progression of the claim and the final resolution, we make phone calls through every step of the process to give detailed and timely explanations, and endeavor to provide peace of mind to customers by quick payment of insurance claims.

In order to settle insurance claims quickly when major disasters happen, it is important to prepare for those situations during normal times.

At the time of the Great East Japan Earthquake on March 11, 2011, NIPPONKOA set up an Earthquake Response Headquarters immediately afterwards and gave maximum priority to quick payment of insurance claims to victims of the disaster. The completion rate of payments (payments as a proportion of accident reports received) resulting from the Great East Japan Earthquake are shown in the graph below.

**Payment Completion Rates** (Source: Data published by The General Insurance Association of Japan)



$$\text{Payment completion rate (\%)} = \frac{\text{number of payments}}{\text{number of accident reports received}}$$

"Number of accident reports received" includes consultations and inquiries regarding the contents of earthquake indemnity insurance and customers' insurance contracts, as well as requests for accident investigations. Also, payment completion rates are different from investigation completion rates. The number of completed investigations includes, in addition to matters where insurance claims payments were in fact made, and matters that were resolved at the consultation and inquiries stage and were not subject to insurance claims payments. NIPPONKOA's rates of completed investigations were: 74.8% on April 27, 82.8% on May 6, 90.0% on May 25, and 93.7% on June 9

## Key Responses When the Great East Japan Earthquake Occurred

Date	NIPPONKOA's Key Responses
Fri., Mar. 11	Earthquake Response Headquarters established; accident report contact details published on the company's website
Sat., Mar. 12	Started increasing the number of personnel handling accident reports
Sun., Mar. 13	Accident report contact details published in national and local newspapers
Mon., Mar. 14	Personnel from outside the disaster areas started assisting within the disaster areas
Tue., Mar. 15	Introduction of a service center (SC) system for arranging pairing of operations of SCs in disaster areas with SCs outside disaster areas
Wed., Mar. 16	Specialized center for receiving earthquake accident reports established in Osaka
Wed., Mar. 23	Earthquake consultations center established in Tokyo
Mon., Mar. 28	Commenced specifying regions for collective total loss approval through aerial photos (joint industry initiative)
Fri., Apr. 1	Specialized center for payment of earthquake insurance claims commenced operation in Tokyo

The main reasons why NIPPONKOA was able to outperform other insurance companies in its speed of payment are as follows.

### 1) Continuation of our insurance claims payments and other operations based on our Business Continuity Management System

NIPPONKOA has continued to develop its Business Continuity Management System (BCMS) since 2006. In June 2009, it was the first P&C insurance company to receive certification to the international BCMS standard, BS 25999-2, in relation to insurance claims payments to customers following a strong local earthquake in the Tokyo metropolitan area. During normal times, it works on creating procedure manuals and other steps to prepare for disasters. Moreover, through its business continuity policies, it establishes clear priorities for continuation of operations and target recovery times in the event of a disaster.

### 2) Enhancing of our insurance claims payment system

Based on administrative measures undertaken in relation to delays in insurance claims payments in October 2009, NIPPONKOA made all possible efforts to fully implement quick, timely and appropriate payment of insurance claims. Specifically, starting with our Insurance Investigations Quality of Service Improvement Campaign (QOS\*), we have worked to create an insurance claims payment service that always takes our customers' best interests into account and lives up to their expectations.

\* QOS: NIPPONKOA's Quality of Service Improvement Campaign in which QOS also represents "Quickly!," "At Once!" and "Within a Standard Period!"

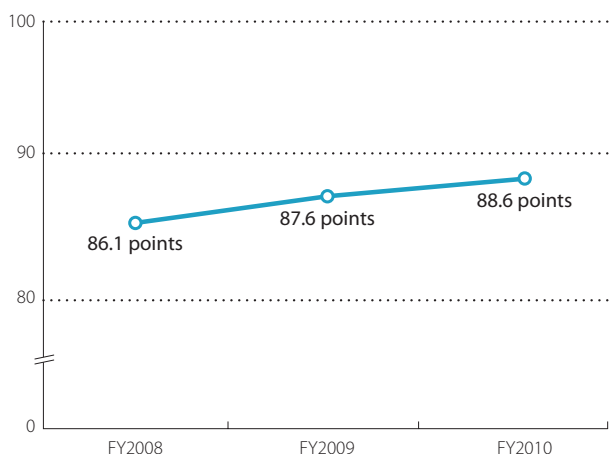
### 3) Quick and appropriate action by all company personnel, beyond the bounds of their ordinary duties

Speedy management decisions were made to remove receipt of accident reports and payment procedures from local Claim Handling Centers and to centralize those operations, leaving the local Claim Handling Centers to concentrate on loss investigations. As a result, we were able to provide appropriate and effective handling of claims. Also, the whole of the company acted together to support the local operations, including the quick dispatching to the disaster areas of up to 700 support personnel from across Japan, and the mobilization of people with experience from the Great Hanshin-Awaji Earthquake.

The support personnel and personnel from local areas and Head Office all worked together. Believing that our duty as an insurance company was to provide payment of insurance claims to victims as soon as possible, each of our personnel acted quickly and appropriately, on their own initiative, and beyond the bounds of their ordinary duties.

Going forward, we are aiming to establish NIPPONKOA as the No. 1 insurance company in accident claims handling ability, always acting with the best interests of our customers in mind.

#### Degree of Customer Satisfaction(Vehicle Accident Claims Handling)



\* Customer satisfaction was calculated from a customer questionnaire using a five-point scale

#### Voice

##### ▶ Employee Comment

Immediately after the Great East Japan Earthquake, our company quickly set up the specialized center for receiving earthquake accident reports and the specialized center for payment of earthquake insurance claims, and also mobilized employees who were not from the Loss Investigation Division, using the entirety of the company to promptly pay out insurance claims. In my opinion, that's how we were able to implement a response worthy of high praise. I visited disaster areas across the country and when I had direct contact with customers I received words of gratitude for our response.



Claim Handling Departments  
Sou Kaneko



# The Continuation into of the Earth's Marvelous

### Preventing Environmental Problems from Worsening

A healthy, rich and bountiful global environment is the most important foundation for all life, including human beings. However, since the Industrial Revolution, environmental problems such as global warming and the associated climate change, which are caused by the emission of large amounts of CO<sub>2</sub> through the extensive use of fossil fuels, loss of biodiversity due to large-scale development and waste, and the depletion of natural resources, have reached a critical state. It is feared that these problems will worsen with future world population increases. Once environmental damage has occurred, regeneration takes a very long time and, in some cases, it is not possible to return the environment to its original form. This could have a huge impact on the survival of all living things, including human beings. To ensure the continuation into the future of the earth's marvelous environment with its abundant water and greenery, all of us who are now living must change our behavior to become environmentally friendly. As a corporate citizen, the NIPPONKOA Insurance Group, across the whole of the organization, with the totality of its value chain in mind, is working to resolve environmental problems.

### NIPPONKOA Insurance Group's Responsibilities and Role

## What We Can Do Now, for the Future

### NIPPONKOA Insurance Group's Responsibilities and Role

In order to create a sustainable society, the NIPPONKOA Insurance Group is working with customers, local communities and agencies to preserve local environments.

# the Future Environment

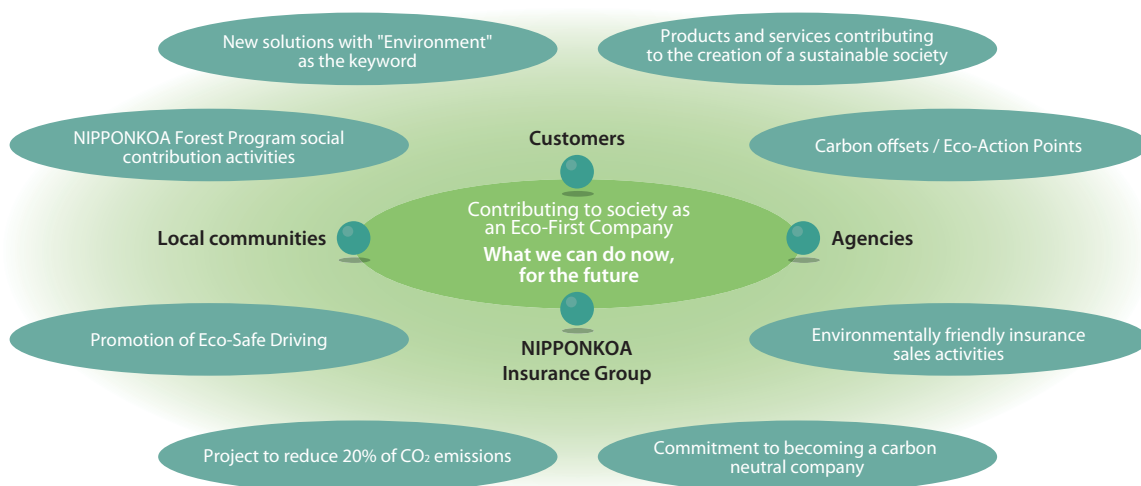
## How Climate Change Can Influence the Insurance Business

NIPPONKOA recognizes that the most important issue it faces as an insurance company is the mitigation of and adaptation to climate change due to global warming. The mission of insurance companies is to provide stable insurance in order to support people in living safe and secure lives and give indirect support to economic development in corporate activities and other areas. However, there are concerns that the decline in the capability for management and adjustment of climate factors due to the increase in natural disasters and loss of biodiversity will lead to increases in the amount of insurance claims required to be paid by P&C insurance companies, resulting in rises in insurance premiums. There are risks that global warming and other related factors may cause great damage to people's lifestyles and business activities, and it is also possible that, if the current situation proceeds, the provision of stable insurance will become difficult.

