

**CORPORATE  
RESPONSIBILITY  
COMMUNICATION**  
2012

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- This report contains, in addition to the NKSJ Group's CSR management policies and commitments, the progress reports concerning material issues of the Group and quantitative information on ESG\* issues.
- For further information on our financial conditions and business performance, please refer to "NKSJ Holdings Annual Report 2012".
- The NKSJ Group regards this report as an important tool for communication with our stakeholders, regarding visions and initiatives of CSR management of the NKSJ Holdings and the group companies and efforts towards improvement and reforms in our CSR practices.

## Special Remarks

- Since the founding of NKSJ Holdings in 2010, its core group companies Sompo Japan and Nipponkoa have been working to create a synergy between them based on the NKSJ Group's management vision and implement CSR initiatives at an even higher level. From this standpoint, we have determined to integrate their CSR reports from FY2011, which were published separately until FY2010, into the Group's CSR report.
- We have defined "Five CSR Material Issues" we must focus, by referring to stakeholders' feedback and discussion with experts, after conducting analysis based on the ISO 26000 core subjects.
- We have received third party comments from Ms. Carolyn Schmidt, Program Director of ECOLOGIA.

\* ESG: Environment, Social, and Governance

## Reporting Period

This report relates mainly to initiatives in FY2011 (April 1, 2011–March 31, 2012) but also contains some parts of initiatives and policies in FY2012 to provide updated information.

\* All names of assigned departments and positions mentioned in this report are related to the above period.

**Publication** Annually

## Covered Organizations

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

## Referenced Guidelines

- ISO 26000: Guidance on Social Responsibility
- Sustainability Reporting Guidelines (Version 3.1), Global Reporting Initiative
- United Nations Global Compact (Please refer to page 55 for COP)
- Environmental Reporting Guidelines (2012 Version), Ministry of the Environment, Japan
- Sustainability Reporting Guidelines – SPI Report Guide, Network for Sustainability Communication

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## Disclaimer

CSR information presented in this report includes forward-looking statements based on the 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 from such statements due to future changes in the business environment.

## Main Materials for CSR Information Disclosure

### NKSJ Holdings



#### NKSJ Holdings Annual Report

This report provides detailed information on the Group's business performance, business strategies, and business lineup.



#### NKSJ Holdings Corporate Responsibility Communication (this report)

This report provides detailed information on the Group's CSR initiatives and quantitative information on ESG.



#### Official website

This website discloses CSR reports and other CSR-related information of each group companies on a timely basis.

→ <http://www.nksj-hd.com/en/>

### Core Group Companies



#### • CSR Quick Guide

#### • CSR Booklet (Japanese only)

#### • Official website

#### • Official Facebook page (Japanese only)

\* Since 2011, Sompo Japan Insurance (China) Co., Ltd. publishes CSR reports (Chinese only) to provide information on CSR initiatives in China at:

→ <http://www.sompo-japanchina.com/jp/>

#### • "Voice of the Customer White Paper" (Japanese only)

This booklet publishes customer feedback and complaints, as well as business activities and improvement examples based on such feedback.

### NIPPONKOA INSURANCE CO., LTD.

#### • Environmental Report (tentative title) (scheduled to be published in October 2012) (Japanese only)

#### • Official website (Japanese only)

#### • Official Facebook page (Japanese only)

NKSJ Himawari Life Insurance, Inc.

#### • Official website (Japanese only)

## Group Management Philosophy

The NKSJ Group will contribute to society by extending the highest quality of service across a wide range of business activities building on its core business of insurance to provide security and peace of mind to its customers, always carefully considering the customer's perspective in our business actions.

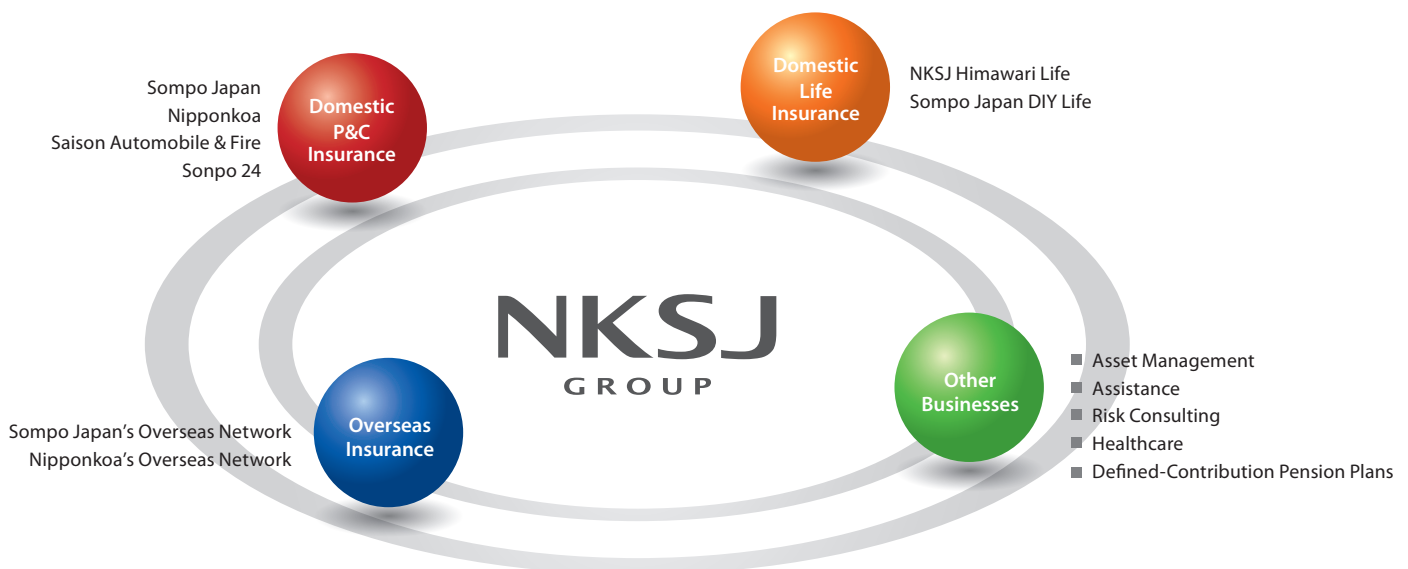
## Group Action Guidelines

To provide the highest quality of customer service, we commit ourselves to:

1. listening closely to our customers, aware that each employee represents the entire NKSJ Group;
2. always setting ambitious goals thinking for ourselves and continuously learning;
3. emphasizing speed, simplicity, and clarity; and,
4. acting with integrity and high ethical standards.

## Business Domains and Major Group Companies

The NKSJ Group deploys various businesses: "Domestic P&C Insurance" as our core business, "Domestic Life Insurance" and "Overseas Insurance" and other businesses.



### 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. Sampo 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 its services mainly through P&C insurance agencies, while Sampo 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, assistance, risk consulting, healthcare, and defined-contribution pension plans.



**Masaya Futamiya**

Chairman  
NKSJ Holdings, Inc.

**Kengo Sakurada**

President  
NKSJ Holdings, Inc.

**As part of our effort to build a globally competitive organization, we aim to establish our position among customers as the most highly evaluated service company.**

## Message from the Management

Born with the integration of Sompo Japan and Nipponkoa, the NKSJ Group has entered the third year since its inauguration in April 2010. We strive to always assess value from the customer's perspective and to make a positive contribution to society by providing services of the highest quality designed to raise levels of security and safety for customers through business in a wide range of fields, including P&C insurance, life insurance, asset management, healthcare, and risk consulting.

Last year was one in which we were made keenly aware of the very reason for the existence of insurance companies as purveyors of security and safety. Now that more than one year has passed since the Great East Japan Earthquake, which struck on March 11, 2011, we want to once again express our heartfelt concern for all the people who suffered loss in the disaster and our prayers for the earliest possible recovery in the affected areas. In our response to the disaster, we have positioned the promptest possible payment of claims as a matter of top priority in our business and immediately organized counter measure head quarters, dispatched more than 3,000 employees to the affected areas to make swift and smooth claims payment, and otherwise brought all of our capabilities to bear in the effort. The NKSJ Group is an insurance group with a vast store of wide-ranging know-how in disaster-related risk management. We in the Group want to continue helping to build a resilient society by drawing on the many lessons we have learned from the Great East Japan Earthquake and other past natural disasters.

On the international scene, as activities become increasingly borderless, we are seeing the emergence of more and more social issues on a global scope that are bound up with each other in a complicated manner, in fields such as the environment, poverty, and human rights. Last year's flooding in Thailand exemplifies the rising incidence of natural disasters accompanying abnormal weather in various parts of the world. As an insurance group, we cannot afford to ignore such issues as we confront the risks presented by the influence of climate change.

In this situation, the United Nations Conference on Sustainable Development (Rio+20) was held in Rio de Janeiro, Brazil in June 2012. The Conference closed upon adoption of "The Future We Want", a document setting forth its conclusions. The NKSJ Group also participated in Rio+20 and engaged in sharing ideas with experts who gathered there from around the world. The Conference impressed us all over again with the mounting expectations for leadership by companies working for the solution of global social issues, and the importance of collaboration among various sectors, including government, industry, and NGOs, in approaches to this end.

The NKSJ Group made revisions in our five CSR Material Issues for this year. These issues are: 1) providing safety and security for the society, 2) tackling global environmental issues - focusing on climate change, 3) providing sustainable and responsible financial services, 4) community involvement and development - partnership with NGOs, and 5) developing human resources and promoting diversity. In line with these issues, we are determined to discharge our social responsibilities as a corporate enterprise through proactive dialogue with all of our stakeholders while giving full play to our strengths in our core business. The development of employees who are skilled in communicating with society and possessed of a keen sensitivity is nothing less than a key requirement to this end. For the future as well, we are going to continue working to develop human resources who can think and act for themselves and devise new solutions in society.

We hope that this Corporate Responsibility Communication report will give you a good understanding of the many challenges taken up by the NKSJ Group in the field of CSR by tapping its synergistic capabilities, and its orientation for the future. We are looking forward to receiving frank opinions on the report from many of its readers.

September 2012

Masaya Futamiya  
Chairman  
NKSJ Holdings, Inc.

Kengo Sakurada  
President  
NKSJ Holdings, Inc.

# Marking 20 Years since the Rio Earth Summit

In June 2012, the United Nations Conference on Sustainable Development, known as Rio+20, took place in Rio de Janeiro, Brazil, to mark 20 years from the Earth Summit held in 1992.

The following chronology is the NKSJ Group's CSR history over the past two decades since the first Earth Summit.

As the chronology of events suggests, we are constantly striving to evolve our CSR initiatives to solve social issues on a global scale.

The chronology shows some highlights of CSR initiatives undertaken by the NKSJ's group companies including Sampo Japan and Nipponkoa.

## The United Nations Conference on Environment and Development (Earth Summit) was held in Rio de Janeiro, Brazil

The "Framework Convention on Climate Change" and "Convention on Biological Diversity" were adopted

The then-President of Yasuda Fire & Marine Insurance Company (current Sampo Japan) joined the Earth Summit as a chief of the Japan Federation of Economic Organizations (Nippon Keidanren) Delegate



## The World Summit on Sustainable Development was held in Johannesburg

The "United Nations Decade of Education for Sustainable Development" started

## The 10th Conference of Parties (COP 10) to the Convention on Biological Diversity was held in Nagoya

Nagoya Protocol was adopted



Rio+20 Intergovernmental meeting

**1990** — Established Environmental Risk Management Office, specialized to address environmental issues

**1992**

**1993** — Started the "Public Seminars on the Environment"

**1997** — Acquired ISO 14001 certification (first among financial institutions in Japan)

**1998** — Published the Environmental Report (first among financial institutions in Japan)

**1999** — Developed the "Sampo Japan Green Open eco-fund"

**2001** — Started investment in SRI funds\*

\* Sustainable and Responsible Investment (SRI): A type of investment integrating corporate approaches to social issues such as the environment and human rights as well as corporate governance indicative of degrees of transparency into criteria for investment appraisal. SRI funds are investment trusts for selection of brands for investment by this method.

**2002** — Started participation in the Carbon Disclosure Project (CDP) as an institution investor

**2005** — Signed the UN Global Compact and the Principles for Responsible Investment (PRI)

**2006** — Issued a Carbon Neutral Declaration Started the "Eco-Safe Driving Contest" Endorsed as an "Eco-First Company" by the Ministry of the Environment, Japan

**2008** — Developed the "Weather Index Insurance" for Thai farmers Introduced the "web-based insurance clause" for automobile insurance

**2009** — Established the "NKSJ Group's CSR Basic Policy" 37 NKSJ group companies participated in the "Japan Business and Biodiversity Partnership" Started consulting service on biodiversity

**2010** — Launched the "Save Japan Project" to preserve Japan's endangered species 10 NKSJ group companies signed the "Principles for Financial Action towards a Sustainable Society"

**2011** —

**2012**



Public Seminars on the Environment



The first Environmental Report published in 1998



Endorsed as an "Eco-First Company" by the Ministry of the Environment, Japan

## The United Nations Conference on Sustainable Development (Rio+20) was held in Rio de Janeiro, Brazil

Adoption of "The Future We Want"

Signed the "Principles for Sustainable Insurance" (PSI)

# Towards a Sustainable & Inclusive Society

# Rio+20

## Involvement of the NKSJ Group in Rio+20

In June 2012, 20 years after the Earth Summit, Rio de Janeiro again was the site of the United Nations Conference on Sustainable Development, known as Rio+20. Respectively, Sompo Japan's Chairman Masatoshi Sato and Associate Director, Chief CSR Officer Masao Seki, also attended. The Principles for Sustainable Insurance announced in conjunction with Rio+20 was signed and approaches by the NKSJ Group through initiatives in which it is participating were also disseminated.

Through the participation in Rio+20, the NKSJ Group reaffirmed the magnitude of the role to be played by corporate enterprises in the development of sustainable societies.

### Signatory of the Principles for Sustainable Insurance

As a member of the United Nations Environment Programme Finance Initiative (UNEP FI), the NKSJ Group was involved in the formulation of the Principles for Sustainable Insurance (PSI) announced in Rio in June 2012. The PSI call upon insurance companies, reinsurance companies, and other related companies to embed, and take action in regard to, risks and opportunities associated with environmental, social, and governance (ESG) issues in their business activities (such as risk management, insurance underwriting, development of products and services, claims, management and investment).

To formulate them, regional consultation meetings were held in various places around the world. Sompo Japan and Nipponkoa took part in the one held in Tokyo and engaged in a fruitful discussion on the principles with parties including insurance companies, brokers, governmental authorities, and NGOs from Asian countries.

Besides signing the PSI as a founding signatory, Sompo Japan had Masatoshi Sato, its Chairman to attend the official launch programme held in Rio on June 19. (For a comment from Programme Leader, UNEP FI Principles for Sustainable Insurance Initiative, see page 40.)



PSI official launch

### Participation at the Corporate Sustainability Forum

The United Nations Global Compact is the world's largest partnership initiative pairing the United Nations with corporate enterprises with 9,000 companies as signatories. At Rio+20, the Corporate Sustainability Forum was held and a total of 120 sessions were held over a period of four days. At the sessions titled "Approaches to and Challenges to Promote Innovation for Sustainable Development" (hosted by the Global Compact Japan Network) and "Toward a Green and Resilient Economy" (hosted by Caring for Climate), Sompo Japan's participation was represented by both speakers and panelists.

The Forum attracted among the most people of any side events in Rio+20. It was the venue of lively discussions and served to reaffirm the expectations for companies to realize the emergence of sustainable societies.



Presentation at the Corporate Sustainability Forum

### Presentation at the Japan Pavilion as Chairman of the Keidanren Committee on Nature Conservation

Masatoshi Sato, Chairman of Sompo Japan, has served as Chairman of the Committee on Nature Conservation at Keidanren (Japan Business Federation) since the end of May 2012. At Rio+20, he described the Committee's work in a presentation titled "Message on Bonds for Preservation of Biodiversity" at the Japan Pavilion.

The NKSJ Group has taken a clear stance of active steps to preserve biodiversity throughout the Group, as 37 of its group companies signed the "Japan Business and Biodiversity Partnership". The Partnership was established in 2010 in order to promote action for preservation of biodiversity. The NKSJ Group is going to continue reducing the burden placed on the environment by its own business activities and making efforts to preserve biodiversity through its initiatives.

(For details on approaches by the NKSJ Group for preservation of biodiversity, see page 35.)



Speech at the Japan Pavilion

### Engagement with the World Business Council for Sustainable Development (WBCSD)

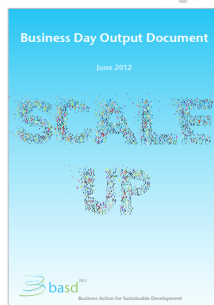
The World Business Council for Sustainable Development (WBCSD) is a CEO-led global association of companies around the world for proposal of policies on the environment and sustainable development. As of July 2012, approx. 200 corporates are signatories and Sompo Japan is the sole Japanese financial institution that has been a member since 1995. Sompo Japan engages in sharing views with other progressive companies from various countries and it reflects ideas obtained through this participation in the evolution of approaches in the NKSJ Group. In addition, Sompo Japan actively shares experience

with other organizations globally.

At Rio+20 as well, WBCSD took part in Business Action for Sustainable Development (basd), which was jointly held with the United Nations Global Compact and the International Chamber of Commerce. In this event, it engaged in discussion on global social issues and actions in the industry and also exchanged opinions with Mr. Peter Bakker, President of the WBCSD.



Exchanged views with Mr. Peter Bakker, WBCSD President at basd



basd output document "SCALE UP"

### "Miracle Miracle: A Place for Global Kids to Create the Future"

Nipponkoa is conducting the project "Miracle Miracle: A Place for Global Kids to Create the Future" in collaboration with the NGO Japan For Sustainability, which provides Japan-sourced environmental information to 191 countries worldwide. The project revolves around a community website designed to educate children, ranging in age from the higher grades of elementary school to junior high school, about sustainability. The website, which is available both in English and Japanese, displayed a special feature on the Rio+20 Earth Summit in contents titled "The Earth's Mechanism". Information on this activity was made available at the NGO's booth in the Japan Pavilion at Rio+20.



Page from the "Miracle Miracle" website



# Tackling Extensive Natural Disasters Toward a Safe, Secure, and Resilient Society

Last year (2011) saw the occurrence of unprecedented disasters, such as the Great East Japan Earthquake and the flooding in Thailand. Through its claim payments to customers for these extensive disasters, the NKSJ Group reaffirmed the mission of an insurance and financial group, which lies in undertaking various risks in society and delivering security and safety to customers by swift response in the incidents. To meet needs for building a more resilient society, it is determined to address the development of new insurance products and services, and to furnish society with higher levels of security and safety by preventive approaches.

## The Great East Japan Earthquake

The Great East Japan Earthquake struck on March 11, 2011 and did unprecedented damage across eastern Japan. All the employees of the NKSJ Group joined in a concerted effort to make swift payment of claims to affected customers and help them rebuild their lives. More specifically, the NKSJ Group immediately instituted countermeasure headquarters and sent more than 3,000 employees to the affected areas in order to provide support.

Nipponkoa established an office for receiving earthquake accident reports in its Kansai headquarters and a specialized office for payment of earthquake insurance claims in its Nihonbashi Building (Tokyo). While providing exclusive services for accepting and paying insurance claims to damage caused by the earthquake, the entire company, including the employees on the site, did its best to see that customers received payments for their insurance claims as early as possible.

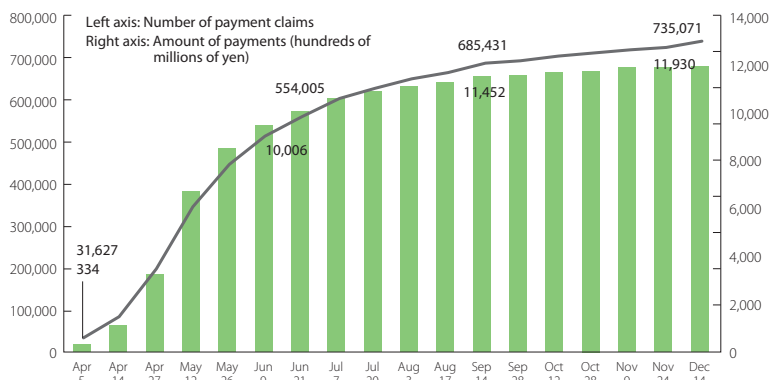
Immediately after the earthquake, Sampo Japan set up a crisis center in its Head Office and began the task of determining the facts of damage throughout Japan and considering measures of response. In the affected areas, it instituted 12 countermeasure headquarters for quick survey to respond to our customers. It also greatly increased the number of employees dispatched and operators at its insurance claims support desks in two locations and call centers at four locations. These and other steps were taken for prompt and courteous response to affected customers.

Meanwhile, the General Insurance Association of Japan reinforced services at its consultation desks and streamlined its surveys of damage. Thanks to this action, the industry as a whole managed to complete payments on some 90 percent of all claims within three months after the earthquake struck.

### Number and Amount of Payments of Earthquake Insurance Related to the Great East Japan Earthquake (total of insurance companies in Japan / as of December 14, 2011)

Source: General Insurance Association of Japan

- The rate of payment completion about 3 months after the earthquake was 90%.
- The rate of payment completion about 9 months after the earthquake was 98.7%.
- Payment of earthquake insurance claims is projected to reach 1.2 trillion yen, a record-high since establishment of the earthquake insurance system.



[Reference] a total of 78.3 billion yen was paid for claims for the Great Hanshin-Awaji Earthquake, which struck on January 17, 1995

## Flooding in Thailand

Many NKSJ Group policyholders incurred loss and damage as a result of the flooding that hit Thailand beginning in July 2011. In addition, factories sited in Thailand by numerous Japanese enterprises were forced to suspend operations. The Group did its best to assist an early resumption of business by these corporate customers.

Nipponkoa instituted a disaster response office within Navakij Insurance Public Company Limited, in Thailand with which it has an investment tie-up. In addition to its employees resident in Bangkok, it seconded employees from its Head Office in Japan and its Singapore office to render assistance. The office brought all its capabilities to bear in the task of receiving damage reports and handling inquiries, and also formulated a business continuity plan (BCP) based on evacuation of employees to Pattaya in the southern part of Bangkok, where there was little danger of flooding, and continuation of the work of the disaster response office if there arose apprehensions about safety as the flooding expanded. As a result, by the end of December, it had completed on-site appraisals of damage incurred by all policyholders and is making prompt payments of claims.

Sampo Japan instituted a crisis task force at Sampo Japan Insurance Thailand (SJIT), its Thai affiliate. It sent Japanese employees from Japan and Singapore with experience in handling overseas insurance payment to SJIT and bolstered its personnel complement. In partnership with world-class damage appraisers and accounting offices, it strove for prompt payment of claims. It also worked with consultants specialized in disaster recovery to furnish policyholders with advice for resumption plans matching their particular situation.



Destruction in the affected area (Otsuchi Town, Iwate Prefecture)



Making an examination in Kesennuma City, Miyagi Prefecture



Countermeasure headquarters office of Nipponkoa shortly after the disaster



Aerial view of the flooding in Thailand

## Insurance Products and Services for Natural Disasters

The NKSJ Group is drawing on its deep store of know-how to strengthen its arrangements for payment of claims at times of disaster and to develop diverse insurance products and services in preparation for the risks of natural disasters.

### Development of Automobile Insurance for Earthquakes, Eruptions, or Tsunami

The risks posed by earthquakes, volcanic eruptions, and tsunami have been regarded as difficult for private insurance companies to handle because of the high possibility of damage on a tremendous scale. In response to the outbreak of the Great East Japan Earthquake, the needs for coping with the risks posed to automobiles by earthquakes are rising. In addition, in the event of major earthquakes, it is essential to immediately secure means of transportation. Sampo Japan and Nipponkoa have developed clauses for payment of claims for automobiles damaged by earthquakes, eruptions, or tsunami. The payment levels are based on the level of down-payments for purchasing cars and funding that can be applied to purchase used cars. The subjects are policies that went into effect no later than January 2012.

### Services for Damaged Corporate Facilities

Awareness of the importance of business continuity plans (BCP) is rising among companies in response to the Great East Japan Earthquake, typhoons, and other natural disasters. As a BCP initiative, Sampo Japan broadened the scope of its service for repair of damaged facilities provided as one of its fire insurance services for companies in August 2011.

This service is provided by "Recovery Pro", the Japanese affiliate of a world-class corporate group dealing exclusively in the field of disaster recovery. "Recovery Pro" diagnoses damaged facilities with respect to items such as extent of contamination, performs emergency repairs, and restores facilities to enable clients to resume operations faster than if they had replaced the damaged facilities with new ones.



## Consultation Services at NKSJ Risk Management

### Earthquake Risks

The Great East Japan Earthquake cut supply chains, caused a short supply of electrical power, and dealt a serious blow to companies inside and outside Japan. In the central Tokyo Metropolitan Area, it likewise exposed numerous issues in areas such as provision of information on loved ones and handling of people stranded in locations far away from their homes.

NKSJ Risk Management is supporting hedges for earthquake risks by customers through consultation services including the preparation of manuals for initial response, BCP, and other activities; related education and training; and diagnosis of the seismic resistance of buildings and equipment.

### Supply Chain Risk Management

Industries are reinforcing supply chains in response to the immense destruction caused by disasters in Japan and other countries. In the manufacturing industry, for example, steps to this end include establishment of standards and norms for parts, diversification of suppliers, and review of part inventories. Today, however, when supply chains are highly globalized, companies have to figure out how to hedge not only risks associated with natural disasters but also country risks\* and the risk of suspended supply of raw materials.

NKSJ Risk Management has acquired a wealth of pertinent knowledge through services in fields such as risk analysis, quantified assessment, analysis of the degree of influence in the case of risk actualization, and assistance for BCP preparation. It draws upon this knowledge in providing support for the strengthening of supply chains.

\* Country risks: credit risks in countries as viewed from a perspective encompassing political, economic, and social situations.

### Overseas Flooding Risks

The flooding in Thailand compelled many companies there to suspend the operation of factories and other facilities. The resulting severance of supply chains caused serious problems. NKSJ Risk Management has built up an extensive store of know-how through its services in assessment of typhoon and flooding risks, BCP preparation, and BCP training. It made the most of this know-how to provide services to assist continuation of operations in times of flooding to Japanese enterprises with sites in Thailand and other Southeast Asian countries.

It also held a seminar titled "Flooding in Thailand and Key Points for Recovery" in November 2011. Participants heard an outline report on the flooding, description of the damage, pointers for recovery aimed at resumption of operations, and the risk of infectious disease as a secondary disaster coming in the wake of extensive natural disasters, with the countermeasures for it based on past cases. The seminar attracted about 100 participants and was given high ratings by many of them. Some commented that it would help them in recovery efforts and voiced desires to share the information with affected locations immediately. Others said it gave them a good understanding of the necessity and importance of measures to prevent the spread of infectious diseases. One stated: "The explanation of steps to stop infectious diseases was easy to understand and gave me a good idea of the basic measures".



Scene at the seminar

→ Detailed information on services is available on the website.  
[http://www.nksj-rm.co.jp/english/menu\\_natural\\_disaster.html](http://www.nksj-rm.co.jp/english/menu_natural_disaster.html)

## NKSJ Group's Basic CSR Policy and Medium-Term CSR Objectives

### [NKSJ Group's Approach to CSR (Basic CSR Policy)] (Established in April 2010)

- 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 safety and security.

### [Medium-Term CSR Objectives]

- 1 To become a highly valued corporate group by creating new social value toward a safe, secure, and sustainable 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 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 by tackling climate change, loss of biodiversity, 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 automobile 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 to make the world a better place.

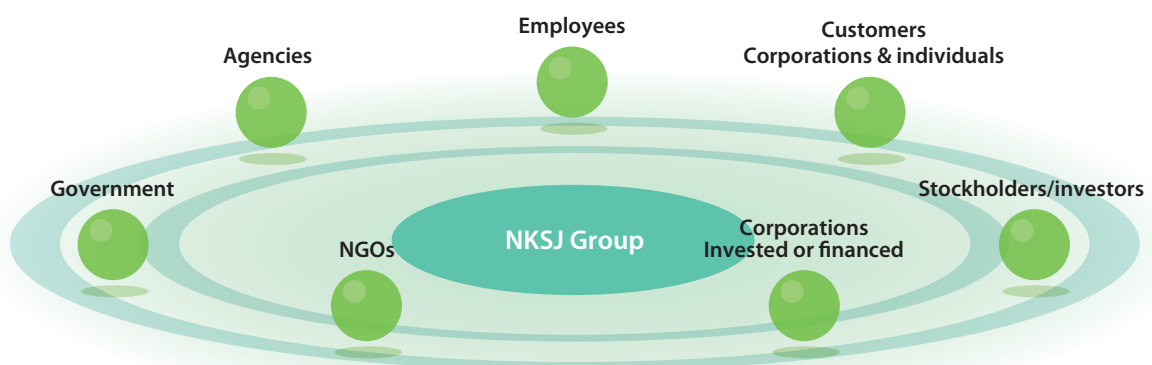
### [Stakeholder Engagement]

ISO 26000, an international standard for social responsibility which was issued in November 2010, states that the specification of stakeholders and stakeholder engagement must be at the heart of approaches to the social responsibility by a given organization.

To the NKSJ Group as well, communication with all of our various stakeholders is a vital activity for staying aware of social responsibility tasks, building ties of trust and collaboration, and achieving even better results.

The NKSJ Group practices various forms of dialogue and engagement with its stakeholders. These may be exemplified by projects of collaboration with non-profit organizations, on-going communication with experts and consumer groups, stakeholder dialogue with the participation of external experts inside and outside Japan, exchange of opinion on websites, and discussion with stakeholders at global gatherings.

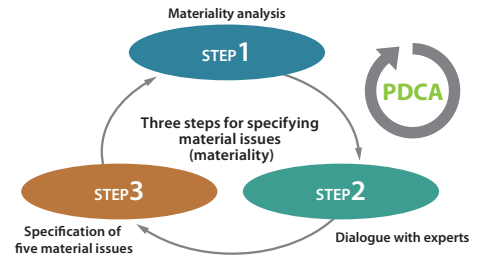
Major Stakeholders that are Affected or Influenced by the Business Activities of the NKSJ Group



## Specifying NKSJ Group's New Material CSR Issues

Thus far, Sompo Japan and Nipponkoa have each posted their own material issues.

We reviewed these issues and then specified five new material CSR issues for the NKSJ Group, in accordance with the following three steps.



### STEP 1 Materiality Analysis

#### <Analysis Based on ISO 26000>

In accordance with the CSR basic policy, we conducted an analysis of material issues by mapping agenda on a grid in which the degree of expectation among stakeholders formed the vertical axis and importance to the NKSJ Group, the horizontal axis.

Besides the awareness gained through our engagement with stakeholders to date, the mapping process rested on the findings of a questionnaire survey of consumer expectations conducted with the general public through a specialized outside institute and an assessment and analysis, by NKSJ Risk Management, of the degree of influence on our company based on the core themes of ISO 26000.