To avoid such a state of affairs, and to fulfill its mission as an insurance company of providing stable insurance, NIPPONKOA has decided that it should take the lead in measures for mitigating and adapting to climate change. Since it started making full-scale efforts in relation to environmental problems through the establishment of a Global Environment Office in 1990, it has continued to carry out a variety of activities in relation to climate change mitigation and adaptation, incorporating them into its core business.

## Risk Reduction and Growth in Business Opportunities

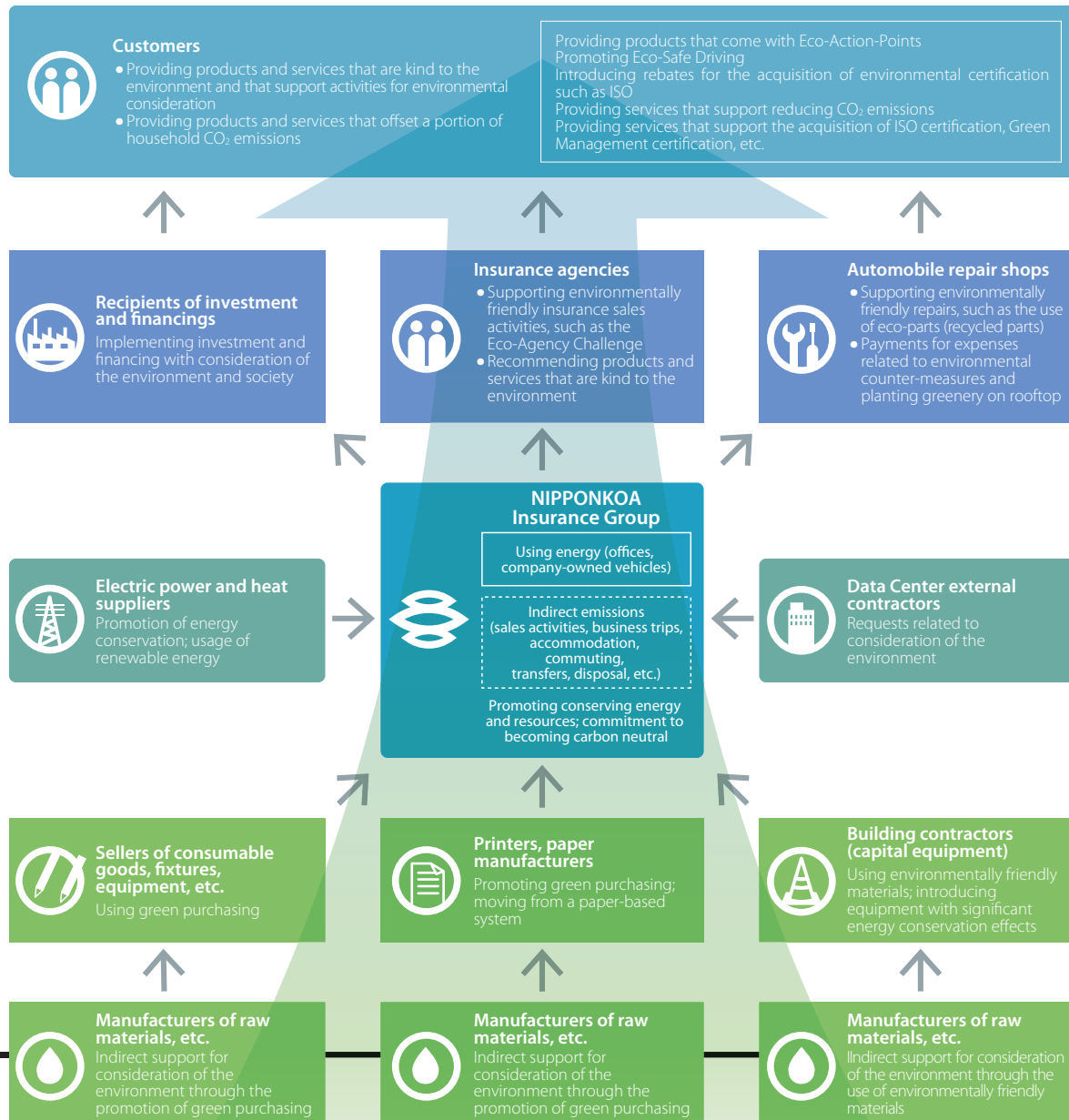
It is said that societies will need to develop low-carbon economies in order to mitigate global warming. Maintaining balance between the environment and the economy by incorporating consideration for the environment into all the economic activities of companies is one efficient solution. In endeavoring to do so, companies will be forced to examine their usual business structures and processes and make strategic changes towards environmental management. It is possible that, during the changeover process, companies' costs for countermeasures and dealing with regulations will increase, but it is likely that opportunities will also be created in connection with environmental businesses and other areas. In addition, big changes will be required from insurance companies. The NIPPONKOA Insurance Group does not regard this as a crisis but rather as an opportunity, and is starting to develop insurance to support the change to a low-carbon society, as well as taking initiatives to facilitate sustained environmental and economic virtuous cycles. These include the provision of insurance products, services, and investment and financing that encourage environmentally friendly behavior, and the promotion of environment-related businesses that assist in the reduction of greenhouse gases.



# Value Chain Management to Preserve the Global Environment

The NIPPONKOA Insurance Group has included "Contributing to society" as the first of the four pillars in its Medium-Term Vision, and works to consider social issues such as environmental issues in all of its corporate activities. In addition to our own activities, we also make efforts to reduce our impact on the environment throughout our entire value chain by carrying out investment and financing, providing products and services, and procurement with consideration given to the environment.

## Overall Image of Environmental Impact Caused by Business Activities (Upstream and Downstream), and the Group's Efforts for Environmental Conservation



### Environmental Management System

An "Eco Checker" (instructor who handles environmental issues) is stationed at all of our workplaces to implement the project to reduce CO<sub>2</sub> emissions by 20% with all employees' participation. Specifically, the Eco Checker confirms the state of initiatives undertaken in consideration of the environment each month, quantifies CO<sub>2</sub> emissions for each office and organization, and reflects these results in the performance rating system. This has resulted in steady increases in the environmental awareness of each employee, and we have greatly exceeded our environmental performance targets.

### Acquisition of ISO 14001 Certification at All Group Offices (474 Offices)

In order to realize our corporate philosophy of "contributing to the development of an affluent and healthy society" and our guiding principle of "environmentally friendly corporate activities," all 474 of our Group offices have acquired ISO 14001 certification for environmental management systems, and we are working towards continual improvement through the PDCA cycle.

### Implementing Monthly "Eco Checks" at All Workplaces in Addition to Yearly Environmental Education

It is important for each employee to have an accurate understanding of environmental issues, and repetition is also important. To that end the NIPPONKOA Insurance Group implements environmental education employing video content that is easy for all employees to understand. In order to clarify initiative-related issues at each workplace, we also use our original Eco Check Sheet to confirm the status of established initiatives at all workplaces once per month. Furthermore, in FY2010 we also created and developed educational material entitled "The Three-Minute Series," to deepen understanding of biodiversity before the 10th Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10) in Nagoya.

### Quantifying CO<sub>2</sub> Emissions by Office and Organization, Then Reflecting These Results in the Performance Rating System

In addition to our usage of electrical power and gas, we disclose our CO<sub>2</sub> emissions by office and organization, including CO<sub>2</sub> emissions related to sales activities, business trips, paper, and printed materials. We put in efforts to reduce emissions on the same level of importance as our core business, and use this concept as one item of evaluation for the NIPPONKOA Award, our performance rating system.

### For Continual Improvement



### Number and Ratio of People Receiving Environmental Education by Year

FY2008	FY2009	FY2010
15,366 people (100%)	15,239 people (100%)	14,706 people (100%)

\* The ratio of people receiving environmental education does not include people on long-term leave or who are unable to attend seminars

### Number of Cases that Do Not Conform to ISO Internal Audits

	FY2008	FY2009	FY2010
Serious cases	1	0	0
Insignificant cases	18	17	3
Total	19	17	3

# Low-Carbon Initiatives

## First Our Emissions, Then Our Stakeholders' Emissions

Hurricanes, torrential rains, droughts, and other extreme weather events today are happening with increased frequency all around the world. Research suggests that rising global temperatures could further increase the frequency and intensity of such events. Implementing measures to reduce CO<sub>2</sub> emissions and stop the forward march of climate change is thus an important challenge for insurance companies. For instance, Hurricane Katrina, which made landfall on the United States in 2005, reportedly cost insurance companies the equivalent of US\$34 billion. If CO<sub>2</sub> concentrations double, the United Nations Environment Programme (UNEP) estimates that the cost of disasters attributable to climate change will reach at least US\$300 billion a year by 2050. In the United States, there have been reported cases of insurance companies restricting home insurance coverage due to the number of hurricanes, and people opting out of automobile insurance due to prohibitively high premiums. We believe that in order to avoid situations like these, insurance companies must show leadership on the shift to a low-carbon society. NIPPONKOA has decided that, in order to contribute to that shift and mitigate global warming, it will first focus on reducing its own CO<sub>2</sub> emissions and then support its customers and other stakeholders in reducing theirs.