**Questionnaire Survey on NKSJ Group's CSR Initiatives**

- ◆ Implementation period: January to February 2012
- ◆ Number of respondents (valid response): 1,032

#### Materiality Mapping Based on an Analytical Evaluation Based on ISO 26000

Stakeholder expectations	<ul style="list-style-type: none"> <li>• Employment creation and skill development</li> <li>• Activities that benefit local communities</li> <li>• Activities and information provision that benefit the public's health</li> <li>• Education and culture/art</li> </ul>	<ul style="list-style-type: none"> <li>• Contribution to solving social issues</li> <li>• Respect for human rights and avoidance of involvement in activities that violate human rights</li> <li>• Human rights due diligence</li> <li>• Efforts to climate change mitigation</li> </ul>	<ul style="list-style-type: none"> <li>• Active information disclosure</li> <li>• Efforts to improve customer services</li> <li>• Initiatives to respond to customer feedback</li> <li>• Courteous and detailed explanation to customers</li> <li>• Adaptation measures on climate change</li> <li>• Employment creation for the elderly</li> </ul>
	<ul style="list-style-type: none"> <li>• Preservation of biodiversity</li> <li>• Labour conditions and social protection</li> <li>• Sustainable use of resources</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder engagement</li> <li>• Decision-making process based on social responsibility</li> <li>• Efforts to eliminate discrimination and protect the socially vulnerable</li> <li>• Corporate governance</li> <li>• Diversity</li> <li>• Risk management</li> <li>• Employment creation for persons with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of products and services that contribute to environmental improvement</li> <li>• Services that help the socially vulnerable</li> <li>• Establishment of a mutually beneficial relationship with agents</li> </ul>
	<ul style="list-style-type: none"> <li>• Creation of a safe working environment</li> <li>• Management of conflict of interest</li> </ul>	<ul style="list-style-type: none"> <li>• Fair marketing</li> <li>• Management of the health of employees</li> <li>• Promotion of fair transactions</li> <li>• Sustainable consumption</li> <li>• Prevention of misconduct</li> <li>• Measures against antisocial forces</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Dialogue with employees</li> <li>• Development of human resources</li> </ul>
	Importance to the NKSJ Group		

### STEP 2 Dialogue with Experts

To identify the material issue to be addressed by the NKSJ Group in the CSR context, we invited two experts to engage in discussions with us on points to be considered in the selection of material issues. The two were Ms. Junko Edahiro, Environmental Journalist and Chief Executive of the Japan for Sustainability, and Mr. Hideto Kawakita, CEO of the International Institute for Human, Organization and the Earth (IIHOE).

The dialogue between them is shown on the right.



Ms. Junko Edahiro  
Environmental Journalist  
Chief Executive, Japan for Sustainability (JFS)



Mr. Hideto Kawakita  
CEO of International  
Institute for Human,  
Organization and the  
Earth (IIHOE)

#### Definition of Agenda Based on Views from a Wide Range of Stakeholders

**NKSJ:** In selecting material CSR issues to be tackled by the NKSJ Group, we did a questionnaire survey with the general public and a materiality analysis based on the core themes of ISO 26000, as shown in Step 1. What do you think about the results?

**Edahiro:** To make a progressive definition of agenda, it is important to acquire a perspective that is a little ahead of the rest of the industry, through exchange of views with experts and NGOs inside and outside Japan. I can see why, in addition to the on-line questionnaire survey with the general public, you arranged meetings for obtaining our opinions as specialists who have been watching the CSR initiatives of Sompo Japan and Nipponkoa for a long time.

**Kawakita:** Ideally, it would be good to select agenda by which the NKSJ Group can meet the expectations of experts who would like to see a nice balance between short- and long-term perspectives, while surely responding to the wishes of current policyholders. I also think it is important for the NKSJ Group as a whole to have a consensus on what is to be brought by the results of approaches on each theme.

**Edahiro:** In Japan, for example, the pace of approaches to global warming slowed after the Great East Japan Earthquake. Nevertheless, disasters like the flooding in Thailand may be expected to increase over the coming years, and this suggests that the climate change problem is an important one for insurance companies. **I would like to see NKSJ Group make a progressive determination of agenda without losing a multifaceted perspective and by looking a half a step or 0.7 steps into the future.**

#### Staring Half a Step into the Future

**NKSJ:** So you would like us to look from a half-step to 0.7 steps into the future. In light of the aforementioned mapping, we believe our material issues have boiled down to five: 1) providing safety and security for the society, 2) tackling global environmental issues - focusing on climate change, 3) providing sustainable and responsible financial services, 4) community involvement and development - partnership with NGOs, and 5) developing human resources and promoting diversity. What do you think about this?

**Edahiro:** Among consumers in general, recognition of the importance of the agenda "resolution of social issues by drawing on financial capabilities" is probably not very prevalent. As a task for an insurance company, however, I think it will win staunch support among your stakeholders. One of the chief roles of an insurance and financial companies is to alter the flow of money in the society. **It is crucial to see that funds reach projects and companies which are linked to reduction of environmental burden, promotion of renewable energy, and preservation of biodiversity.**



Dialogue with units in charge of CSR was also implemented

**Kawakita:** Regarding "provision of security and safety", I think there are two basic ways for delivery of such value: 1) through existing services, and 2) through newly created services. The provision of eco-safe driving service, for example, may be considered an ordinary enough service in Japan already. But **in developing countries, traffic fatalities are an issue that is going to come to the fore only in the future.** We believe that there are needs for this service as a preventive one, and that these needs are going to get stronger.

**Edahiro:** You might also consider the time axis when selecting material issues. Some issues can be immediately resolved, while others require a long time. There will presumably be a continued need for the process of exchanging opinions with experts who view things from the perspective of half-centuries or centuries, and identifying themes of importance over the medium and long terms.

**Kawakita:** To be sure, it is vital to have an outlook with sufficient breadth and depth when selecting agenda. We don't mind if the list is a mixture of items for addressing the needs of stakeholders over the long term and others requiring results over the short term.

### The NKSJ Group is Expected to Play the Role of Driving CSR Initiatives in its Industry

**NKSJ:** Please let me hear your expectations for future CSR Initiatives at the NKSJ Group.

**Edahiro:** I am wondering if you will continue with the sound and solid initiatives you have taken so far or will go a bit further in step with the times. Climate change, for example, presents extremely great risks for the P&C insurance industry. The question is whether your action on them will be confined to the company or also involve society. **To become world-class, I urge you to go beyond the bounds of the company.**

**Kawakita:** The future will bring a focus on ability to develop products and provide services that address issues ten years down the road, and in each region. Another question is how the material issues selected today will be linked to the provision of services for optimal financial solutions in each region tomorrow. In other words, I think that companies should set some agenda with an awareness of the impact on community-building five or ten years later in the region. I would like to see companies construct processes that breed new value through their CSR initiatives. I think **the NKSJ Group is expected to play the role of driving CSR initiatives in its industry.**

**Edahiro:** The new company brings together Sampo Japan and Nipponkoa, two companies that have each gone about excellent CSR initiatives very enthusiastically and won the trust of customers because of it. As such, I would say that expectations of the Group are running very high in society as a whole. I hope that the two companies will bring their distinctive strengths to bear and use them to create something new to address the material issues identified today.

**NKSJ:** Thank you very much.

(Excerpted from a dialogue with experts held on February 27, 2012)

Key words in the dialogue with experts

- On-going dialogue with a wide range of stakeholders
- Determination of progressive agenda with breadth and depth
- Active appeal to society by breeding new value

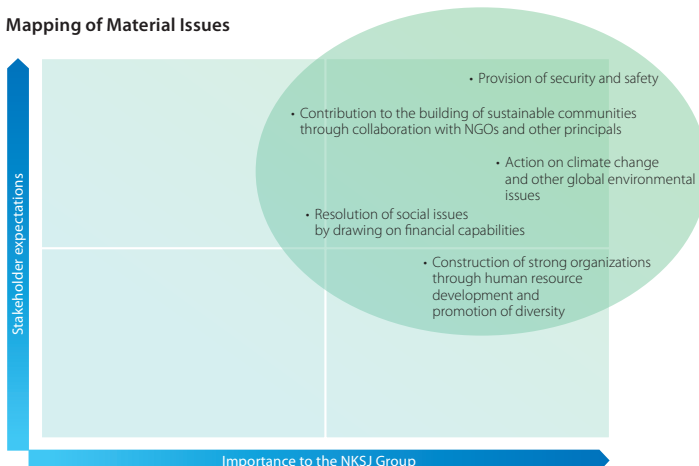
## STEP 3 Specification of Five CSR Material Issues

### <Narrowing to Five Material Issues>

The results of the materiality analysis in Step 1 were put together with the three key words emerging from the dialogue with experts for another mapping of agenda in terms of the two axes (stakeholder expectations and importance to the NKSJ Group). This served as the basis for identification of the five items of highest priority in respect of both axes.

**We will continue to review NKSJ Group's approaches to CSR, maintaining ongoing dialogue with our stakeholders.**

#### Mapping of Material Issues



### 1 Providing Safety and Security for the Society

We shall provide progressive services that furnish protection from various risks in society and support the safety and security of our customers.

### 2 Tackling Global Environmental Issues – Focusing on Climate Change

Besides addressing the risks of climate change by approaches combining adaptation and mitigation, we shall develop new solutions in partnership with our stakeholders.

### 3 Providing Sustainable and Responsible Financial Services

In addition to promoting responsible investment incorporating ESG issues, we shall work to develop products and services that contribute to the resolution of social issues by making the most of our financial and insurance capabilities.

### 4 Community Involvement and Development – Partnership with NGOs

Through collaboration with citizens, governments, NGOs, and other principals aimed at the resolution of issues in each region, we shall contribute to the building of sustainable communities.

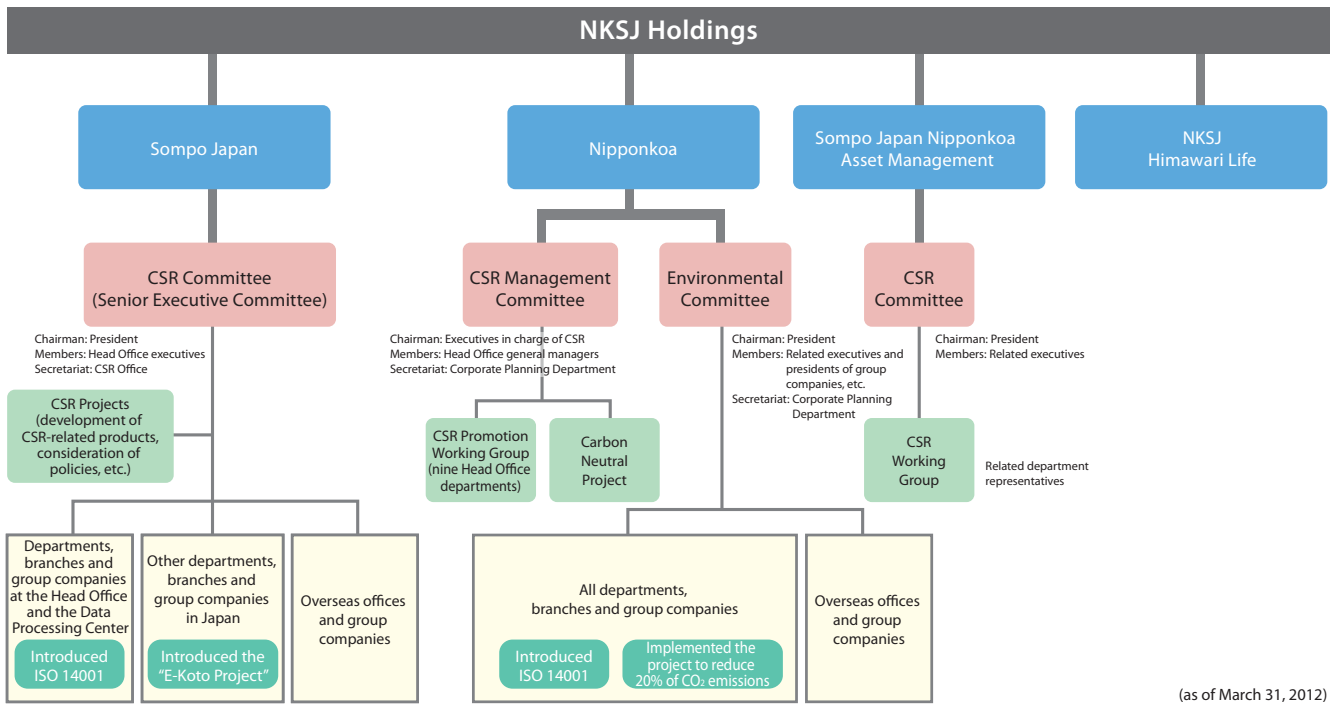
### 5 Developing Human Resources and Promoting Diversity

We shall accept diverse personnel and condition environments enabling spirited work and full exercise of talents by all employees. By so doing, we shall strive to develop human resources capable of positive contribution to society through our business.

# CSR Management Framework

NKSJ Holdings, Inc. has constructed a framework for CSR promotion.

The objective is to provide an across-the-board pursuit of CSR agenda over the medium term, based on interdepartmental consultation of Basic CSR Policy and key initiatives grounded in this policy.



## Induction of Group Synergy

It is becoming increasingly important to apprehend and manage data on the Group level for the disclosure of such quantitative information. In light of this background, the NKSJ Group is collecting quantitative information related to the environment, society, and governance (ESG) from all member companies of the Group inside and outside Japan in order to maintain or even heighten recognition for the Group. To the same end, it engages in dialogue with all members to promote CSR initiatives.

NKSJ Volunteer Days was held over the months October–December 2011 as a program shared by all member companies of the NKSJ Group (for details, see page 43). It attracted the participation of some 10,000 employees in about 60 activities nationwide. In addition to support for areas affected by the Great East Japan Earthquake, these activities spanned a wide range of areas including preservation of nature and the environment, disaster prevention, and culture & the arts. The program helped to heighten the social significance and influence of volunteer/civic activities.

## Merger of Sompo Japan and Nipponkoa

The NKSJ Group is looking ahead to the challenge of becoming a leading CSR- and environmentally-minded company, which is also one of the strategic objectives of the new company to be established in 2014. The Sompo Japan and Nipponkoa groups are going to revise their respective CSR management frameworks thus far with a view to maximizing the Group synergy by making the most of each other's distinctive experience and know-how.

More specifically, they have instituted a CSR working group and are working for integration in various aspects, including the review of policies and objectives, integration of CSR & environmental management systems, consolidation of environment-related products and services, and sharing of systems of CSR and environmental education.

## Inclusion in Socially Responsible Investment (SRI) Indexes and Others

Since the Group's CSR initiatives have been highly appreciated by research institutions inside and outside Japan, the NKSJ Holdings was selected as candidates for inclusion in the following SRI indexes and SRI funds. (as of April 1, 2012)

### 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 ESG issues.

### FTSE4Good Index Series



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 two registers are a socially responsible investment universe for European institutional investors.

### Morningstar Socially Responsible Investment Index



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

# Declarations to Society and Participation in CSR Initiatives

The NKSJ Group has been voluntarily participating in declarations to society as well as CSR initiatives inside and outside Japan in order to address various CSR issues.

\* Group companies shown in parentheses are those signed declarations or participating in initiatives.

## United Nations Global Compact (UNGC)



UNGC 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, signed as NKSJ Holdings in 2012)

## Principles for Responsible Investment (PRI)



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, and Sompo Japan Nipponkoa Asset Management followed to become a signatory in 2012. (Sompo Japan, Sompo Japan Nipponkoa Asset Management)

## Carbon Neutral Declaration

Nipponkoa issued a Carbon Neutral Declaration in July 2008, stating its intention to achieve net zero CO<sub>2</sub> emissions by fiscal 2012 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 to 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 approximately 200 financial institutions from 40 countries (as of March 2012). 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, Nipponkoa)

## Japan Business and Biodiversity Partnership

For details, see page 35.

## Principles for Sustainable Insurance (PSI)



PSI was formulated by the United Nations Environment Programme (UNEP FI) in June 2012, as a declaration by financial institutions that they will take ESG issues into account through their business operations. Sompo Japan contributed to the development of the principles and became a signatory in June 2012. (Sompo Japan)

## Carbon Disclosure Project (CDP)

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)



WBCSD, established in 1995, is a CEO-led global association of companies. As of March 2012, approximately 200 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)

## Principles for Financial Action towards a Sustainable Society (PFA)

These principles were formulated based on the recommendation made by the "Expert Committee on Environment and Finance" under the Central Environmental Council in June 2010. Sompo Japan and Nipponkoa were actively involved in the formulation, participating as members of the drafting committee. In December 2011, a total of 10 NKSJ Group members became signatories to these principles (NKSJ Holdings, Sompo Japan, Nipponkoa, NKSJ Himawari Life, Sompo Japan Nipponkoa Asset Management and five other group companies).

### T O P I C S

#### Inclusion in Best Practices

"Sustainable Return on Investment Opportunity (RIO) The Business Case for the Green Economy" (UNEP)



→ [http://www.unep.org/publications/contents/pub\\_details\\_search.asp?ID=6263](http://www.unep.org/publications/contents/pub_details_search.asp?ID=6263)

"Business and Climate Change Adaptation: Toward Resilient Companies and Communities" (Caring for Climate/UNEP)



→ [http://www.unglobalcompact.org/docs/issues\\_doc/Environment/climate/Business\\_and\\_Climate\\_Change\\_Adaptation.pdf](http://www.unglobalcompact.org/docs/issues_doc/Environment/climate/Business_and_Climate_Change_Adaptation.pdf)

"Principles for Financial Action towards a Sustainable Society: Examples of Good Practices" published by the Environment Bureau, Ministry of the Environment, Japan



### [NKSJ Holdings]

- "East Asia 30": Named as one of the top 30 CSR companies in East Asia for the second consecutive year. (NKSJ Holdings is the only Japanese financial institution to be selected.)
- "3rd Make a CHANGE Day Award": Received the Honorable Mention Award for the corporate citizenship activities made by all employees across Japan as part of the NKSJ Volunteer Day coinciding with the International Year of Volunteers+10.
- "SAM's Silver Class Distinction": Received the Sustainable Asset Management (SAM) Silver Class in SAM's Corporate Sustainability Assessment.



### [Sompo Japan Insurance]

- "2010 Environmental goo Grand Prize": Sompo Japan's CSR Communication Web-site received Grand Prize in the communication category.
- "2010 GoldenBee CSR China Honor Roll": Sompo Japan Insurance (China) Co.,Ltd was selected at the 6th International CSR Forum hosted by China WTO Tribune and the Sino-Germany CSR Project.
- "The Judging Committee Special Prize,": Sompo Japan's Collaborative Forest Restoration Project received the Prize at the 2nd Contest for corporate Activities on Biodiversity.
- "Highest Rank for Insurance Company Support Portals": Received Three stars of the HDI-Japan's Customer Support Service rating for the 3rd consecutive year.
- "Eco-Products Award Steering Committee Chairperson's Award": Sompo Japan's Web-based automobile insurance clause, "Save Japan Project" was selected in the Eco-Service Category at the 8th Eco-Products Awards."
- "Eco Mark Award 2011": Sompo Japan's Eco Mark Certified automobile insurance received Incentive Prize from the Japan Environmental Association.
- "15th Nikkei Environment Management Survey": Ranked 2nd insurance company by Nihon Keizai Shimbun, Inc.
- "Ethisphere 2012 world's Most Ethical Companies": Selected for the second consecutive year and as 3rd time overall.



### [Nipponkoa Insurance]

- "Prize of Excellence for Global Warming Prevention Reporting": Awarded at the 15th Environmental Communication Awards by the Ministry of Environment, Japan.
- "Global Warming Prevention Activity Award": Awarded by the Ministry of Environment, Japan.
- "15th Environmental Report Award": Received Excellence Prize from the Toyo Keizai Inc.
- "Carbon Offset Award": Received the first Incentive Prize from the Carbon Offset Network.
- "15th Nikkei Environment Management Survey": Ranked best financial institution by Nihon Keizai Shimbun, Inc.
- "6th Toyo Keizai CSR Ranking": Ranked 2nd financial institution by Toyo Keizai, Inc.
- "2012, Kakaku.com Customer Satisfaction Ranking": Ranked Best company for automobile insurance accident support.

### [Sompo Japan Nipponkoa Asset Management]

- "R&I Fund Award 2011": Sompo Japan Green Open Eco-Fund received awards for excellence as a Japanese SRI Fund in the Investment Trust category and as a Japanese Equity Fund in the Defined Contribution Pension category.



## Measures and Training for CSR Promotion

The NKSJ Group strives for the penetration of CSR on the Group-wide level.  
To this end, it has erected CSR management system and implemented various CSR training.

### Construction of CSR Management System, and CSR Training

To practice CSR through its core business, the NKSJ Group is working for the penetration of environmental management system, and holding close-knit seminars on CSR and the environment for employees grouped by rank and position.

#### 1. CSR implemented environmental management system

At Sompo Japan, all departments in the Head Office and Data Processing Center building plus the group companies take approaches to CSR based on ISO 14001, the international standard for environmental management system. Departments and branches in other buildings take such approaches on the basis of the E-Koto (E-koto, means good things in Japanese) Project, the Group's own environmental management system. In addition to response to environmental issues through campaigns to conserve resources and energy, it also takes action on social responsibility agenda related to such as human rights and consumer issues based on ISO 26000. Approaches are characterized by the setting of CSR and environmental goals and targets matching the nature of the workplace, and performance of the PDCA cycle.

Nipponkoa has been certified under ISO 14001 at all 474 offices in its Group. It implements environmental education using motion contents that facilitate understanding by all employees. It also has employees use "Eco Checksheets" of its own creation to make checks of the rooting of activities in all workplaces and to identify agenda in each. Furthermore, it is making CO<sub>2</sub> emissions visible in each workplace and reflecting levels in performance assessments.

#### 2. Internal auditing through dialogue

Sompo Japan conducts dialogue-oriented internal auditing through its core business, for departments that have been certified under ISO 14001, and is promoting CSR initiatives adapted to the character of each. In FY2011, these internal audits were implemented in a total of 41 departments. In the context of its E-Koto Project as well, it conducted internal auditing for the CSR secretariats of the Kanagawa, Saitama, Chiba, Shinetsu, and Hokuriku head offices. Through this internal auditing, it shared issues and visions for the future in each district.

In the setup for internal auditing at Nipponkoa, it determines priority policies upon advance consultation with the ISO secretariat on key topics each year before making the audits. Similarly, Sonpo 24, its subsidiary, carries out internal auditing in conformance with this setup. In FY2011, it audited all departments (8 in Head Office and 9 in regional head offices).

### Group-wide CSR Training

The NKSJ Group conducts various training in order to ensure that each and every employee understands the Group agenda to take actions accordingly.

#### 1. Human esteem training

To deepen understanding of CSR and respect for individuals to build environments where all employees can work to the best of their ability, the NKSJ Group provides training for all levels of employees.

In FY2011, Sompo Japan used ISO 26000 as a material in a program of related education. All personnel in the workplace discussed how to address the cases actually faced as reflections of themes formulated the basis of core issues.

At Nipponkoa, motion video contents prepared especially for training on CSR and environmental approaches enabled viewing by all executives and employees in the Group. There was also a seminar on human rights in which all personnel in the workplace, including temporary ones, participated in discussions and shared ideas on problems there.

#### 2. Stakeholders dialogue

In FY2011, NKSJ Business Services and NKSJ Systems, NKSJ group companies engaged in administrative and systems operations, held the Group's first joint stakeholder dialogue meeting for the purpose of deepening the significance of CSR approaches by employees. The meeting attracted a total of 73 participants. Mr. Hideto Kawakita, CEO of the International Institute for Human, Organization and the Earth (IIHOE), was invited to make a presentation, which was followed by a group discussion on the subject of what can be done to resolve social issues by applying the corporate knowledge and technology.



Scene at the stakeholder dialogue meeting

#### 3. ESG promotion project

Since January 2012, the NKSJ Group has been conducting an ESG promotion project in order to breed and nurture awareness of investment and financing with consideration of ESG issues. The project consisted of lectures by outside experts and group discussions, which helped participants deepen their understanding of the latest trend in ESG investment. (For details, see page 39.)

#### 4. CSR development seminar

In order to combine our business with sustainability, Sompo Japan holds highly specialized CSR development seminars for employees of its Head Office and members of its group. These seminars provide points for CSR practice through the core business. In FY2011, it held the following seminars.



Scene at the CSR development seminar

#### <CSR development seminar in FY2011>

[First seminar: September 2011]

Theme: "Social Business - The New Wave of Social Entrepreneurship"  
Speaker: Mr. Haruo Miyagi, President, Entrepreneurial Training for Innovative Communities (ETIC, an NGO)

Number of participants: 59

[Second seminar: December 2011]

Theme: "Consideration for the Environment, Society, and Governance (ESG) - Latest Trends Inside and Outside Japan"

Speaker: Mr. Masaaki Nagamura, Director, Business Planning Department and CSR Office, Tokio Marine & Nichido Fire Insurance Co., Ltd. and Masao Seki, Associated Director, Chief CSR Officer, Sompo Japan Insurance, Inc.

Number of participants: 63

\*Including some participants from Nipponkoa

## 5. Training for managers

To enhance understanding of CSR in the management layer, Sompo Japan and Nipponkoa hold CSR seminars for executive officers and newly appointed department and office directors. In FY2011, the seminars for executives were held on the subject of global trends in human rights.

## 6. e-learning

Sompo Japan offers e-learning classes of environmental issues and basic knowledge about CSR for all employees. Nipponkoa utilizes motion video contents to deepen employee understanding.



E-learning at the desk

## 7. E-Koto CSR Point System (E-koto means "good things" in Japanese)

Sompo Japan instituted this system in FY2009 for further promotion of CSR initiatives by each and every employee. In FY2011, a total of 17,403 executives and employees of Sompo Japan made checks on the web of their own approaches to CSR initiatives. These initiatives were equivalent to a contribution worth 1,502,126 yen, and this amount was donated to four NGOs supporting recovery from the Great East Japan Earthquake, following the contribution made in FY2010. In December 2011, NGOs which received the FY2010 donations and are working for recovery from the disaster were invited to make reports at a meeting for employees. The meetings gave the participants an opportunity to learn about the current status in affected areas and efforts of support in them from perspectives including medical care, the environment, and education.

## CSR Approaches to Globally Wide Group Companies

The NKSJ Group encourages an active approach to CSR to all group companies inside and outside Japan.

This helps to raise the level of CSR approaches as a whole.

### 1. Obtaining ESG information

To see that CSR-related approaches spread throughout the NKSJ Group, it is indispensable for each member of the NKSJ Group to compile information on the environment, society, and governance (ESG). Since FY2010, the NKSJ Group has been implementing initiatives taking full account of the uniqueness of each company by ascertaining ESG issues in and out of Japan.

### 2. CSR dialogue with globally wide group companies

To make effective use of the ESG information it collects and link it to the further spread of CSR initiatives, Sompo Japan personnel have been making visits to members of NKSJ Group in and out of Japan and have held CSR dialogue since FY2010.

In FY2011, CSR dialogue were held with six affiliates in Japan and others in the five countries of the United Kingdom, Turkey, the United States, Singapore, and China. These meetings are devoted to the exchange and sharing of information on the worth of CSR initiatives, issues in the region, and visions for the future. The idea is to link the meetings to subsequent CSR action.

In recent years, Sompo Japan Insurance (China) Co., Ltd. has been bolstering its CSR approaches. The first meeting for CSR dialogue to be held overseas was staged at its Shanghai Branch in March 2012. It invited Ms. Weng Xiaoxue, who is a specialist in the Ecologia Chinese CSR Program, to speak at the meeting as the external expert. About 30 Chinese and Japanese employees engaged in an enthusiastic discussion on the subject of approaches to CSR practice in China.



CSR dialogue in China



Participants at the CSR meeting in Singapore



CSR report published by Sompo Japan Insurance (China) Co., Ltd.

➔ <http://www.sompo-japanchina.com/Jp>

## T O P I C S

### ISO 26000 Related Business Services by NKSJ Risk Management

Following the 2010 release of ISO 26000, the international standard for social responsibility, an increasing number of companies began identifying related approaches and agenda in their own operations. In response, NKSJ Risk Management started to provide services in consultation for the formulation of CSR management strategies based on ISO 26000 in July 2011. Under this service, the company offers clients a selection of five functions, including analysis of the current CSR status, materiality analysis, and preparation of CSR action plans. In July 2011, it also held seminars in Tokyo and Osaka to present cases of action grounded in ISO 26000 by universities and companies. These seminars drew about 200 participants.

Many said the practical approaches provided good ideas for the future spread of CSR within the company.

Theme	The Global Standard for Social Responsibility Issues - Practice of ISO 26000
Speakers	Dr. Iwao Taka, Professor of Economics, Reitaku University Mr. Hitoshi Suzuki, then Director, CSR Promotion Division, NEC Corporation Masao Seki, Associated Director, Chief CSR Officer, Sompo Japan Insurance, Inc.
Number of participants	200



Scene at the seminar on ISO 26000

# Examples of Communication with Stakeholders

The NKSJ Group is involved in all sorts of dialogue and engagement with its stakeholders.

The list of initiatives includes projects of collaboration with NGOs, standing communication with experts and consumer groups, stakeholder dialogue meetings with the participation of external experts, and exchange of views with stakeholders on websites and in global gatherings.

## Active Outreach to Stakeholders

The NKSJ Group is also making efforts to disclose CSR information on its website. In FY2011, it launched a new program of providing the latest CSR information in the NKSJ Group on a regular basis to stakeholders, with a focus on initiatives in which it is participating.

Through this provision, it hopes to reaffirm its own agenda on the front of social responsibility and bolster ties of trust with stakeholders inside and outside Japan.

## Approaches to the Value Chain

In order to relay the NKSJ Group's stance on approaches to CSR and the environment to its transaction partners and requesting their cooperation with the same, Sompo Japan and Nipponkoa have been conducting a questionnaire survey on CSR based on the Nippon Keidanren Charter of Corporate Behavior since 2005. In FY2011, the survey was conducted with 50 companies. They also ask transaction partners to prepare and file CSR reports and other documents for the sharing of information and deepening of partnership.

Sompo Japan Nipponkoa Insurance Asset Management, which operates the Sompo Japan Green Open eco-fund, introduces brands from an environmental perspective in its monthly report on operation of the fund. In "Green Open News", which comes out on a quarterly basis, timely environmental information is delivered in features on eco-trends, eco-information, and eco-words. In this way, investors are furnished with the latest environmental information every month.



## Use of Facebook

Apart from disclosure of information on its own official website, the NKSJ Group engages in dialogue through Facebook for running interactive communication with stakeholders. In FY2011, Sompo Japan and Nipponkoa established new Facebook accounts. Sompo Japan expanded the CSR communication site it had been operating and moved the venue to Facebook. Through the account, it is deepening communication on a timely basis while providing information on volunteer work by employees across Japan and other CSR initiatives, as well as on exhibits at the Seiji Togo Memorial Sompo Japan Museum of Art.

Nipponkoa launched an official fan page for "EcoRatta", its eco character, on Facebook. A strange but cute animal with leaf-like ears, EcoRatta says what it thinks about everyday events and stimulates communication with customers.



→ Sompo Japan Facebook account  
<http://www.facebook.com/sompojapan>



→ Nipponkoa Facebook account  
<http://www.facebook.com/ecoratta>

## Communication with Children through Miracle Miracle

In collaboration with the NGO, Japan For Sustainability, Nipponkoa runs the community site "Miracle Miracle: A Place for Global Kids to Create the Future". The purpose of the site is to educate children about sustainability. Children visiting the site find a simple explanation of the role played by the Earth Summit in rule-making for protection of the earth. The site also promotes understanding of and interest in Rio+20, which was held in June 2012.



Information on Rio+20 at the Miracle Miracle site.  
 Miracle Miracle was introduced at the NGO booth in Rio+20.