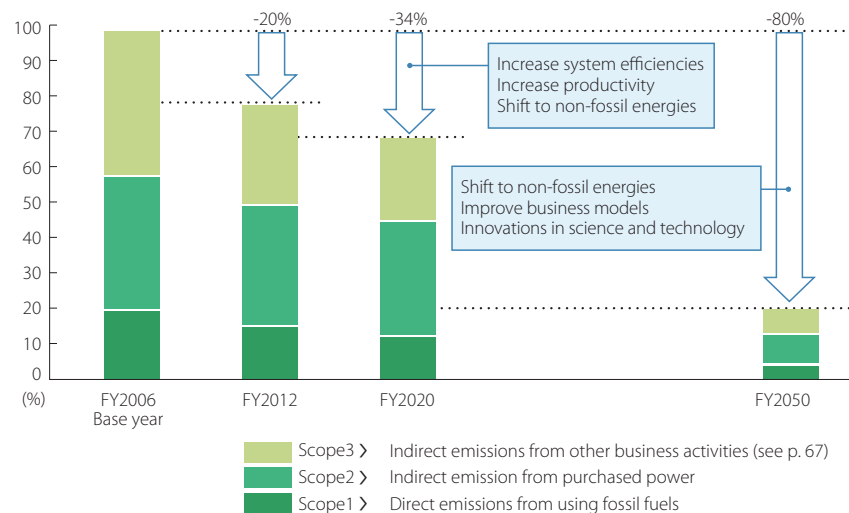
## Medium- and Long-Term Carbon Reduction Targets (Environmental Aspects)

In August 2010, NIPPONKOA signed the United Nations Global Compact in demonstration of its support of the Global Compact's ten principles. Principle 7 of the Global Compact states that "businesses should support a precautionary approach to environmental challenges." In commemoration of its pledge, the NIPPONKOA Insurance Group set medium- and long-term carbon reduction targets in an aim to promote sustainable growth from a precautionary approach.

## Reduce Greenhouse Gas (CO<sub>2</sub>) Emissions 34% by FY2020, 80% by FY2050 (with FY2006 as the Base Year)

Rather than doing something after the global environment becomes irreparable, we need to take a precautionary approach toward mitigating climate change and averting crisis. For the sake of future generations, we cannot delay action simply because of a certain level of scientific uncertainty. The NIPPONKOA Insurance Group has set challenging medium- and long-term targets as shown in the graph below and will strive to reach these targets to become a low-carbon business.

### Medium- and Long-Term Greenhouse Gas (CO<sub>2</sub>) Reduction Targets



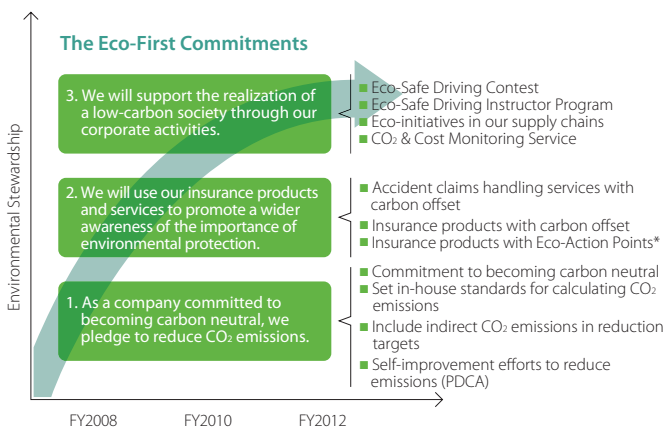
### Parameters for Calculating the Medium- and Long-Term Targets (FY2020, FY2050)

- ◆ The following factors are expected to reduce emissions: reduced volumes, greater system efficiencies, greater productivity, shifting from fossil to non-fossil energies, shifting to innovative business models, greater efficiencies in generating power based on scientific and technological breakthroughs.
- ◆ The following factors are expected to increase emissions: increase in outsourced operations (emissions by contractors), increase in overseas business (domestic revenue is expected to stay roughly the same).



### The Eco-First Commitments

NIPPONKOA made a set of commitments toward protecting the environment as part of the Eco-First Program established by the Ministry of the Environment. In November 2008, we became a leading company in the insurance industry by receiving Eco-First Company certification in this program. The figure below outlines the three commitments we made to Japan's Environment Minister.



### Conserving Energy at Our Offices (Including Rooftop Gardens and Solar Panels)

Along with our employees' efforts to conserve resources, we are also trying to make our facilities more energy efficient.

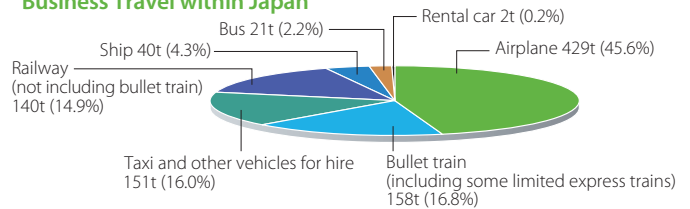
Energy efficient systems × Employee efforts to conserve = Major reduction impact

For office air conditioning and lighting, we are replacing systems in a step-wise fashion starting with buildings with the highest CO<sub>2</sub> reduction potential. We planted a roof garden on top of the NIPPONKOA Nihonbashi Building, which helps to mitigate the urban heat island effect in Tokyo. We also installed solar panels on top of the NIPPONKOA Training Center in Moriya, Ibaraki prefecture; the system supplies 6 to 7% of the Center's annual electricity consumption.

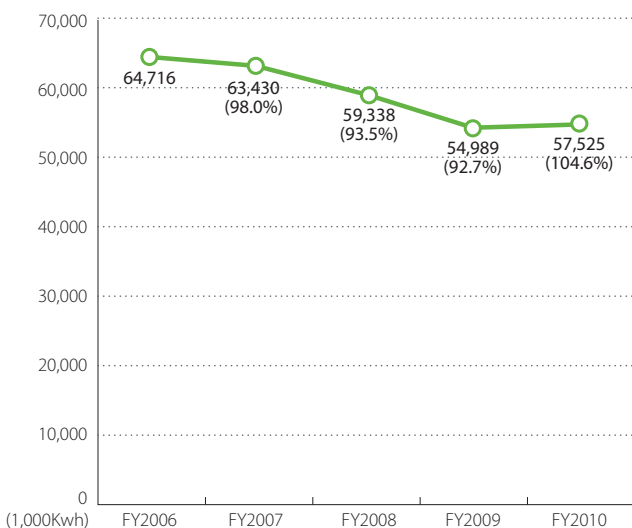
### Reducing the Environmental Impact of Operations and Business Travel

The NIPPONKOA Insurance Group encourages its employees to travel less and, when traveling, use types of transportation that have smaller environmental impact. We have installed web-conferencing systems at all of our operation sites in Japan to encourage remote conferencing and reduce the number of conferences, group training events, and business trips. Moreover, we are gradually replacing our existing fleet with low-emission vehicles and requiring employees to practice Eco-Safe Driving to reduce atmospheric emissions of CO<sub>2</sub> and hazardous chemical substances. We also calculate CO<sub>2</sub> emission for each transportation type and strive to use the type with the smallest environmental impact for business trips.

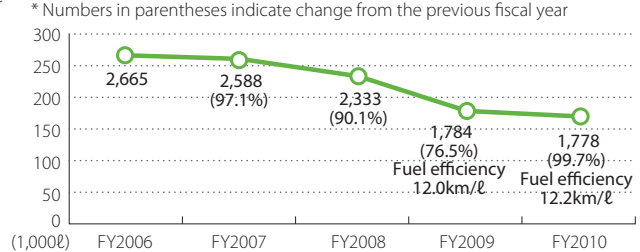
### CO<sub>2</sub> Emissions by Transportation Type for Operations and Business Travel within Japan



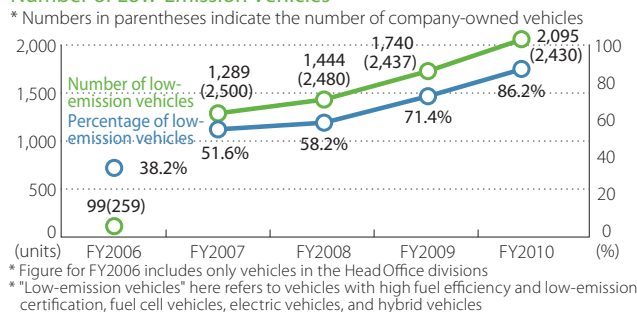
### Electricity Use\* Numbers in parentheses indicate change from the previous fiscal year



### Fuel Used by Company-owned Vehicles (Including Leased Vehicles) \* Numbers in parentheses indicate change from the previous fiscal year



### Number of Low-Emission Vehicles



# Toward Becoming a Carbon Neutral Corporate Group\*

\* For all business activities on a consolidated basis (including overseas subsidiaries)

Becoming a carbon neutral company means reducing our CO<sub>2</sub> emissions to zero by first becoming aware of the CO<sub>2</sub> we emit through our business activities, and then voluntarily working to reduce emissions by purchasing emission permits (carbon offsets) and entering into other schemes to compensate for the emissions we have difficulty reducing (see the figure at the bottom of p. 68). Money used to purchase carbon offsets are invested in CO<sub>2</sub> reduction projects in Japan and developing economies.

While emissions in the NIPPONKOA Insurance Group are by no means large compared to manufacturing and other industries, we announced our commitment to becoming a carbon neutral company in July 2008 with an aim to reduce our greenhouse gas emissions and promote carbon neutrality among our stakeholders, with the end goal of fulfilling our mission to sustainably provide insurance. This commitment aims to achieve carbon neutrality ("zero net CO<sub>2</sub> emissions") by FY2012.

## Plan for Achieving Our Commitment to Becoming Carbon Neutral

<b>Organizational scope</b>	All NIPPONKOA Insurance Group companies (on a consolidated basis; including overseas subsidiaries)
<b>Scope of activities subject to reduction/offsets</b>	All business activities, including not only use of electricity and other energy sources but also everything from employee operations and business travel to use of paper and printed materials, distribution, waste, and commuting activities (see chart below for more details). Group companies include offices (scope 1 and scope 2)
<b>Target for reducing CO<sub>2</sub> emissions through voluntary efforts</b>	20% reduction by FY2012 (base year: FY2006)
<b>Approach to becoming carbon neutral</b>	Emissions that are difficult to cut will be offset through the purchase of emission permits such as Kyoto credits or through other mechanisms by FY2012.