## FOCUS ON

### Dialogue between Mr. Lester R. Brown and President of Nipponkoa

In February 2012, Mr. Lester R. Brown, President of the Earth Policy Institute, came to Japan and held a discussion with Masaya Futamiya, President of Nipponkoa. Futamiya described how his company, as one involved in the field of insurance, was bolstering its approaches to climate change in response to disasters that struck around the world in 2011, including the Great East Japan Earthquake, typhoons, and the flooding in Thailand. He also related his commitment to making the company "carbon neutral" as a measure to this end.

Mr. Brown raised various global issues in areas such as the environment, food, and population, and profiled initiatives to address them being taken by certain overseas companies.



At the meeting for discussion between Mr. Lester R. Brown and President Futamiya

### Participation in Exhibition "Eco-Products 2011"

On the 15th and 16th of December 2011, "Eco-Products 2011", the largest environmental exhibition in Japan, was held at Tokyo Big Sight. Nipponkoa ran a booth at the event for the fourth time. The booth was visited by many people, who viewed publicity about Nipponkoa's approaches to the environment through an eco-quiz and experienced the eco-safe driving simulator, which was developed for education about and the spread of Eco-Safe Driving. On the 16th, Nipponkoa hosted a symposium titled "Global Warming - Influence and Countermeasures - Striving for Carbon Neutral" which attracted more than 130 people.

Sompo Japan is furnishing support for environmental preservation activities for endangered wildlife habitats through web-based automobile insurance clauses as part of the "Save Japan Project". For this work, it was selected for the Eco-Products Awards Steering Committee Chairperson's Award in the eco-services category of the 8th Eco-Products Awards, and received the related commendation at the Eco-Products exhibition venue.



Scene at the symposium at Eco-Products 2011

# NKSJ Group's Targets and Progress of Major CSR Issues

P20-21



Providing Safety and Security for the Society

P22-27



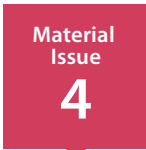
Tackling Global Environmental Issues – Focusing on Climate Change

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Developing Human Resources and Promoting Diversity

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# NKSJ Group's Targets and Progress of Major CSR Issues

## Stakeholder Engagement

	FY2011 Targets	FY2011 Progress	Self-Assessment of Progress	FY2012 Targets
Stakeholder Engagement	Expand and enhance disclosure of CSR information	<ul style="list-style-type: none"> <li>⊙ Implemented ESG questionnaires with group companies (to all 22 companies)</li> <li>⊙ Conducted dialogue to receive feedback from the respondents of the above questionnaires (by visiting 6 consolidated domestic group companies and 5 companies overseas).</li> <li>⊙ Expanded the scope of the CSR report to all companies of the NKSJ Holdings.</li> <li>⊙ Provided stakeholders with information on the latest CSR initiatives on a regular basis, thereby enhancing the relationship with them.</li> <li>⊙ Sompo Japan and Nipponkoa provided up-to-date information more effectively by publishing such information on Facebook.</li> </ul>	○	<ul style="list-style-type: none"> <li>⊙ Continue collecting quantitative data based on the results of ESG questionnaires, expand the scope of data collection and disclosure, and ensure the accuracy of data to be collected.</li> <li>⊙ Continue providing advice on CSR initiatives by conducting dialogue with group companies.</li> <li>⊙ Strengthen the relationship with stakeholders by providing appropriate information on CSR initiatives for each stakeholder.</li> <li>⊙ Utilize Facebook to enhance communication with stakeholders.</li> </ul>
	Enhance internal communication to integrate CSR into business throughout group companies	<ul style="list-style-type: none"> <li>⊙ Conducted an ESG promotion project in order to enhance understanding of the employees of group companies about the latest trend of ESG investments.</li> <li>⊙ Hosted "NKSJ Volunteer Days" and about 10,000 employees of group companies attended.</li> </ul>	⊙	<ul style="list-style-type: none"> <li>⊙ Promote practical initiatives on ESG issues in each department based on the data and knowledge received from the ESG promotion project.</li> <li>⊙ Increase the awareness of the importance of social contribution among the employees of group companies by continuously implementing the "NKSJ Volunteer Days".</li> </ul>
	Contribution as a good corporate citizen through active participation in external activities	<ul style="list-style-type: none"> <li>⊙ Participated and deeply involved in the formulation of the Principles for Sustainable Insurance and the Principles for Financial Action towards a Sustainable Society.</li> <li>⊙ Participated in the formulation of WBCSD's Sustainable Consumption Guidelines and provided examples of initiatives in which we took part.</li> </ul>	⊙	Contribute to building a sustainable society by actively participating in external activities, gathering information on the current trend of CSR initiatives, and disseminating the NKSJ Group's own initiatives to the world.

## Five CSR Material Issues

	FY2011 Targets	FY2011 Progress (including some results achieved in FY2009 and FY2010)			Self-Assessment
Providing Safety and Security for the Society	Expand operations in the business fields of food safety, CSR, the environment and the inspection of electric power facilities, in order to provide our customers with new solutions to support their corporate management. (NKSJ Risk Management)	Launched and offered new services such as consultation for the formulation of CSR management strategies based on ISO 26000 and consultation to support the calculation and reporting of CO <sub>2</sub> emissions in the value chain.			⊙
	Continue providing products that meet the needs of society for safety and security. (NKSJ Himawari Life)	Provided various information on the treatments of cancer and increased the recognition of the counseling and support center, in order to improve the quality of life of patients with cancer.			⊙
	Work to offer and promote effective solutions for creating healthy companies. (Sompo Japan Healthcare Services)	Developed and launched a new results-guaranteed service as the first mental health care measure.			⊙
	Strive to provide insurance products and services that match the needs of our customers, as well as the industry's best insurance claims handling services. In this way, aim to be a company that fully protects the safety of communities and continues to offer security to the people living there. Also work to improve customer satisfaction and reduce the number of complaints, which serve as indices for marking the progress of such efforts. (Nipponkoa)		FY2009	FY2010	FY2011
Degree of customer satisfaction (insurance contracts)		74.5%	74.7%	74.6%	○
Degree of customer satisfaction (vehicle accident claims handling)		87.6 points	88.6 points	89.3 points	⊙
	Number of complaints (expressions of dissatisfaction from customers)	28,554	24,741	28,255	○

### Self-assessment

- ⊙ Major progress was made towards the achievement of goals
- Progress was made towards the achievement of goals
- △ Initiatives were implemented but more progress is required
- × No initiative was implemented

(Continued)

	FY2011 Targets	FY2011 Progress (including some results achieved in FY2009 and FY2010)			Self-Assessment	
Tackling Global Environmental Issues - Focusing on Climate Change	Reduce the use of paper by 9.5% from the FY2010 level through measures including: promoting web-based insurance clause for customers, promoting the use of web conferences instead of conventional meetings, reducing the use of paper and printed materials by supplying the data of such costs to departments/offices. (Sompo Japan)	Reduced the use of paper by 23.1% from the FY2010 level by promoting web-based automobile insurance clause and rationalizing administration of various forms.			◎	
	Reduce own CO <sub>2</sub> emissions by an average of 1% on an annual basis through continued facility improvements and energy savings. (Sompo Japan)	Reduced CO <sub>2</sub> emissions by 5.3% from the FY2010 level, and by 39.5% from the FY2002 level.			◎	
	<ul style="list-style-type: none"> <li>Promote the sales of the Weather Index Insurance for farmers in FY2011 in five regions of northeastern Thailand.</li> <li>Based on the sales conditions, consider revising the content of the product, expanding sales to other regions of Thailand, diversifying target crops and expanding into other Southeast Asian countries. (Sompo Japan)</li> </ul>	<ul style="list-style-type: none"> <li>Increased the number of people purchased the insurance (6,173 in FY2011 from 1,158 in FY2010).</li> <li>Expanded the sales target regions (9 regions in FY2011 from 5 regions in FY2010) and revised the content of the products.</li> </ul>			◎	
	Formulate a flood risk evaluation model for three major urbanized districts in Japan jointly with Kyoto University; start developing a rainfall forecasting model and integrating it into the flood risk evaluation model. (NKSJ Risk Management)	<ul style="list-style-type: none"> <li>Developed a model for simulation of flooding in the urbanized districts of the Kinki region.</li> <li>Is developing the same simulation models for the urbanized districts.</li> </ul>			◎	
	As a company that has issued the Carbon Neutral Declaration, work to achieve the targets shown right by carrying out activities to reduce the usage of energy and resources throughout the entire value chain. (Nipponkoa)		FY2009	FY2010	FY2011	
		Reduce CO <sub>2</sub> emissions to 41,480 tons or less (a 22.0% reduction from the FY2006 level)	42,388 tons	42,329 tons	41,624 tons	△
		Reduce overall energy use to 632,120 GJ or less	617,899 GJ	649,775 GJ	589,684 GJ	◎
		Increase a green purchasing ratio to 89.0% or greater	85.0%	87.6%	90.5%	◎
		Promote bumper repair in vehicle accidents	75,356 cases	79,208 cases	79,061 cases	○
		Promote the use of eco-parts in vehicle accidents	22,249 cases	23,709 cases	25,344 cases	◎
Increase the applications of web-based insurance clause by more than three times over the FY2010 level		210,269 cases	488,676 cases	2,126,218 cases	◎	
Reduce the amount of usage of paper and printed matter in the office		6,025 tons	4,813 tons	4,340 tons	◎	
Promote Eco-Safe Driving				○		
Providing Sustainable and Responsible Financial Services	Continue working to promote SRI funds including Green Open eco-fund that are considered to contribute to the sustainable development of society. (Sompo Japan Nipponkoa Asset Management)	<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 the largest balance (¥16 billion) among other Japanese SRI funds as of March 2012.</li> </ul>			◎	
	Continue promoting environment related investment and financing. (Sompo Japan Nipponkoa Asset Management)	Became a signatory to the PRI, and at the same time, established a CSR committee. In this way, further promoted the investment and development of products with ESG considerations.			○	
	Continue developing products and services that contribute to the solving of social problems. (Sompo Japan, Nipponkoa, and NKSJ Risk Management)	Developed various insurance products and services in order to prepare for a risk of natural disaster (for further information, see page 9).			○	
Community Involvement and Development Partnership with NGOs	<ul style="list-style-type: none"> <li>Consider establishing ongoing relationships with organizations that received donations.</li> <li>Formulate pro bono initiatives to be addressed through collaboration with supported organizations by utilizing the skills of employees. (Sompo Japan)</li> </ul>	<ul style="list-style-type: none"> <li>Hosted a debrief meeting for employees by inviting NGOs who received donations under the E-Koto CSR Point System (see page 17) and engaged in reconstruction assistance for the devastated areas affected by the Great East Japan Earthquake.</li> <li>Conducted 419 projects of social contribution activities in Japan in FY2011 that include: a program for servicing and cleaning of wheelchairs at welfare facilities, offering of a work experience opportunity for junior high-school students at a call center.</li> </ul>			◎	
	Consider reforms aimed at further utilization of the Chikyū (Earth) Club Social Contribution Fund. (Sompo Japan)	<ul style="list-style-type: none"> <li>Promoted the utilization of the fund together with the holding of NKSJ Volunteer Days.</li> <li>Selected organizations to which we make donations for supporting flood victims in Thailand through collaboration with local corporations.</li> <li>Utilized the fund to support the devastated areas affected by the Great East Japan Earthquake.</li> </ul>			○	
Developing Human Resources and Promoting Diversity	Strengthen systems for promoting employee diversity by focusing on support for activity by female employees, support for activity by people with disabilities, support for activity by foreign nationals, and promotion of a good work-life balance. (Sompo Japan)	<ul style="list-style-type: none"> <li>Launched women's management classes in order to support female employees wanting to advance their careers.</li> <li>Launched an intensive training seminar to expand the duties and roles of employees in the position of "Area Work", that requires a job transfer without changing their residence.</li> </ul>			◎	
	Analyze measures for promoting more active roles for people with disabilities and transmit information to the group companies nationwide. (Sompo Japan)	Conducted an interview with managers who supervise employees with disabilities in their departments/offices across Japan, and disseminated the cases of good practice on a company-wide basis. Implemented several measures to support and maintain the employees with disabilities, such as preparing guidance manuals for managers.			◎	
	Start receiving national staff from the Sompo Japan Group's foreign subsidiaries, and increase employment of foreign students. (Sompo Japan)	<ul style="list-style-type: none"> <li>Enhanced the Global HRD Program.</li> <li>Enhanced the communication with staff of Sompo Japan Group's foreign subsidiaries.</li> </ul>			○	
	Continue creating a workplace where a diverse range of people can work effectively to their full potential, through promoting a good work-life balance and diversity and strengthening the development of human resources. Also 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. (Nipponkoa)		FY2009	FY2010	FY2011	
		Employee satisfaction	81.7%	81.2%	82.7%	○
Ratio of annual paid leave taken		22.5%	28.2%	29.8%	◎	
Ratio of overtime work		8.4%	7.4%	8.4%	○	
Ratio of employees with disabilities	1.87%	2.02%	2.27%	◎		

**Self-assessment**

- ◎ Major progress was made towards the achievement of goals
- Progress was made towards the achievement of goals
- △ Initiatives were implemented but more progress is required
- × No initiative was implemented



## Providing Safety and Security for the Society

At present, the trends of falling birthrates and population aging are deepening in Japan while those of population growth and increasing poverty are spreading around the rest of the world. And in developing countries where motorization is under way, the rising number of traffic accidents and related problems are becoming a concern to society as a whole. The insurance business has an important role as a public-service to support individuals' lives with safety and security, and also to sustain economic activities made by companies. In addition to providing assurance to customers in emergencies, we believe that the mounting of preventive approaches for the resolution of such issues is a vital mission of insurance companies.

To develop high-quality products and services that enhance security and safety, the NKSJ Group strives for a timely grasp of trends in society and needs among customers while drawing on its huge bank of data of accidents accumulated over many years and its know-how in quantifying risks.

The NKSJ Group is determined to continue helping to build a sustainable society by providing a wide range of solutions for diversifying risks.

### Provision of Safety and Security through the Insurance Business

The NKSJ Group takes measures to support safety and security at each step in the insurance business lifecycle, from explanation of insurance products to the customer to provision of services during the policy term, and further to response in the incident of accidents.

#### STEP 1

Development of insurance business regarding customers satisfaction

#### STEP 2

Support for customer safety

#### STEP 3

Professional services in response to accidents

### Services for Realization of Quality of Life

The NKSJ Group provides high-quality "safety and secure" services for the lives of customers. We have readied and prepared to offer services through medical and healthcare, care for trauma caused by disasters etc., to heighten the degree of relief of customers in both physical and mental aspects.

# Provision of Security and Safety through the Insurance Business

The NKSJ Group aspires to provide its customers with services and solutions of the highest quality. Even in its core insurance business, it strives to offer high-quality services that will satisfy customers through collaboration with agencies close to the community at each phase, from before the contract, during the policy term, and further to response in the incidence of accidents. We aim to link these services to the contribution in building of a more secure and safer society.

## STEP 1 Development of Insurance Business Focusing on Customers Satisfaction

### Approaches to Improve the Business Quality of Agencies

Agencies of the NKSJ Group explain insurance products and services to customers and provide various related procedures. In the incidence of accidents, they receive details from the concerned customers, communicate them to the insurance company, and provide advice for solution. Through such procedures, they support the quality of work and the foundation of insurance canvassing as reassuring points of contact that stay close to the customer.

The NKSJ Group is working to cultivate the growth of agencies capable of providing professional proper advice and complete services that will fully satisfy customers.

### Framework for Agency Support

#### 1. Training Program

Education seminars and courses for groups are held on a regular basis to improve the quality of agency work. In addition, branches and sales offices across the country conduct and provide their own training programs according to the perspectives of agencies with high-quality and warm-hearted support.