<b>Sector</b>	<b>Scope of activities subject to reduction/offsets</b>
<b>Offices</b>	Emissions resulting from use of electricity, processed natural gas, LP gas, kerosene, heavy oil, water, wastewater, and heat. * Includes use of such resources by tenants in buildings owned by NIPPONKOA Insurance Group companies
<b>Travel and Transfers</b>	Emissions resulting from use of company vehicles (including leased vehicles), taxis and other vehicles for hire, and rental cars. Emissions resulting from use of train (including bullet train), bus, airplane, and ship (people and goods) modes of public transportation. Emissions resulting from accommodations at business trip destinations. * Including overseas trips and transfers
<b>Paper and Printing</b>	Emissions resulting from all processes ranging from raw materials procurement to paper production for all printer paper and printed materials and from printing operations.
<b>Distribution</b>	Emissions resulting from use of postal services such as mailing of insurance policies to customers. Emissions resulting from transportation (rail, road, air, etc.) of documents and other goods between internal operations and to external stakeholders. Emissions resulting from transport (rail and road) of employees' belongings when moving for a Group site relocation or personnel shuffle.
<b>Waste</b>	Emissions resulting from the incineration and other treatment of industrial and municipal solid waste.
<b>Commuting</b>	Emissions resulting from use of rail, bus, ship (people and goods), and privately owned vehicles for commuting to and from work.
<b>External Use</b>	Emissions resulting from electricity used by servers installed at external locations. Emissions resulting from use of water and energy sources such as electricity at events held at non-Group facilities. Emissions resulting from use of public transportation by participants travelling to and from events hosted by NIPPONKOA Insurance Group companies.

### Visualizing CO<sub>2</sub> Emissions Throughout the Value Chain Developing Our Own Standards for Measuring CO<sub>2</sub> Emissions

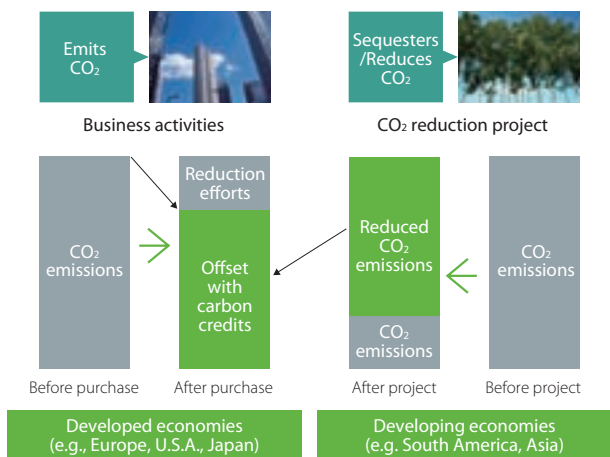
With no established standards for calculating CO<sub>2</sub> emissions in all our business activities—including upstream and downstream business activities—NIPPONKOA, working together with Japan's Ministry of the Environment (MOE) and environmental experts, formulated the NIPPONKOA Standards for Calculating CO<sub>2</sub> Emissions and is now using the standards to calculate CO<sub>2</sub> emissions across its value chain.

### Policy for Formulating the NIPPONKOA Standards for Calculating CO<sub>2</sub> Emissions

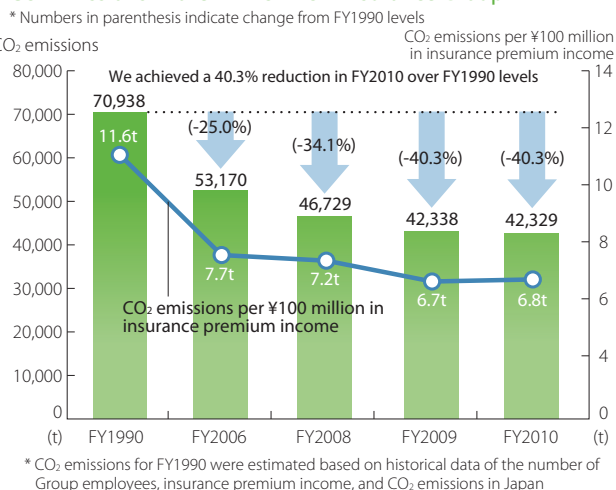
- ◆ These calculation standards were formulated in accordance with the MOE's "Guidelines on Methods for Calculating Greenhouse Gas (GHG) Emissions from Activities Subject to Carbon Reduction and Offsets."
- ◆ Emission factors are adopted from values published in the "Order for Enforcement of the Act on Promotion of Global Warming Countermeasures" and the "Carbon Dioxide Emissions Per Unit of Transportation Volume" published by Japan's Ministry of Land, Infrastructure, Transport and Tourism.
- ◆ For activities without standard emission factors and calculation methods, unique calculation methods and standards were set using values published by trade groups and various statistical data.
- ◆ The standards were formulated with the aim to help improve the global environment through fewer CO<sub>2</sub> emissions by allowing us to calculate and monitor emissions arising from our own activities, and are not intended for performing exhaustive calculations of emissions from all other activities. Therefore, a preference was made for establishing practical and broadly applicable calculation methods for activities that are difficult to calculate precisely.

You can read more about the NIPPONKOA Standards for Calculating CO<sub>2</sub> Emissions on our website.

### Mechanism for Achieving Carbon Neutrality



### CO<sub>2</sub> Emissions in the NIPPONKOA Insurance Group



# Reducing Environmental Impact across Our Value Chain—Upstream and Downstream

Here at the NIPPONKOA Insurance Group, we are promoting the shift to a low-carbon society by calculating and monitoring the emissions arising from our value chain—upstream and downstream, including our agencies. Meanwhile, we are also trying to use limited resources more effectively, promote reuse and recycling, and curb industrial waste in order to help prevent the decline and depletion of natural resources caused by a rising world population and economic growth.

Our Eco-Safe Driving campaign (see p. 56), which helps improve fuel efficiencies, is just one of the environmental impact reduction initiatives taking place along our value chain.

## Reducing Use of Printer Paper and Printed Materials

Because insurance is an intangible product, paper plays a central role in our business. We are trying to reduce the amount of printer paper and printed materials we use. In our in-house operations, we used only 4,813 tons of paper in FY2010, a 20% reduction from the previous year, by electronically processing administrative records, cutting back on meeting materials, and promoting a policy agreement method whereby customers can confirm the terms of their policy over the Internet.

## Reducing Total Industrial Waste and Landfill Waste

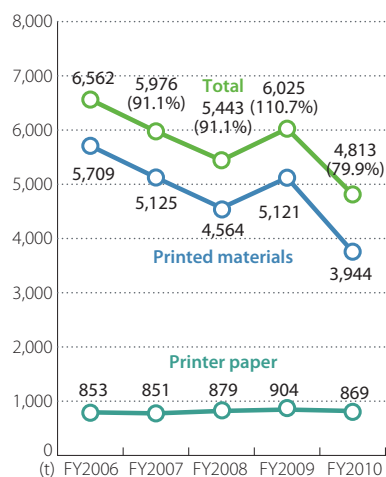
The NIPPONKOA Insurance Group strives to help build a

closed-loop economy by adhering to the 3Rs: Reduce, Reuse, and Recycle. Municipal solid waste that ended up in landfills from our business activities in FY2010 was 471 tons, a reduction of 5.5% from the previous year. Our recycling rate was 81.8% the same year. Because manuals and pamphlet materials for insurance products are disposed of (recycled) every time a product is revised, since FY2010 we have been working to reduce inventories, and thus wasted product materials, by ordering such materials in smaller volumes.

## Promoting Repair of Plastic Bumpers and Use of Recycled Parts

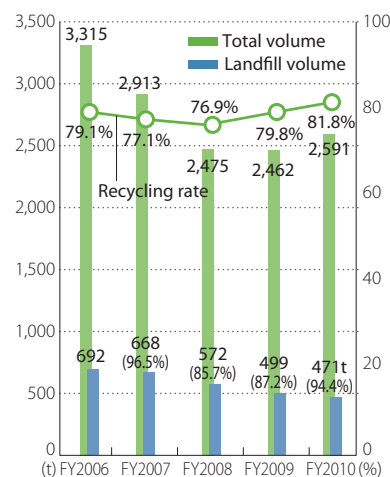
The NIPPONKOA Insurance Group promotes environmentally friendly accident claims handling by encouraging our policyholders who have a vehicle accident to repair parts without replacing them, or to use eco-parts (recycled parts) when repair is difficult. As a result, we help them not only to reduce industrial waste but also to emit less CO<sub>2</sub> than if they used new parts (repairing the front bumper of a compact car generally results in a 27.3-kilogram reduction). We consider it important that our customers understand that repairing parts or replacing them with eco-parts helps conserve the global environment. That is why we have introduced a program where we contribute ¥50 toward the purchase of Certified Emission Reduction (CER) credits, carbon credits issued by UN-certified renewable energy projects, or other carbon credits\* every time one of our customers repairs or uses eco-parts to replace the Plastic bumper on a vehicle covered by our automobile insurance. These permits offset some of the CO<sub>2</sub>

Amount of Printer Paper and Printed Materials Used



\* Numbers in parenthesis indicate change from the previous fiscal year

Amount of Municipal Solid Waste Generated



\* Numbers in parenthesis indicate change from the previous fiscal year

emitted by our customers' daily activities.

We also offer our NK Recycling Network service to help comply with the End-of-Life Vehicle Recycling Law's goals to properly process end-of-life (retired) vehicles and increase vehicle recycling rates.

\* The carbon credit purchase program has been suspended for the period from May 1, 2011, to March 31, 2012, to contribute its funds to relief and reconstruction efforts following the Great East Japan Earthquake



### Going Paperless with Eco-Web Policy and Web-Confirm

NIPPONKOA introduced paperless programs that allow its policyholders to review their automobile and fire insurance documents over the Internet. With Eco-Web Policy and Web-Confirm, customers can read their insurance policy and other papers online instead of on paper sent through the mail (Web-Confirm is for automobile insurance only). In addition, when customers enroll in these programs, we contribute ¥50 toward purchasing CER or other carbon credits for each automobile insurance customer who signs up, similar to when they repair a plastic bumper or use recycled parts. In this manner, we conduct carbon offsetting in the same way when they use eco-parts.

### Our Contribution to Greenhouse Gas Reduction Projects in Japan and Developing Countries

NIPPONKOA has helped reduce greenhouse gas emissions equivalent to a total of 13,715 tons of CO<sub>2</sub> in developing countries through the carbon offset mechanism of its eco-parts and Eco-Web Policy programs. The carbon credits we purchase (excluding domestic credits) are transferred free of charge to the Japanese government, where they contribute to Japan's reduction targets under the Kyoto Protocol.

### Costs and Benefits of Our Environmental Conservation Programs

The benefits of our environmental conservation programs consist of the amount of CO<sub>2</sub> emissions we have reduced through our paperless policy, bumper repair, and other programs. The benefits of our paperless policy program are estimated values based on the actual weight of printed materials we reduced, and the benefits of our bumper repair and eco-parts program are estimated values based on data published on the General Insurance Association of Japan's (GIAJ) website.

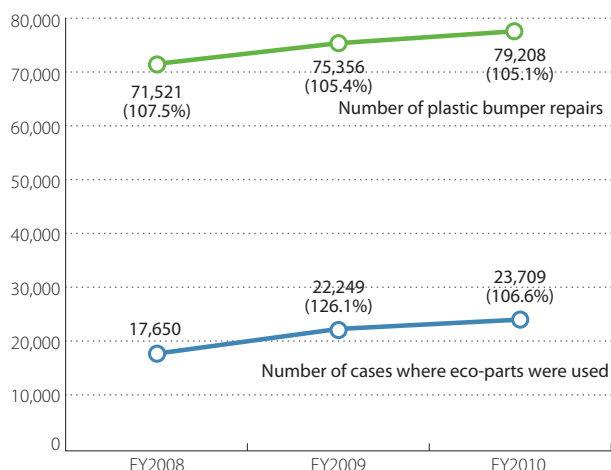
#### Environmental Conservation Costs (Costs of Carbon Offsets)

	FY2008	FY2009	FY2010	Cumulative total
Number of purchases	81,263	268,910	550,916	901,089
Cost of purchases (thousand yen)	4,063	13,445	27,546	45,054

#### Environmental Conservation Benefits (CO<sub>2</sub> Equivalent)

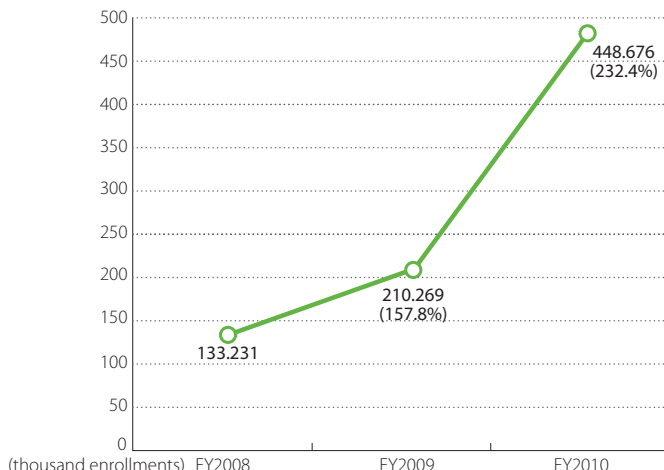
	FY2008	FY2009	FY2010	Cumulative total
Purchased credits (t)	1,016	3,763	8,936	13,715
Benefits (t)	674	1,261	1,357	3,292
Total (t)	1,690	5,024	10,293	17,007

### Number of Plastic Bumpers Repaired and Cases of Eco-Parts Used



\* Numbers in parenthesis indicate change from the previous fiscal year

### Number of Customers (Automobile Insurance) Enrolled in Eco-Web Policy and Web-Confirm



\* Numbers in parenthesis indicate change from the previous fiscal year



# Reducing Environmental Impact across Our Value Chain—Upstream and Downstream

## Green Purchasing and Supplier Engagement

Procurement at NIPPONKOA largely consists of purchasing consumables such as office furniture, equipment, and stationery. When procuring these items, we make it a priority to select products with as small an environmental footprint as possible (green purchasing) in order to help build a sustainable, closed-loop economy. We also urge our suppliers (including service providers and construction companies) to be socially and environmentally responsible in their operations.

## Environmentally Friendly Insurance Sales Activities by Agencies (Eco-Agency Challenge)

The NIPPONKOA Nationwide Agency Federation, which is made up of agencies that specialize in insurance, established the Eco-Agency Challenge program. This program promotes environmentally friendly insurance products and services such as Eco-Web Policy, and also encourages agencies to be environmentally friendly in their sales operations by having them report their use of electricity and gasoline each quarter to NIPPONKOA (there were 951 agencies participating in this program as of June 2011).

## Supporting the Environmental Efforts of Automobile Service Providers (NK Auto Club)

Working in cooperation with NK Auto Club, a network of NIPPONKOA agencies that provide automotive services, NIPPONKOA helps these automotive service agencies use more recycled parts, for example by offering them without charge NK Eco-Parts Assist, a recycled parts search system with a six-million-unit inventory, one of the largest in Japan. We also help them acquire certification for Eco-Action 21, an environmental management system advocated by Japan's Ministry of the Environment predominantly for small- and medium-sized businesses. Eighteen businesses have acquired this certification so far (there were 3,876 members in this program as of March 31, 2011).

## Comprehensive Support for Environmental Management (NKSJ Risk Management)

NKSJ Risk Management (NKSJ-RM) provides our business customers with various environmental management services, including assistance for acquiring environmental management system certifications such as ISO 14001, as well as carbon management (greenhouse gas emissions reduction) support. NKSJ-RM also assists companies in their biodiversity initiatives, offering consulting services on biodiversity through partnership with BirdLife International Asia Division, an international environmental NGO.

## Launch of Consulting Service for ISO 26000

While globalization has had the effect of connecting people and businesses across national borders, it has also increased their mutual dependence and placed pressure on organizations, including businesses, to proactively work together to solve issues that no one country or sector can address alone, such as climate change, biodiversity, poverty, and human rights. Within this global context, a new international standard on the social responsibility of organizations, ISO 26000, was published in November 2011.

Since the publication of this new standard, many corporations who are active in corporate social responsibility (CSR) have reorganized their existing initiatives and goals to harmonize them with the ISO 26000 framework. As corporations in Japan and overseas engage in CSR activities based on ISO 26000, going forward we can expect ISO 26000 to have an impact on corporate management as the "soft law" (universal standards that are less binding than traditional law) of CSR. NKSJ-RM, seeing the potential in this trend, developed a service to support businesses in formulating a CSR management strategy based on ISO 26000.



## CO<sub>2</sub> & Cost Monitoring Service Launched through Collaboration with Companies Specializing in Various Fields

In an aim to provide comprehensive solution services for solving society's challenges and thus help build a safe, secure, and sustainable society, NIPPONKOA launched a CO<sub>2</sub> & Cost Monitoring Service in August 2010 through collaboration with NKSJ-RM, Hitachi Solutions, Ltd., and Recycle One, Inc.

### A One-Stop Service for All Environmental Contribution (CO<sub>2</sub> Reduction) Support

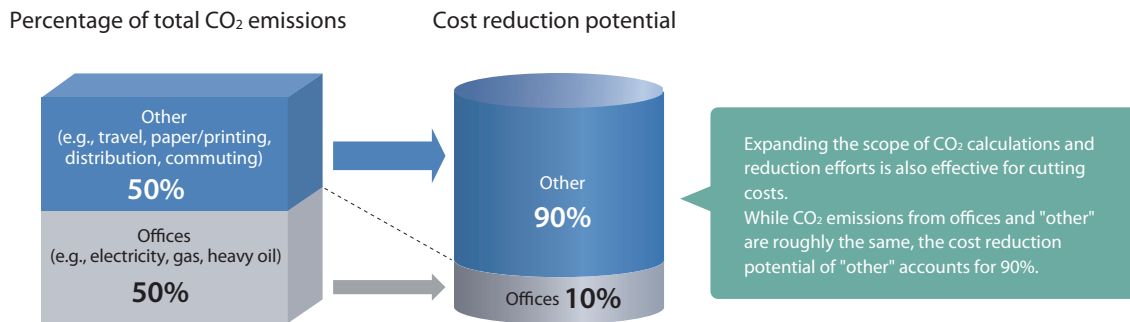
This service has two main components: a CO<sub>2</sub> & Cost Monitoring System, which allows our customers to easily calculate the CO<sub>2</sub> emitted by their business activities while also managing costs, and a consulting service to help them set CO<sub>2</sub> reduction targets and policies and reduce their emissions. We intend to make this a one-stop service for businesses looking to reduce their carbon emissions.

The CO<sub>2</sub> & Cost Monitoring System is based on the NIPPONKOA Standards for Calculating CO<sub>2</sub> Emissions, and was jointly developed by NIPPONKOA and Hitachi Solutions.