#### 2. Improvement of Consulting Capabilities

Sompo Japan and Nipponkoa offer agencies systems which can execute from explanation of policies to concluding contracts, on the computer screen through paperless systems not requiring document signature or stamping of seals. The system also accommodates tablet terminals, which allow free adjustment of screen size to heighten visibility for customers. It therefore raises abilities to meet customer needs even higher.

#### 3. Agency Trainee System

The NKSJ Group has constructed a trainee system for the development of dedicated insurance agencies. Agents are hired as employees during the training period and acquire product knowledge, sales technique, and agency management know-how through group education courses and all sorts of study meetings with detailed instruction furnished by NKSJ Group's staff. The objective is to groom them for professionals of insurance canvassing.

#### 4. Improvement of Work Quality

The NKSJ Group is conducting a campaign to improve the quality of work at agencies. The opinions received from customers and the findings of surveys on customer satisfaction are collected for analysis. The results of this analysis serve as footing for the determination of behavior standards by agencies to meet customer expectations. Agencies are given education and guidance in accordance with these standards. Standards are similarly determined for the quality of work in each individual part of the contracting process.



Scene at a group training for agencies at Nipponkoa



Tablet terminals whose provision began in April 2012



## Improving Customer Satisfaction

As part of our effort to build a globally competitive organization, the NKSJ Group aims to establish its position among customers as the most highly evaluated service company. One of its basic management policies is to become the customers' number one choice by raising the quality of all our operational processes and providing the highest quality of service.

In line with this policy, the entire Group is mounting various approaches aimed at raising degrees of customer satisfaction, such as extensive analysis of customer opinions for reflection in efforts to improve and refine products and services. In the context of these approaches, it especially attaches great account to complaints. It built a management system grounded in ISO 10002 (Quality management - Customer satisfaction - Guidelines for complaints handling in organizations), the international standard setting forth basic principles in the handling of complaints along with the mechanisms and processes required for applying them. The three companies Sompo Japan, Nipponkoa, and NKSJ Himawari Life have pledged to comply with these standards.

### [Examples]

#### Receiving Customer Feedback

The sales units of Sompo Japan used the results of surveys from customer satisfaction and analysis of complaints to identify patterns of behavior expected of canvassers by customers and are promoting the penetration of security standards for the behavior of agencies defined on this basis. To check the progress and effects of these approaches, the Head Office conducted a questionnaire survey with customers on their degree of satisfaction, and fed the findings and results of their analysis back to agencies and sales units.

The service centers (insurance claims departments) conduct questionnaire surveys with customers who have received payments for claims under automobile insurance and new types of fire insurance policies. The surveys ask them about the handling of their cases by the company and its agencies. The precious opinions received through the surveys are reflected in efforts to improve the quality of case handling.

In December 2011, the SC (service center) Credo was prepared to set forth the proper attitude in dealing with customers. At all service centers nationwide, personnel review feedback from customers in light of the SC Credo on a daily basis, as part of efforts to provide services that will produce even higher degrees of customer satisfaction.

Nipponkoa is targeting the attainment and rooting of "Quality Standards"<sup>\*1</sup> through activities in areas such as improvement of quality. It is executing questionnaire surveys with customers on standards of quality on a continuous basis in order to ascertain the degree of attainment and rooting of "Standard Quality"<sup>\*\*2</sup>. In addition, it also carries out a customer survey on automobile insurance to assist its efforts to improve contracting procedures and other work related to products and services. These are joined by an on-going survey on satisfaction with handling of accidents for the purpose of delivering ever-better services in times of need. The survey list extends to a questionnaire with agencies and a survey of employee awareness conducted at regular intervals regarding dealings with customers.

\*1, 2 Nipponkoa has established three grades of standards of quality: Basic Quality, Standard Quality, and Maximum Quality. These standards are applied for quality in aspects such as dealings with customers, insurance products and incidental services, and forms at each step of the business process.

#### Disclosure of "Voice of the Customer White Paper"

Each year since FY2007, Sompo Japan has published the Voice of the Customer White Paper. The White Paper describes the current situation concerning inquiries, consultation, requests, and complaints from customers, and profiles action aimed at reflecting customer feedback in corporate management. The purpose is to promote an understanding of Sompo Japan's approach to reflect customer feedback in corporate management, and prompt even more customers to express views and link these to further improvement of products and services.

In addition to the status of customer feedback and related approaches in FY2011, the FY2012 edition of the CSR report, which marks the sixth in the series, presents a special feature looking back on approaches over the last five years.

#### Implementation of CS Seminar

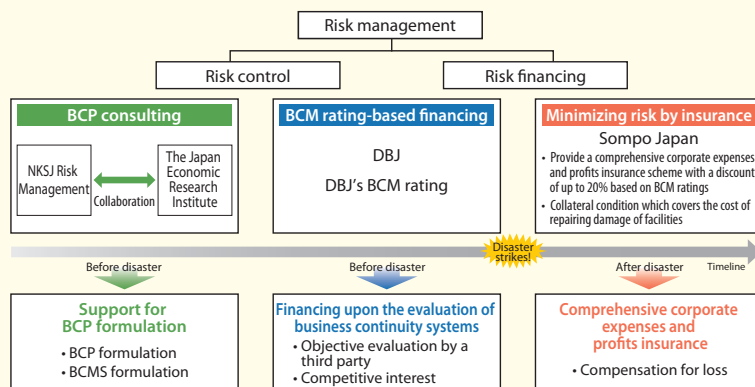
Each year, Nipponkoa holds a customer satisfaction (CS) seminar led by in-house lecturers for its own employees and other participants as part of its efforts to improve expectations and satisfaction from customers. In FY2011, the seminar was held a total of 104 times with a total of 2,761 participants including employees, agents, and customers. The purpose of the seminar is to heighten the degree of satisfaction felt by customers through provision of value to them, deepen awareness of the importance of being preferred by customers, and promote understanding of and action on agenda to earn and keep such preference.

## T O P I C S

### Collaborating with Development Bank of Japan (DBJ)

Sompo Japan has started to offer support services for companies' disaster measures by collaborating with DBJ.

To be precise, DBJ evaluates companies' business continuity management (BCM) and assigns a BCM rating based on the evaluation. Then, Sompo Japan provides companies with a high BCM rating with a comprehensive corporate expenses and profits insurance scheme with a discount of up to 20%, which covers any loss arising from the suspension of operations and production due to a disaster. Likewise, NKSJ Risk Management provides DBJ's customers who wish to enhance their disaster measures with a support service for their BCM formulation, etc.



## STEP 2 Support for Customer Safety

### Participation for Pilot Project of ISO 39001 (Road Traffic Safety Management Systems)

Each year, traffic accidents kill about 1.3 million people and injure another approximately 50 million worldwide. About 90 percent of this toll is occupied by developing countries. Japan and other developed countries are being called upon to actively share their accident-prevention know-how and achievements with other countries. This situation forms the background for the development and study of an international standard for arrangements for traffic safety at international conferences of the International Organization for Standardization (ISO). The related standard is ISO 39001 (road traffic safety management systems), which is being readied for official issuance in November 2012.

Sompo Japan and Nipponkoa are participating in a pilot project for this standard. In January 2012, they received a pilot screening at the draft international standard (DIS) stage, and pointed out problem points requiring resolution for the formulation of an international standard that would be easier to apply. For their contribution to the formulation of ISO 39001, they each

received certificates of gratitude from the ISO secretariat and the National Agency for Automotive Safety and Victims' Aid (NASVA). They are taking aim at acquisition of such certification upon examination for it this fiscal year.



Presentation of certificates of thanks from the NASVA to Nipponkoa (left) and Sompo Japan (right)

### Promotion of Eco-Safe Driving (Activities for Education in Traffic Safety)

The NKSJ Group is working on promoting the spread of Eco-Safe Driving with a view to curtailing the incidence of accidents and making society more secure and safe, which consists of five rules, including "e(co)-start" by slow depression of the accelerator and early lifting of the foot from the accelerator, for more moderate driving. The practices help not only to prevent accidents but also to alleviate environmental burden and save fuel due to the improved fuel efficiency.

Sompo Japan and Nipponkoa hold free classes in Eco-Safe Driving nationwide in response to requests. In addition, together with the Energy Conservation Center, Japan, they stage the Eco-Safe Driving Contest, Japan's biggest contest of its kind, with the support of the Ministry of the Environment and Ministry of Land, Infrastructure, Transport and Tourism of Japan. The contest attracts the participation of more than 6,000 companies.

### Development of Vehicle Accidents Reduction Program

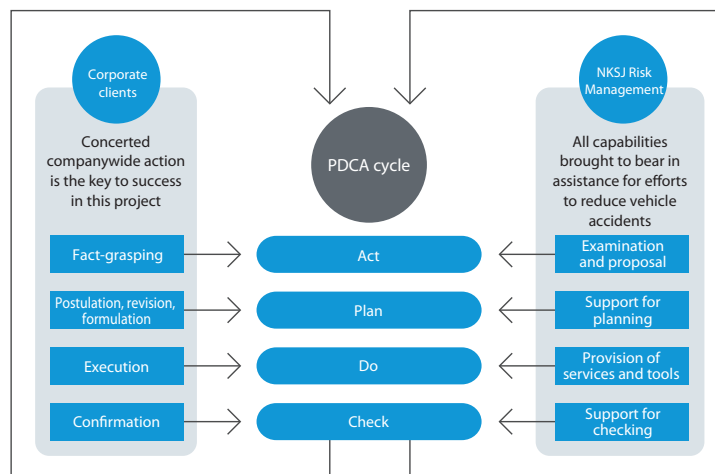
To establish a system for prevention of vehicle accidents, the NKSJ Group is holding a program for vehicle accident reduction together with other companies.

The program is aimed at reducing accidents by performance of the PDCA cycle of examining and ascertaining the facts (Act), preparing plans (Plan), executing those plans (Do), and checking results (Check). The NKSJ Group provides support at each stage of the cycle of corporate approaches for accident prevention with a diverse assortment of services.

#### ▶ Major Services in FY2011

Number of diagnoses of aptitude	1,054
Number of accident prevention classes held	1,756
Number of consulting sessions held for accident prevention	718

#### ▶ Program for Reduction of Vehicle Accidents in the NKSJ Group



### Risk Management Services to Global Companies

The NKSJ Group supports the management of risks at companies developing business on a global scale. It has both claim agents and survey agents posted in about 240 major cities and ports around the world for swift and sure response to accidents and payment of claims. It dispatches personnel from Japan to Europe, North America, Southeast Asia, and China, and has prepared a setup for provision of accident response services designed to satisfy customers, based on close coordination between the Head Office and the local affiliates planted in major countries.

On the site of risk management in the field of corporate logistics, it is becoming increasingly important to provide accident response services encompassing loss prevention. Besides paying claims, Sompo Japan analyzes trends from its vast accident data and devises solutions for prevention and reduction of accident occurrence together with customers in the community. It also offers system services enabling customers to perform their own reception of accident reports, progress management, and analysis of accident data. In these and other ways, it is actively striving to curtail the occurrence of accidents as well.

#### ● Development of Human Resources for On-site Loss Prevention

At present, the NKSJ Group is trying to broaden the base of loss prevention skill mainly in the abovementioned regions where it has planted subsidiaries dedicated to business in response to accidents. It is also making efforts to develop human resources in their respective areas.

In 2011, the Group carried out a program of education and training for Chinese staff in both China and Japan. It established units specializing in logistics loss prevention and risk engineering, and laid down a scheme enabling autonomous handling of services.



## STEP 3

## Professional Services in Response to Accidents

## For Prompt Payment of Claims

The prompt payment of claims is desired by particularly many customers even in business activities, and NKSJ Group has adopted it as one of its priority tasks. The NKSJ Group is promoting various measures for its achievement.

In October 2009, Nipponkoa launched the Insurance Investigations Quality of Service Improvement Campaign (QOS\*), under which all employees are working for prompt payment of claims to customers. In FY2010, it posted the reinforcement of preparations for management of as yet unpaid claims around the QOS as a pillar of policy in the accident response units in FY2010, and continued with efforts to address this task in FY2011. Meanwhile, it revised the bylaws on claims payment management, which determined the provisions for management of payments for claims, and explicitly included efforts for swift, timely, and proper claims payment. It makes periodic reports to the management team on the penetration and progress of the QOS by gathering information on items such as the results of various inspections and checks, and the trend of management indicators at conferences on proper payment of claims. When they see a problem in handling in this area, the management team instructs a revision of approaches or the formulation of additional approaches.

Sompo Japan is also improving its framework for management of claims payment in order to heighten trustworthiness in the eyes of customers in the accident response units. So far, in addition to preventing payment omissions, it has striven to provide both uniform and high-quality services in response to accidents by heightening levels of knowledge and skill among the assigned employees and tightening control of the response process by the managers. In the second half of FY2011, it commenced a thorough-going review of the standing setup in these units for the purpose of delivering services that would better satisfy customers. More specifically, it launched a far-reaching reform of the organization and revision of the whole business process covering everything from response to accidents and parlance in initial encounter to the work flow and terminology. In FY2012, it intends to accelerate the activity begun in FY2011 in order to offer accident response services that will fully satisfy customers.

\* "QOS" is an acronym for "quickly!", "at once!", and "within a standard period!" It is also the short name of the Insurance Investigations Quality of Service Improvement Campaign, which is aimed at improvement of the quality of service (QOS) through QOS activities. In this campaign, personnel are asked to consider what is best for the customer as they perform business processing.

## "24-hour, 365-day Magokoro No. 1" Campaign

Nipponkoa is deploying the "24-hour, 365-day Magokoro No. 1" campaign toward the goal of winning a position as the No. 1 brand for response to accidents. Under this campaign, it is implementing a program of "magokoro" calls and 24-hour initial response service.

## "Magokoro" Calls

The worry felt by customers involved in accidents exceeds the imagination. At Nipponkoa, personnel provide support for customers in the psychological aspect through telephone calls and conversation. For this purpose, they make "magokoro" ("genuine concern") calls for prompt and meticulous explanations

at the times of reception of reports on accidents, initial response, interim progress reports, and resolution. Through these calls, they help to give the customers peace of mind.

## 24-hour Initial Response Service

At the 24 hours claims support office, employees are always on hand to offer 24-hour support. In the incident of accidents at night or during holidays, expert staff swiftly provide initial response to requests made from the customer, they contact the other party of the accident, repair automobile shops, hospitals, or rental car companies.

## Penetration of the "SC Credo"

Sompo Japan prepared the SC (service center) Credo as a standard of behavior by all employees of insurance claims departments (service centers) in response to accidents. The term "credo" is Latin and refers to a set of beliefs. The SC Credo consists of seven items that are to be at the foundation of decisions, thought, and behavior by employees of insurance claims departments in their routine work. To enable dealings with customers in line with the SC Credo in the

work of accident response, the company distributes pamphlets and booklets to insurance claims department employees. It also has employees to take a look back at their behavior in morning and evening gatherings, and holds what are called Rainbow Meetings based on the SC Credo in the workplace, all for deeper penetration of the standard.

## T O P I C S

## Entry into Road Service and Other Assistance Business

On April 2, 2012, NKSJ Holdings established Prime Assistance Inc. as a joint venture with Prestige International Inc. in order to enter the assistance business.

The assistance business revolves around support for the lives of customers through activities such as consultation and arrangements for tow-trucks and repair businesses when trouble requiring emergency action occurs.

Upon the launch of operations in October 2012, the new company will

begin furnishing road assistance services to automobile insurance policyholders of Sompo Japan and Nipponkoa, the main P&C insurance companies in the NKSJ Group. It hopes to move into the fields of assistance in homes and other assistance business, and to develop a diverse assortment of progressive services that will contribute to customer security and safety. Its aspiration is to evolve into a firm with all-around concierge capabilities for assisting customers.