Cost Reduction Support

- ➔ Managing CO<sub>2</sub> emissions and costs simultaneously with the same tool allows for simultaneous reduction of CO<sub>2</sub> emissions and costs.
- ➔ Approaches cost cutting from the perspective of reducing CO<sub>2</sub> emissions, thereby boosting employee motivation

#### NIPPONKOA Insurance as an Example



The CO<sub>2</sub> & Cost Monitoring System is a service that encourages businesses to step up their efforts to reduce global warming by enabling them to simultaneously manage costs and calculate not only CO<sub>2</sub> emitted directly from using electricity and other energy sources but also indirect emissions resulting from corporate activities, such as the use of paper and printed materials, distribution, waste, and commuting related to employee business and travel.

# Initiatives to Preserve Biodiversity

Our lives would not be possible without the benefits we receive from nature—which is to say, without biological diversity. Yet species are going extinct at a rate never before seen as a result of human and development activities, and we are in the midst of a biodiversity crisis. Once species disappear and ecosystems are destroyed, we run the risk that they will never be fully restored.

One function of the ecosystem services supported by biodiversity is climate-change mitigation and moderation. When ecosystems are weakened, their ability to mitigate and moderate the effects of climate change declines, increasing the chances that natural disasters such as mudslides and floods inflict greater damage. This would also have a serious impact on the insurance industry; NIPPONKOA can thus be considered to be highly dependent on biodiversity (or the benefits of nature in general). In order to fulfill our mission to sustainably provide insurance, the NIPPONKOA Insurance Group actively strives to understand its biodiversity impact and to implement initiatives to protect biodiversity based on the NKSJ Group's basic CSR policy, which states that "we will meet our social responsibility as a corporation in part by integrating biodiversity and other environmental issues into our business activities."

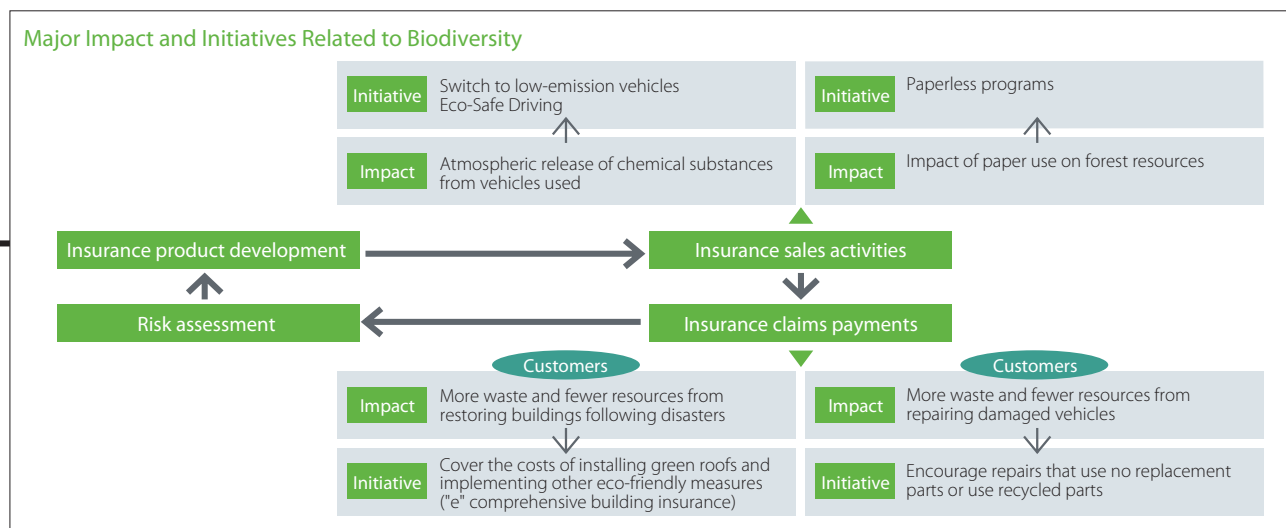
The NIPPONKOA Insurance Group is also a participant in the Private Sector Engagement Initiative on Biodiversity, a program established by the Nippon Keidanren (Japan Business Federation) and other key parties. The program encourages businesses to voluntarily promote activities that improve biodiversity based on creative approaches that make the most of their business resources. NIPPONKOA is also carrying out various activities for this program.



## Assessing and Addressing the Risks of Our Dependence on Biodiversity

Carrying out our insurance business activities has an inherent impact on biodiversity. Because insurance is a product no one can directly see, paper plays a central role in our business, taking the form of pamphlets, applications, certificates, and various papers describing the terms of our insurance policies. We therefore consume a mass amount of paper in the process of selling insurance. In order to protect the world's vital forest resources, we are making an effort to go paperless. Another impact is the atmospheric release of chemical substances from the vehicles we use for sales activities. That is why we are switching our fleet to low-emission vehicles and requiring our employees to practice Eco-Safe Driving, among other initiatives.

Impact on biodiversity can also be seen in our business processes for making claims payments. When repairing a vehicle after an accident, using new parts creates waste and consumes



new resources. NIPPONKOA has programs to encourage customers to continue repairing parts and to use eco-parts (recycled parts) for the ones that cannot be repaired. Reconstructing a building damaged in a disaster also creates waste and uses new resources. By paying for the cost of installing a green roof or wall and additional costs for repairing or replacing existing products with ones that benefit the environment under our "e" comprehensive building insurance, we play an important part in preserving biodiversity.

### Paperless Initiatives to Protect Forest Resources

Forests produce oxygen, help store valuable water resources, and provide habitat for wildlife. Also called "green dams," forests naturally absorb water and store vast amounts of water underground, thus playing an important role in mitigating the effects of natural disasters such as floods. The NIPPONKOA Insurance Group is trying to strengthen and expand its paperless programs, for example by reducing its use of printer paper and printed materials and by promoting Eco-Web Policy, a service that allows customers to review their insurance policies over the Internet. Going forward, we will help conserve forest resources also by continuing to use products made from domestic forest thinnings.

### Closing the Loop by Promoting the Use of Recycled Automobile Parts

Building a closed-loop economy that gets the most out of natural resources is crucial to slowing resource exhaustion and preserving biodiversity. NIPPONKOA is working to develop systems to promote an increase in the use of recycled automobile parts for

repairing damaged vehicles. Part of this effort includes providing automobile service providers with an end-of-life vehicle auction service and NK Eco-Parts Assist, a recycled parts search system boasting one of Japan's largest inventory of recycled parts (six million units).

### Expanding the NIPPONKOA Forest Program to 10 Sites by 2020

Starting with our first reforestation project in the foothills of Mt. Yatsugatake in 1998, the NIPPONKOA Insurance Group has so far launched four NIPPONKOA Forest Programs across Japan. We aim to expand this program to 10 sites by 2020 (sequestering roughly 1,300 tons of CO<sub>2</sub> annually) to fulfill our corporate responsibility to manage and conserve woodlands as a sustainable resource. Together with carbon sequestered by forest management businesses we support in Japan and overseas, we aim to offset the entire 3,300 tons of CO<sub>2</sub> (planned value used in our medium-term targets) emitted by our use of paper and printed materials in 2020.



### NIPPONKOA Forest Program Sites (as of August 2011)

Name of forest	Location	Launched	Tree species	Land area
NIPPONKOA Forest (Nagano)	Fujimi, Nagano Prefecture	Oct. 1998	Japanese larch	5.13ha
NIPPONKOA Hatayama Forest	Aki, Kochi Prefecture	Aug. 2007	Japanese cedar and cypress	30.94ha
NIPPONKOA Nishimera, Miyazaki Forest	Nishimera, Miyazaki Prefecture	Jun. 2008	Japanese cedar, cypress, and zelkova	12.28ha
NIPPONKOA Chiba-Boso Forest	Kimitsu, Chiba Prefecture	Jun. 2009	Japanese cypress	1.24ha

# Investment and Financing Incorporated into the CSR Perspective

Environmental problems including global warming are important issues for humanity that will occupy the next 50 to 100 years. There is a need for insurance companies in their fund management to incorporate attention to sustainability and other environmental issues into their investment and financing. Initiatives such as eco-funds that connect investors and environmentally advanced companies, and SRI\* funds, can provide ways of doing so. By promoting these types of socially meaningful investment, NIPPONKOA is aiming to contribute indirectly to the creation of a sustainable society.

The NIPPONKOA Insurance Group is engaging in various types of environmentally friendly investment and financing by means such as investment in the emissions trading market and eco-fund initiatives through the NKSJ Group management company, Sompo Japan Nipponkoa Asset Management Co., Ltd.

\* SRI : Socially Responsible Investment



## SRI Initiatives as an Institutional Investor

Based on the recognition that companies engaging in CSR management are superior companies that support sustainability and provide stable return on investment, NIPPONKOA, as an institutional investor, invests in investment products that reflect SRI concepts. Since it started engaging in SRI investment in 2001, it has been investing in three SRI funds with different strategies. Going forward, NIPPONKOA will continue to make investments that combine both SRI and investment performance.

## Investment in Emissions Trading Market –Achievement of Yearly CO<sub>2</sub> Reductions of 250,000 Tons

NIPPONKOA invests in private placement bonds that are linked to the value of greenhouse gas emissions credits. The interest yield of the bonds is determined by the linking of the amount of emissions credits derived from biomass power generation businesses in Asia with market prices for emissions credits. In these biomass power generation businesses, power generation and sale is carried out using methane gas as fuel, which is collected from waste (coconut shells) that was previously dumped, reducing greenhouse gases by 250,000 tons per year. For local communities, these activities contribute to the elimination of power shortages, reduction in environmental problems caused by the waste (public health problems, offensive odors, etc.), and the creation of jobs within the businesses. While paying close attention to future carbon market trends, NIPPONKOA will proceed with its initiatives for contributing to the building of a sound carbon market.