# Services for Realization of Quality of Life

There are rising needs in society related to agenda in areas that determine the quality of life, such as medical and health care. In keeping with its mission of providing security and safety through high-quality services to customers, the NKSJ Group is actively facing these needs with an assortment of services aimed at heightening customer well-being in both the physical and mental aspects.

## Improving the QOL of Cancer Patients

NKSJ Himawari Life reached an agreement with the National Cancer Center to improve the quality of life (QOL) for people who have contracted cancer, and signed a written agreement to this effect on July 28, 2011. In addition to providing economic support through its insurance products, the company intends to work with the National Cancer Center to promote the diffusion of information on cancer treatment and deepen knowledge of cancer among the patients and their families. The major activities contained in the agreement are as follows.

### 1. Broadening Knowledge of Guidance for People Diagnosed with Cancer

In March 2011, the National Cancer Center published a book of comprehensive information for cancer patients based on extensive information collected from medical care personnel, cancer patients, and their families. The title tentatively

translates "A Must-Read for Cancer Patients - Guide for People Diagnosed with Cancer".

### 2. Broadening Knowledge of Consultation Support Centers

In accordance with its basic plan for promotion of anti-cancer measures, the National Cancer Center instituted consultation and support centers where cancer patients can readily make inquiries at a total of 388 hospitals designated as key ones for cancer diagnosis and treatments.

Cancer patients and their families had long expressed wishes for the institution of facilities offering consultation services free of charge. At present, however, knowledge of these centers is limited, and they also have a low use rate. NKSJ Himawari Life distributes pamphlets profiling the centers through its agencies and is taking other steps to broaden knowledge of them and heighten their use rates.

## Building a Healthy and Vibrant Society through Healthcare Business

The trends of falling birthrates and population aging are being accompanied by changes in the structure of disease owing to the spread of lifestyle diseases as well as changes in the labor environment. In the process, there are rising social needs for care of both physical and mental health. To meet the requirements of the times, the NKSJ Group is working for contribution to national health and a sustainable society through business activities aimed at supporting the physical and mental well-being of corporate employees.

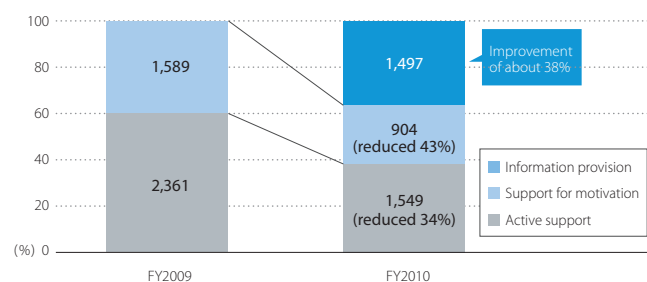
### Prevention of Lifestyle Diseases and Other Physical Health Management

There is a serious increase in the incidence of lifestyle diseases such as diabetes, myocardial infarction, cerebral apoplexy, and medical costs are rising rapidly in the process. In response to this situation, in April 2008, it became obligatory for people with public medical insurance (such as policies of health insurance societies) to receive specific health examinations and guidance with a focus on the metabolic syndrome (including follow-up instructions for improvement of lifestyle by people whose examination results exceeded levels determined by the national government).

Within the NKSJ Group, Healthcare Frontier Japan Inc. (HFJ) supports the health of corporate employees, mainly through specific healthcare guidance for people holding public medical insurance policies. Thanks to this service, the number of people requiring specific healthcare guidance declined by about 38 percent in the space of a year in some cases. The HFJ has a team of about 1,000 experienced industrial health staff, particularly industrial physicians posted nationwide, and is Japan's biggest purveyor of services in the field of specific healthcare guidance.

#### ► Improvement Effects of Specific Healthcare Guidance by the HFJ

Totalization based on the stratification of certain HFJ program participants (n = 3,950)



### Construction of Corporate Setups for Industrial Healthcare Based on Mental Health Measures

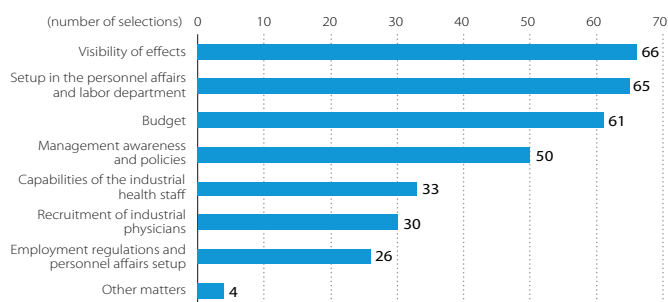
The problem is hardly confined to physical health; in recent years, the influence exerted by mental health problems as well on employees, their families, companies, and society has been rapidly expanding. A survey conducted in 2010 by the Japan Productivity Center found that mental or emotional diseases had increased or stayed on the same level over the preceding three years at about 90 percent of the companies whose stock was listed. In companies, such diseases are by far most prevalent among employees in their 30s, at the height of their productive years. As this indicates, measures to safeguard mental health have become an important item on the management agenda.

Sompo Japan Healthcare Services Inc. (SJHS) has been providing services for mental health to companies since April 2007. The key features of these services are provision of total solutions for issues confronting companies in the mental health aspect, team approaches by experts under exclusive contract, and a systematic service assortment. In addition to conventional mental health services such as stress checks and counseling, SJHS engages in close communication with the management and personnel/labor units of companies and industrial physicians and other healthcare staff, in order to develop and deploy total solutions for issues. In this way, it supports the construction of corporate setups for industrial healthcare.

In August 2011, SJHS became the first company to develop the results-guaranteed "mimoza standard", a service for preservation of mental health, and launched sales of the same. One factor holding back the instatement of mental health services by companies is the inability to confirm cost-performance because the results are not readily apparent. The "mimoza standard" is attracting attention as a new service for resolution of this problem.

#### ► Results of the Questionnaire Survey with Participants in the Mental Health Seminar (October 2011) (n = 166)

Problems and apprehensions in strategic implementation of mental health measures (multiple response permitted)





## Tackling Global Environmental Issues – Focusing on Climate Change

The world population, which stood at 5.5 billion in 1992, topped 7 billion in 2011. Along with this fast-paced population growth, there are surfacing problems such as climate change, resource depletion, and loss of biodiversity.

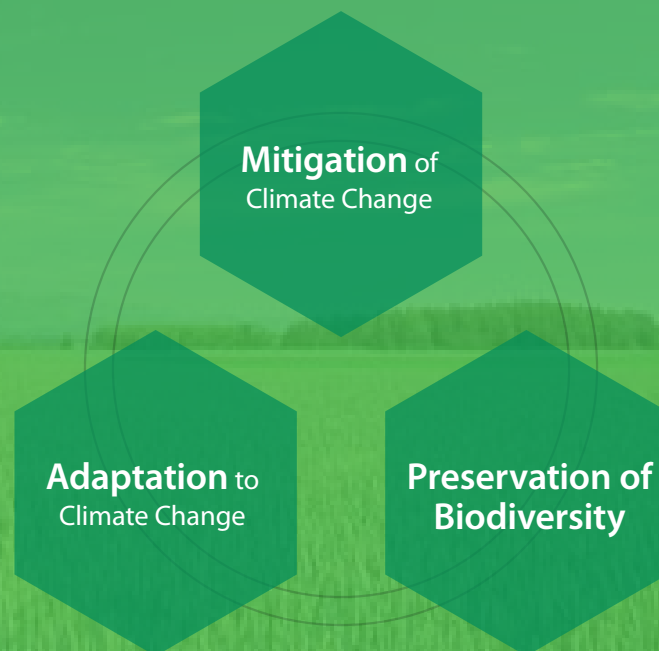
Approaches to counter climate change may be divided into two major types: adaptation, which is aimed at lessening the influence and damage of climate change, and mitigation, which is aimed at reducing greenhouse gas (GHG) emissions. For insurance companies, whose business is inextricably bound up with natural disasters, the promotion of both adaptation and mitigation in the face of risks associated with climate change is a business opportunity as well as a key management agenda.

The NKSJ Group is stepping up both its measures of adaptation such as provision of risk financing and evaluation of flooding risks in Asia, and those of mitigation by environment-friendly procurement and energy conservation. At the same time, it is expanding the scope of its approaches to encompass the whole value chain\*, including agencies and customers.

The NKSJ Group is also coming to active grips with efforts to preserve biodiversity. For example, it is involved in activities to preserve endangered species in partnership with NGOs and in consultation on biodiversity.

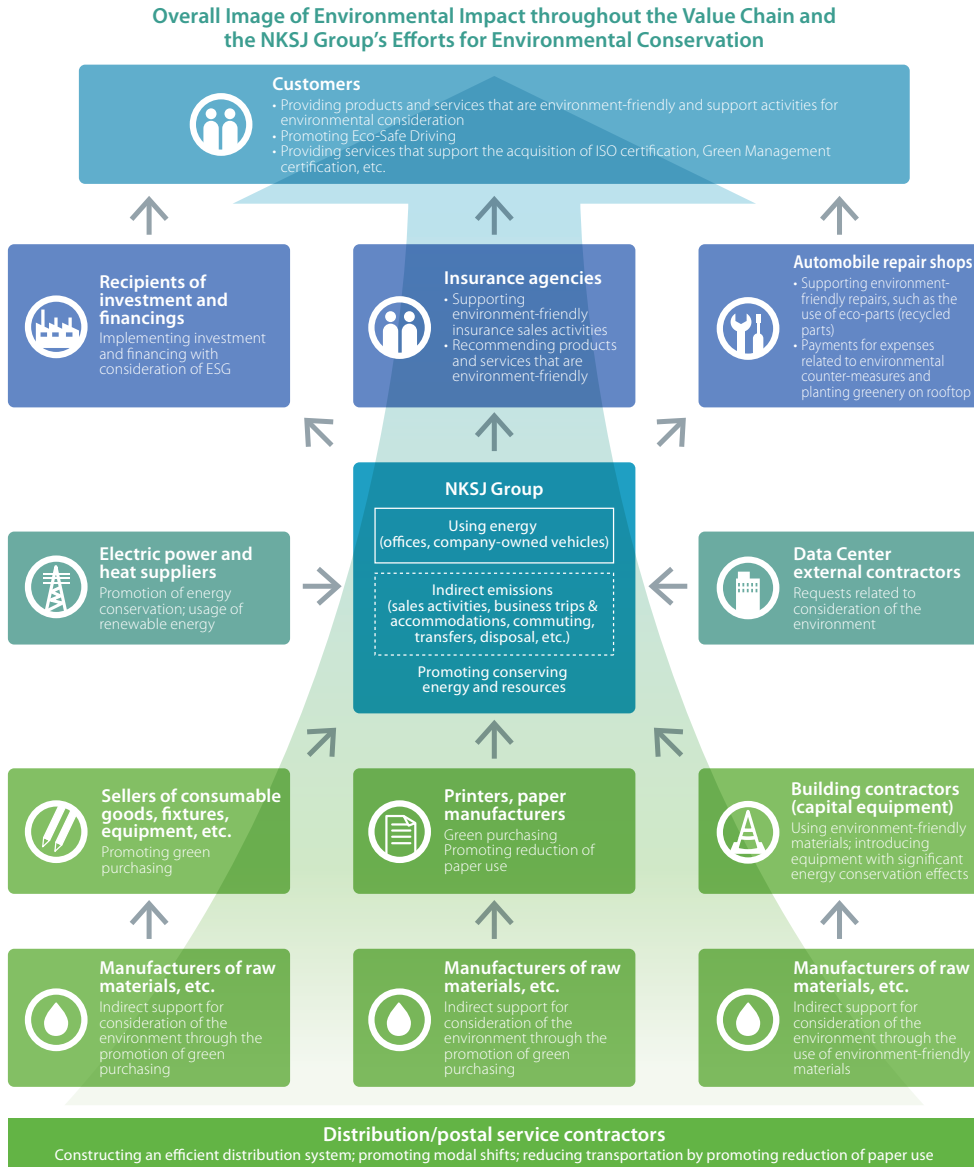
As a member of international initiatives, it applies its store of know-how in the promotion of action on climate change and biodiversity in industry, in coordination with other sectors.

\* Value chain: the whole chain of economic principals or action in the entire process related to the company's business activity



# Mitigation of Climate Change

The NKSJ Group is taking various approaches to mitigate climate change. Sampo Japan and Nipponkoa have set targets for the reduction of CO<sub>2</sub> emissions by 2050, and are pursuing such reduction from a long-term perspective. Besides environment-friendly procurement and energy-saving initiatives by the Group as a whole, it is making efforts for alleviation of environmental burden among agencies, customers, and all other links in the value chain.



T O P I C S

## Inclusion in Case Studies of Sustainable Consumption Guidelines

The NKSJ Group is engaged in activities of environmental preservation in partnership with agencies which is our important value chain. This may be exemplified by Sampo Japan's supply of centralized purchasing systems for stationery items and other goods to insurance agencies to promote green purchasing.

Tapping the store of knowledge accumulated through this approach, Sampo Japan was also involved in the formulation of sustainable consumption guidelines ("Collaboration, innovation, transformation: Ideas and inspiration to accelerate sustainable growth - A value chain approach") as a member of the working group on Sustainable Consumption & Value Chains in the World Business Council for Sustainable Development (WBCSD). Sampo Japan's approach to promote green purchasing was included in the case studies announced by WBCSD in 2011. The guidelines and case study were also distributed in "Business Action for Sustainable Development" held jointly by WBCSD, UN Global Compact, and International Chamber of Commerce at Rio+20.



Case studies of sustainable consumption  
Title: Collaboration, Innovation, Transformation

➔ <http://www.wbcsd.org/work-program/systems-solutions/sustainable-consumption-and-value-chain.aspx>

## Overall Image of Environmental Management System

### ● Sompo Japan

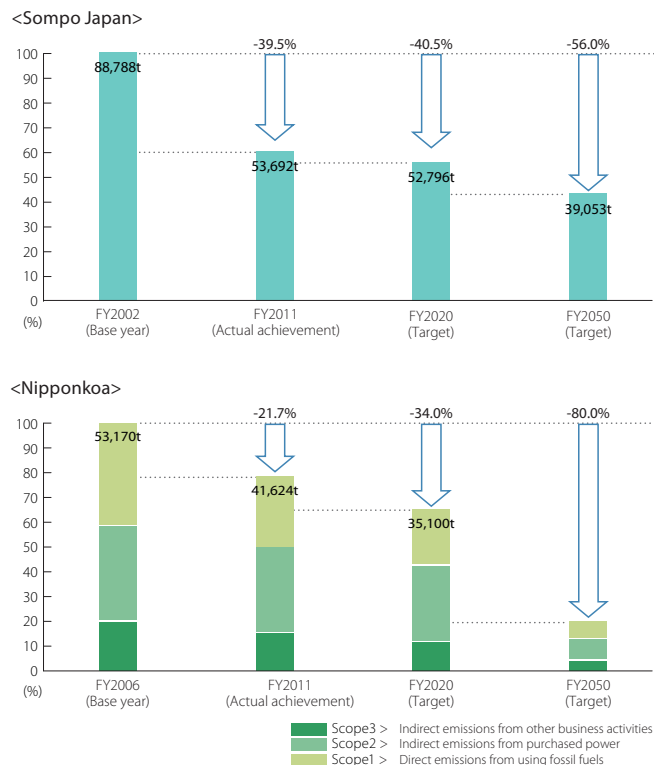
In 1997, the Data Processing Center building was the first in Japan's financial industry to acquire ISO 14001 certification, the international standard for environmental management. Thereafter, the company also acquired this certification for its Head Office building in 1999. Also, it instated unique CSR management system "E-Koto Project" into its regional head offices, branches, and affiliates nationwide.