Power generation using coconut shells as fuel



Collecting coconut shells



# The NIPPONKOA Insurance Group's New Initiatives for the Future

The human race is currently facing several serious problems that it must overcome for the sake of realizing a sustainable society, such as global environmental issues and declining birth rates. The NIPPONKOA Insurance Group does not simply depend on our core business frameworks in order to resolve these issues; instead, we are considering what can be done to contribute to the creation of a new society. To this end we have decided to make efforts to conduct sustainability education—including education about the global environment—for the children who will be in charge of future generations, as well as offering support for safe and secure child rearing.

Perhaps these initiatives are not necessarily related to themes that are familiar to insurance companies. However, long-term efforts that span different

generations are required to realize a sustainable society and resolve social issues such as environmental issues. It is also necessary to educate the children who will be the leaders of the next generation. To that end, the NIPPONKOA Insurance Group has decided to take on these issues as a professional who provides safety and security, as well a corporate citizen that aims to contribute to the realization and development of a sustainable society. We have begun a new project to search for measures to resolve these issues by cooperating with organizations such as local governments, NPOs, and NGOs, and also intend to devote our utmost energy to this end by utilizing our management foundation and business expertise as an insurance company.

## "Miracle Miracle: A Place for Global Kids to Create the Future," a Community Website to Connect the Futures of Children in 191 Countries across the World

Educating the children who will lead the next generation is extremely important for the realization of a sustainable society. Starting in 2011, a class entitled "Familiar lifestyles of consumption and the environment" was added to elementary and junior high schools, and foreign language education was begun in the upper grades of elementary school. Along with such trends, NIPPONKOA has decided to provide places for sustainability education for students in the upper grades of elementary school to junior high school students. This place is the "Miracle Miracle: A Place for Global Kids to Create the Future" community website, which is available in both English and Japanese and helps connect children all over the world. The website is managed cooperatively with Japan for Sustainability, an NGO that disseminates information about the environment in Japan to 191 countries all over the world.



Top page of the "Miracle Miracle" website

# Performance Data on Greenhouse Gas (CO<sub>2</sub>) Emissions

## Changes in Environmental Performance (CO<sub>2</sub> Emissions)

Sector	CO <sub>2</sub> emissions in FY2006 (base year)	CO <sub>2</sub> emissions in FY2008	CO <sub>2</sub> emissions in FY2009	FY2010		CO <sub>2</sub> emissions in FY2011 (target)
				CO <sub>2</sub> emissions	Change from previous year	
Offices/Fuel and utility costs	28,149t	23,904t	21,176t	22,396t	5.8%	21,800t
Travel	7,816t	7,033t	5,608t	5,562t	- 0.8%	5,500t
Paper/Printing	7,418t	6,166t	6,820t	5,460t	- 19.9%	5,400t
Distribution	4,975t	5,255t	4,855t	4,774t	- 1.7%	4,700t
Waste	2,851t	2,415t	2,041t	1,924t	- 5.7%	1,900t
Commuting	1,591t	1,608t	1,619t	1,924t	18.8%	1,900t
External use	370t	348t	269t	289t	7.4%	280t
<b>Total</b>	<b>53,170t</b>	<b>46,729t</b>	<b>42,388t</b>	<b>42,329t</b>	<b>- 0.1%</b>	<b>41,480t</b>
Change from FY2006	—	- 12.1%	- 20.3%	- 20.4%	—	- 22.0%
Targets set by commitment to becoming carbon neutral	—	- 11.5%	- 12.5%	- 18.5%	—	- 19.5%

### Overall Review of Performance in FY2010

Office emissions increased by 1,220 tons of CO<sub>2</sub> (+5.8%) due to the effects of last year's high summer temperatures and the Nihonbashi Building, construction of which was completed in September 2009. Emissions from commuting increased by 305 tons of CO<sub>2</sub> (+18.8%) due to a switch to direct hiring of temporary staff. Meanwhile, emissions from paper and printed materials dropped by 1,360 tons of CO<sub>2</sub> (-19.9%) as a result of reduction efforts. Taken together, these factors led to a total emissions reduction of 0.1% from FY2009. This translates to a 20.4% decrease from FY2006, significantly exceeding our 18.5% reduction target.

### Supplementary Information on Greenhouse Gas Emissions Reporting

- ◆ NIPPONKOA performs greenhouse gas (GHG) inventory calculations with the intention of measuring and monitoring the CO<sub>2</sub> emissions resulting from its activities based on the underlying goal to become carbon neutral and improve the global environment by reducing its CO<sub>2</sub> emissions.
- ◆ While we take the greatest care to generate accurate and valid data, we prefer establishing practical and broadly applicable calculation methods for activities that are difficult to calculate precisely.
- ◆ When activity data (e.g., volume of materials/energy used) and their emission factors were not sufficiently precise and there was a possibility that calculated emissions would be less than actual emissions, we used a more conservative emission factor so that calculated emissions would never be less than actual emissions.
- ◆ The organizational boundaries of these calculations encompass NIPPONKOA and the subsidiaries (including those overseas) included in its consolidated financial statements.
- ◆ The operational boundaries of these calculations are those noted on p. 67. However, Scope 3 (indirect emissions resulting from business activities excluding use of fossil fuels and purchased electricity) activities are calculated only for NIPPONKOA.
- ◆ GHG emissions purchased as carbon offsets (see p. 70) were not subtracted from the emissions data shown on this page. This also applies to carbon sequestered by NIPPONKOA Forests (see p. 74).
- ◆ When we expanded the organizational boundaries of calculations to include consolidated subsidiaries, we added thermal energy (steam, hot water, cold water) to the calculations and also fixed a calculation error for class A heavy oil. We therefore went back and changed the performance figures for past years.
- ◆ For calculating use of fossil fuels, until FY2008 we estimated use based on costs, but since FY2009 we have used actual measured values. We make continual efforts to use actual measurements of activities where we previously used estimated and other non-measured values.
- ◆ Some, but not all, data have been validated by a validating institution (SGS Japan). Performance data in FY2012, the year we plan to become carbon neutral, will undergo complete validation by a validating institution.
- ◆ GHG emissions calculation results are reported to and approved by our internal Environment Committee (chaired by the company president). The Environment Committee appropriately manages yearly GHG data.
- ◆ Reporting periods and activities not provided above are described in the *CSR Report*.
- ◆ The CSR Department general manager is responsible for GHG emissions reporting.
- ◆ We conduct GHG emissions reporting while referring to ISO 14064-1 (specification with guidance at the organizational level for quantification and reporting of greenhouse gas emissions and removals).

CO<sub>2</sub> Emissions by Category (FY2010)

Value chain	Calculation category	Activities subject to calculation	CO <sub>2</sub> emissions	
Upstream	1	Manufacture of raw materials	Manufacture of printing paper, printed materials	5,460t
	2	Transport of raw materials	Transport of documents	2,625t
	3	Procurement of fuel for generating electricity and heat	Not included	–
	4	Construction/manufacture of facilities/equipment	Not included	–
	5	Processing of waste from NIPPONKOA business activities	Waste	1,924t
NIPPONKOA	6	Emissions from offices	Use of electricity, gas, etc., at offices	22,030t
	7	Emissions from companies on a consolidated basis	Emissions from consolidated companies (including overseas subsidiaries)	366t
	8	Sales activities/travel	Sales travel, business trips, accommodations	5,562t
Downstream	9	Employee commuting	Commuting by private vehicles and public transportation	1,924t
	10	Customer travel	Agencies' participation in NIPPONKOA-hosted events	33t
	11	Product distribution	Postal shipment of insurance policies to customers	2,149t
	12	Use of products and leased assets	Not included	–
	13	Disposal of products and leased assets	Not included	–
Other	External use	Emissions resulting from use of external servers	256t	

\* The above table was created while referring to the category definitions being evaluated by the Study Panel on Greenhouse Gas Emissions Calculation Methods for Supply Chain Operations (hosted by Japan's Ministry of the Environment)

## Performance Data on Energy Use

## Energy Use: Past Performance and Future Targets

## Total Energy Use

	FY2006	FY2009	FY2010	FY2011 (target)
Energy used (GJ)	730,400	617,899	649,775	632,126
compared to from FY2006	–	84.6%	89.0%	86.5%

## Electricity Purchased

	FY2006	FY2009	FY2010	FY2011
Usage (1,000 kwh)	64,716	54,989	57,525	56,000
In thermal units (MJ/kwh)	9.97	9.97	9.97	9.97
Energy used (GJ)	645,219	548,240	573,524	558,320

## District Heating and Cooling (steam, hot water, cold water)

	FY2006	FY2009	FY2010	FY2011
Usage (1,000 MJ)	25,157	18,673	24,020	23,000
In thermal units (MJ/MJ)	1.36	1.36	1.36	1.36
Energy used (GJ)	34,214	25,396	32,667	31,280

## Renewable Energy

	FY2006	FY2009	FY2010	FY2011
Usage (1,000 kwh)	50	50	50	50
In thermal units (MJ/kwh)	9.76	9.76	9.76	9.76
Energy used (GJ)	488	488	488	488

## Gas

	FY2006	FY2009	FY2010	FY2011
Usage (1,000 Nm <sup>3</sup> )	955	828	821	800
In thermal units (MJ/Nm <sup>3</sup> )	45	45	45	45
Energy used (GJ)	42,975	37,260	36,945	36,000

## Liquefied Petroleum Gas (LPG)

	FY2006	FY2009	FY2010	FY2011
Usage (1,000 kg)	5	4	2	2
In thermal units (MJ/kg)	50.2	50.2	50.2	50.2
Energy used (GJ)	251	201	100	100

## Class A Heavy Oil

	FY2006	FY2009	FY2010	FY2011
Usage (1,000 ℓ)	71	62	59	58
In thermal units (MJ/ℓ)	39.1	39.1	39.1	39.1
Energy used (GJ)	2,776	2,424	2,307	2,268

## Kerosene

	FY2006	FY2009	FY2010	FY2011
Usage (1,000 ℓ)	122	106	102	100
In thermal units (MJ/ℓ)	36.7	36.7	36.7	36.7
Energy used (GJ)	4,477	3,890	3,743	3,670

## Overall Review of Performance in FY2010

Energy use increased by 5.2% from FY2009 due to a significant rise in electricity use caused by high summer temperatures and an increase in thermal energy (district heating and cooling) used at the Nihonbashi Building, the construction of which was completed in FY2009.

## A Strong Organization that Makes Full Use of Its Human Resources

# Developing Human Act Autonomously, and

The insurance business involves large social responsibility to support safety and security in communities, as well as the livelihoods of people. The environment surrounding the insurance business is currently undergoing intense changes, and the values and beliefs of people—in addition to societal structures—are beginning to change significantly after the Great East Japan Earthquake of March 11.

At NIPPONKOA, we have always believed that the focus of all our activities is our customers. We have aimed to develop "autonomous human resources" who can predict the various changes that might occur in the future and respond to these changes in a flexible manner. Such autonomous human resources are required in order to handle these societal changes in flexible and active ways, and also to realize a sustainable society.

Based on this awareness, we have defined the kind of person we require as someone who is a "protagonist." This refers to human resources who move forward and think for themselves, act autonomously, and are continually learning. We fundamentally believe that human resources are the most important assets of a corporation, and explicitly state in our company that the development of human resources is an issue of the highest priority. We have also created the Basic Human Resource Development Principles with the goal of raising awareness of human resource development. NIPPONKOA is making efforts to carefully develop human resources in order to train "protagonists" who can respond to the diverse needs of

### Basic Human Resource Development Principles

1. We work to develop human resources who think independently, act autonomously, and engage in continual learning.
2. We work to develop human resources who can accomplish their work while focusing on our customers.
3. We work to develop human resources who are aware of their role as insurance professionals and enjoy taking on challenges.
4. We believe that nurturing subordinates is the greatest duty of a boss. We work to develop human resources centered on a system in which employees are given opportunities to discuss their personal goals with their bosses, as well as on-the-job training.
5. We work to create an educational atmosphere in which employees cultivate their character through studying and learning together.

# Resources Who Think Independently, Engage in Continual Learning

customers and contribute to society through our core business of insurance.

We are steadily working to increase awareness of such systems and initiatives to improve the abilities of our employees, with employee satisfaction growing as a result.

Insurance claims payments related to the Great East Japan Earthquake will continue for some time in the future. As employees go beyond the scope of their daily work to think for themselves and act swiftly and appropriately, we are devoted to responding in a heartfelt way to offer security to our customers.

## Strengthening Education and Training to Develop Autonomous Human Resources

At NIPPONKOA, we hope for each employee to grow as a person by overcoming various challenges and to feel inspired to work by contributing to society through the insurance business. For that reason we have created the Human Resource Development System, which is a plan aimed at creating long-term careers for our employees. In order to support career and ability development of our employees, we have established various structures such as different types of training and seminars, correspondence education, and systems to encourage the acquisition of official qualifications. We also consider human resource development

centered on on-the-job training at each of our workplaces to be very important.

## Developing Global Human Resources and Improving the Organizational Abilities of Managers

In order to fulfill the missions of our company, it is vital to improve the organizational management abilities of managers while also working to develop autonomous human resources. At NIPPONKOA we implement training programs to increase management abilities for all managers. In this way we aim to strengthen the skills of communicating with organization members, problem-solving skills, and leadership skills that are required of managers who serve as leaders.

NIPPONKOA has an overseas network with 76 offices in 21 countries and regions, so we believe that the development of global human resources who can be successful in global business is an important issue. To prepare for the expanding globalization of business in the future, we are increasing and enhancing training programs for overseas personnel, holding training sessions, carrying out human resource exchange with overseas Group companies to provide exposure to diverse values, and promoting increased awareness of human rights issues in the international community.

### Total Number of People Participating in Training/ Total Number of Sessions

	FY2008	FY2009	FY2010
Group training	3,695 people	3,345 people	2,877 people
e-Learning	61,349 people	96,756 people	137,515 people
In-house and outside correspondence education	3,315 people	2,190 people	2,494 people
Training sessions using online systems*	—	72 courses	139 courses
Training sessions at each headquarters	164 sessions	284 sessions	194 sessions

\* Online training sessions completed at one's own desk have been held since FY2009

### Percentage of People Participating in Human Rights Training

	FY2008	FY2009	FY2010
Percentage (total number of participants)	100% (11,087 people)	100% (11,250 people)	100% (11,144 people)

\* Board members/temporary employees are included among participants

### Degree of Employee Satisfaction

	FY2008	FY2009	FY2010
Degree of employee satisfaction	80.5%	81.7%	81.2%

\* Total Percentage of employees who answered they are "fully satisfied" or "satisfied"



# Creating Workplaces that Make Use of Diverse Human Resources

Many companies are making efforts to create rewarding workplaces in an environment of business globalization, decreasing birth rates in developed countries, and reduced labor forces. At NIPPONKOA, more than 5,000 female employees—around half our total number of employees—are active throughout Japan. In the past many of these female employees had no choice but to stop working to give birth to or raise children, so we have made efforts to create an environment in which they are able to raise children while also working. In addition, to create workplaces where diverse human resources can work energetically, we are also carrying out initiatives to realize work-life balance, provide opportunities for elderly people to be employed through a re-employment system for people of retirement age, and increase the number of employees with disabilities.

We believe that a diverse range of human resources, regardless of gender, age, or disabilities, is an asset for corporate management. To that end, "diversity management" that incorporates management processes with diverse ways of thinking and values is needed. At NIPPONKOA, our employees are currently divided into two large groups: a multidisciplinary group that includes job transfers or job-related moving, and a general-worker group that is mostly made up of female employees who are active mainly doing office work in a specific region. However, we feel that in the coming generation a strong organization and company must have workplaces where diverse human resources can fully display their abilities.

It is possible to accurately grasp the various needs of customers by having a diverse range of employees who are capable of creating new services and carrying out their duties according to their own personal qualities and values, regardless of gender or type of employment. Human lifestyles and values will likely grow increasingly diverse in future eras. We are aiming to provide community-rooted insurance products and services that answer the diverse needs of people in communities, and believe that it is necessary to create workplaces where diverse human resources can be active to that end.

## Creating Workplaces Where Diverse Human Resources of Both Genders Can Work Actively

One current issue at our company is the small ratio of women in management positions, which is caused by the separate employment of men and women, prior to the establishment of the Equal Employment Opportunity Law (which was revised in 1997). Up until now many women were also forced to stop working and abandon their careers for childbirth or child rearing, and there were many cases in which women left their jobs when their husband was transferred.

Many women wish to be employed, work for a long time, and do jobs that involve considerable responsibility. For that reason we are promoting initiatives to make it easier and more worthwhile for women to work at NIPPONKOA by giving equal treatment and opportunities to take on challenges regardless of gender, and also creating an enhanced support system for childbirth and raising children.

We are also taking measures to stabilize employment, such as promoting the direct employment of dispatched employees.

### ■ The Lady, Go! Project

We are implementing the Lady, Go! Project as a company-wide initiative to create a rewarding workplace environment where all employees, regardless of gender, can be actively engaged.

Based on our awareness that corporations must serve a significant role regarding the social issue of declining birth rates, we have established the central initiatives of this project as creating a corporate culture where employees of both genders can be active, reforming the awareness of employees, and supporting balance between work and raising children. We are proactively promoting and implementing various efforts, and have acquired certification as a company in compliance with government standards for promoting gender equality based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

### ■ Support for Balancing Work and Raising Children

We are making efforts to support balancing work and raising children based on three pillars: the creation of an environment where people can devote themselves to raising children, the creation of an environment where people can work with peace of mind while raising children, and the creation of an environment where people can return to work later even if they have no choice but to resign at the present. The various systems that support these three pillars have become steadily established, and more and more people are using them each year.

#### Realizing Work-Life Balance

To raise the quality of work, the most important thing is for our employees to maintain a standard of physical and mental health that will provide a foundation for improving their abilities. Having each employee maintain physical and mental health and live a fulfilling private life is the basis for working in an energetic way, and also brings energy to the corporation.

"Groups of employees with sound minds and bodies help strengthen the company" is our key phrase to this end. We work to realize work-life balance based on the four pillars of establishing a system for permitting work outside regular working hours, the complete establishment of days with no overtime work, complete implementation of turning out all lights at once, and the planned usage of leave.

### ■ Changing Management Mindset—Incorporating Work-Life Balance in the Performance Evaluation System

In order to realize work-life balance, it is important to change the mindset of people in managerial positions. At NIPPONKOA, we intensively focus on items related to work-life balance during training for managers. We are also aiming to carry out business management that is conscious of work-life balance, and have incorporated work-life balance as an item in our performance evaluation system for each organization.

### ■ Activities to Support People with Disabilities

Increasing numbers of workplaces are proactively accepting people with disabilities. These people are not given special treatment; they are accepted in a natural way and barriers between hearts are being lowered through mutual respect.

The NIPPONKOA Insurance Group's ratio of employees with disabilities is 2.27%. To expand our employment of persons with disabilities, we are strengthening efforts by holding interview sessions and information sessions about the company through Hello Work, and also by making our facilities accessible to all.

### ■ Re-Employment for People of Retirement Age

The main point of this system is to have as many employees as possible continue using the experience and expertise they developed through long years of working at the company, and sharing these things with their successors, even after retirement.

# NKSJ

HOLDINGS

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