With the addition of the CSR perspective, the current environmental management systems at Sompo Japan features the pursuit of continuous improvement by performance of the PDCA cycle for plans drafted and executed for discharge of CSR through its core business at all organizational units. To conserve energy and resources, all units carry out their own checks of approaches led by the personnel assigned to their initiatives. They also make investigation of the actual conditions in the context of internal audits based on dialogue ("eco-patrols"). These steady but effective efforts are helping to heighten the CSR and environmental awareness of each and every employee.

### ● Nipponkoa

Nipponkoa has "Eco Checker" on hand at every workplace and is conducting a campaign for cutting CO<sub>2</sub> emissions by 20 percent with the participation of all employees. Environmental performance has improved far beyond targeted levels, thanks to the periodic checking of measures of concern for the environment, action to make CO<sub>2</sub> emissions from offices and units visible, and reflection of results in performance assessment. Certification under ISO 14001 has been acquired by all of 474 locations in the Group. These locations are also practicing the PDCA cycle for ongoing improvement.

### ▶ Actual Achievements and Medium- and Long-Term Targets of CO<sub>2</sub> Reduction



## T O P I C S

### Update of the "Eco-First Commitment" Managed by Ministry of the Environment, Japan

Sompo Japan and Nipponkoa have made "Eco-First Commitment" to efforts to preserve the global environment in the Eco-First Program established by the Ministry of the Environment, Japan. In November 2008, both companies were certified as "Eco-First" companies by the Minister of the Environment as front runners in the insurance industry, and updated the content in March 2012.

#### Sompo Japan's Commitment

1. On the front of CSR Financing, we shall provide new products and services that contribute to the resolution of social issues by drawing on our financial and insurance capabilities.
2. We shall practice education for sustainable development (ESD) and strive to develop human resources able to take action for the resolution of environmental problems together with the Sompo Japan Environment Foundation.
3. We shall bolster our own energy-saving activities to help build the low-carbon society.
4. We shall promote green purchasing to help make socioeconomic arrangements more recycling-oriented and to construct the sustainable society.
5. We shall pursue activities of social contribution promoting engagement in the community.

#### Nipponkoa's Commitment

1. As a company committed to becoming carbon neutral, we pledge to reduce CO<sub>2</sub> emissions.
  - Commitment to becoming carbon neutral
  - Setting in-house standards for calculating CO<sub>2</sub> emissions and visualization of total emissions
2. We will use our insurance products and services to promote a wider awareness of the importance of environmental protection.
  - Accident claims handling services with carbon offset
  - Insurance products with carbon offset etc.
3. We will support the realization of a low-carbon society by corporate activities.
  - Eco-Safe Driving Contest



"Eco-First Commitment" follow-up meeting  
Environment Minister Goshi Hosono and Masao Seki, Associate Director and Chief CSR Officer, Sompo Japan (upper photo)  
Masahito Ito, then CSR Department General Manager, Nipponkoa (lower photo)

## To Achieve Carbon Neutral

To fulfill its insurance company mission of providing insurance on a stable basis, NKSJ Group is working to reduce its emissions of greenhouse gases. To make all aware of these efforts, Nipponkoa issued a declaration of commitment to Carbon Neutral in July 2008. The statement proclaims its goal of reducing CO<sub>2</sub> emissions to zero by FY2012.

## Alleviation of Environmental Burden

The NKSJ Group has mounted various measures with a view to alleviating environmental burden, such as promotion of Eco-Safe Driving, use of transportation with relatively little environmental impact, and web-based conferences. It has installed web conference systems in all of its locations in Japan, in order to curtail training and meetings that require participation from various locations with business trips. These approaches translates into reduction of travel time and travel expenditures, and more efficient work created by employees. Furthermore, the company is making a switch to low-emission vehicles for company cars in order to hold down atmospheric emissions of CO<sub>2</sub> and hazardous chemical substances. In addition, in its response to accidents, it is taking environment-friendly measures such as encouraging repair of automobile parts and the use of recycled parts.

## Promotion of Environment-Friendly Procurement (Green Purchasing)

The NKSJ Group practices "green purchasing", i.e., priority purchase of products that entail as little environmental burden as possible. Sampo Japan and Nipponkoa have established in-house standards modeled after the guidelines of the Green Purchasing Network for purchase of goods. Similarly, they have instated a system for centralized purchase of stationery items, office articles, and other expendables with a focus on merchandise conforming with the Green Purchasing Law. Purchase of company cars as well centers around vehicles in conformance with the law. The companies are also taking action with regard to their suppliers (including service suppliers and construction contractors). Each year, they conduct questionnaire surveys with the suppliers to learn about their approaches to environmental problems and other issues. In this way, they are promoting action reflecting concern for society and the environment throughout their supply chains.

AIR Japan<sup>\*1</sup>, J-SA<sup>\*2</sup>, and Sampo Japan are promoting green purchasing through a concerted effort, and using centralized purchasing system for stationery items and other articles. These activities led to their selection for a judging panel encouragement prize in the 2008 Green Purchasing Awards. The Group is going to continue with its promotion of green purchasing.

\*1 AIR Japan: A nationwide organization consisting of automobile maintenance and repair shops, which are also acting as insurance agencies, of Sampo Japan.

\*2 J-SA: A nationwide organization of dedicated professional agencies that satisfy the membership standards offering both life and P&C insurance.

## ► Substance of the Plan for Carbon Neutral Declaration

### ■ Carbon Neutral Plan (the first to be approved in Japan)

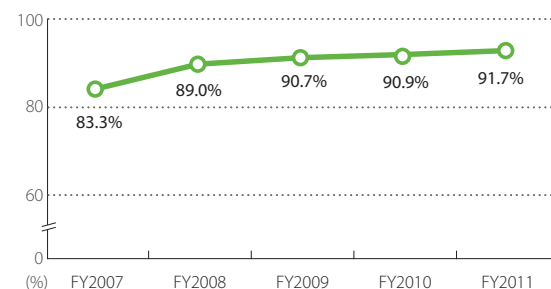
The carbon neutral plan at Nipponkoa was the first domestic one to be approved under the scheme for carbon neutral certification (composed of experts) instituted by the Ministry of the Environment, Japan.

\* In advance of the screening by the carbon neutral verification committee, the plan was checked by BSI Group Japan K.K.

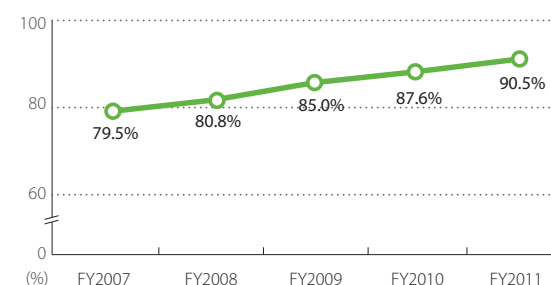
Subject Scope (Organization Borders)	Nipponkoa Insurance Co., Ltd.
Subject Term	April 1, 2012 - March 31, 2013
Subject Activities	Scope 1: Emissions deriving from use of city gas, LP gas, kerosene, fuel oil, and company cars Scope 2: Emissions deriving from use of electricity and heat Scope 3: Emissions deriving from use of transportation means, lodging, paper/printed matter, physical distribution, and energy (outside the company or by consolidated firms, including those overseas)
Target for Voluntary Efforts	Reduction of at least 20% (relative to FY2006, the base year)
Emissions Calculation Value	About 42,000 t-CO <sub>2</sub>

## ► Trend of the Green Purchasing Rate

### <Sampo Japan>



### <Nipponkoa>



## T O P I C S

## Green Purchasing by Insurance Agencies

AIR Japan, Sampo Japan's nationwide organization consisting of auto-repair shop insurance agents, formulated the AIR Japan Environmental Declaration. In keeping with the Declaration, it is acting as a group in promoting the E-Koto Project, which consists of environmental preservation activities rooted in the community. In FY2011, the green purchasing rate among its members reached 65.3 percent. In addition, AIR e-Shop 21, whose members are businesses committed to practice of environment-minded management, saw its membership increase by seven since FY2010. All 57 members have earned group certification under ISO 14001.

Nipponkoa instituted the Eco-Agency Challenge program in the context of its Nationwide Agency Federation, which is composed of agencies engaged exclusively in insurance business. Through this program, it promotes Eco-Web Policy and environment-friendly insurance products and services. It is also advocating greater concern for the environment in insurance canvassing activities. (The program had been entered by 919 agencies as of April 2012.) Nipponkoa also supports a more extensive use of recycled parts for automobile repair. The NK Auto Club, a nationwide organization of motor agencies, provides "NK Parts Assist", a system for search of recycled parts, free of charge.



Various environment-friendly activities practiced by agencies



## Approaches to Reduce Use of Paper

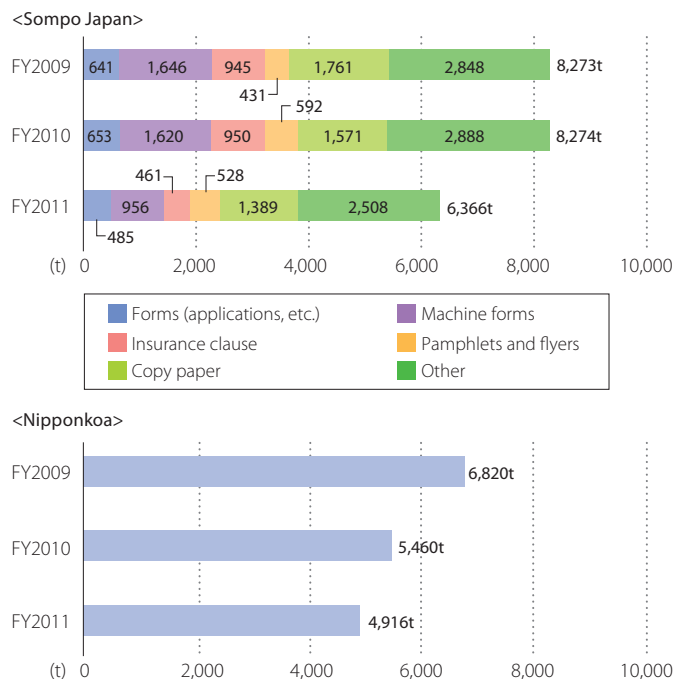
The NKSJ Group is striving to reduce its use of paper and printed matter in the office. To this end, it is switching to electronic means for various forms, lessening the production and use of conference materials, and encouraging customers to perform contract procedures in which they verify the clause through the web-site. The total paper usage in FY2011 at Sompo Japan and Nipponkoa came to 11,282 tons, which is about 17.8 percent less than in FY2010.

### Development of Comprehensive Paper Use Management Plan

Based on its comprehensive paper use management plan, Sompo Japan has erected a setup for companywide document management based on the PDCA cycle and is striving to reduce the volumes of paper use through it. More specifically, it ascertains the volume of paper use each year on the cost basis and promotes reduction by making data for paper costs visible at each location. The introduction of web-based automobile insurance clause alone brought a 51.5 percent reduction in use of paper for policy documentation and guides as compared to the previous fiscal year.

Nipponkoa introduced e-books on an in-house basis and is shifting to electronic media for all sorts of forms. It is also practicing centralized management of printing budgets in order to reduce the production of printed matter, and is otherwise working to decrease unnecessary distribution of paper. It has also promoted a web-based insurance clause encouraging customers to verify policy documentation via the Internet. As a result, the volume of paper use in FY2011 was 10.0 percent less than in FY2010.

### Trend of the Volume of Paper Use



## Reduction of Waste and Final Disposal

Sompo Japan is conducting a zero emissions initiative aimed at recycling of waste derived and reduction of the volume of waste for final disposal by burial to zero. This target was essentially achieved in March 2012, when the recycling rate for the total volume of waste derived at the Head Office building topped 99 percent.

Nipponkoa as well is pushing ahead with a rigorous campaign for waste reduction, reuse, and recycling. In FY2010, the final disposal volume for ordinary waste amounted to 471 tons, or 5.6 percent less than in FY2009, and the recycling rate hit 81.8 percent.

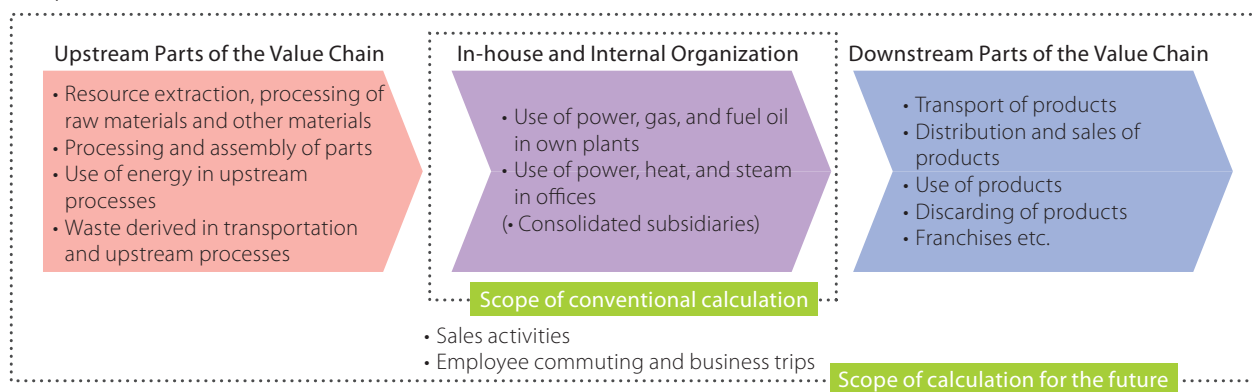
## CO<sub>2</sub> Emissions Consulting Service throughout the Value Chain by NKSJ Risk Management

Since June 2012, NKSJ Risk Management has been providing consultation services to support the calculation and reporting of CO<sub>2</sub> emissions throughout the value chain. This service takes full advantage of its own store of know-how and data accumulated over its many years of work and the practical experience

of the registration verification institution in the Tokyo Metropolitan emissions trading program.

\* GHG Protocol Initiative: an NGO established jointly by the World Business Council for Sustainable Development (WBCSD, an international corporate federation) and the World Resources Institute (WRI, a U.S. environmental think tank)

### Scope of Calculation of CO<sub>2</sub> Emissions



## Adaptation to Climate Change

For insurance companies, whose business is inextricably intertwined with natural disasters, the task of adapting to climate change is not only an important item on the management agenda but also a business opportunity. Drawing on its insurance and financial capabilities, the NKSJ Group is directing its energies to the research and development of products and services that offer effective measures for adaptation to the risks of climate change.

### Flood Risk Evaluation in the Effects of Climate Change

There are apprehensions about increased incidence of flooding risks and expansion of the scale of damage due to climate change and abnormal weather on a global scale. To address these risks with proposals of proper measures for adaptation in society as a whole, insurance companies must make quantified assessments of them.

For this reason, NKSJ Risk Management launched a program of research and development for a procedure of flood risk assessment taking account of climate change together with Kyoto University's Disaster Prevention Research Institute in FY2010.

In FY2011, it jointly developed a model for simulation of flooding in the urbanized districts of the Kinki region (specifically, the Yodogawa River basin), which have dense buildups of population and property.

At present, NKSJ Risk Management is developing similar simulation models for two other urbanized districts, and intends to gradually widen the

scope until it covers all of Japan. The rainfall data input into this model is produced by modeling to obtain data for rainfall with various temporal and spatial patterns. The company is also planning to incorporate the element of climate change into this rainfall model.

Based on the results of this joint research, the company started preparations for the development of new insurance products and services to lessen and avoid flooding risks. In addition, since FY2011, it has been collaborating with the environmental problems research group of the Sampo Japan Environment Foundation. As these initiatives indicate, the company will continue to help build a society that is resilient towards climate change and abnormal weather through the research, development, and application of a model for natural disaster risk assessment based on mathematical methodology.

### Research Group of the Sampo Japan Environment Foundation

#### ● The New Theme is "Adaptation to Climate Change - Focusing on Response to Risks of Natural Disaster"

Since it was set up in 1993, the environmental problems research group has done repeated research on prevailing social issues and prospective solutions of the times, in the three areas of soil contamination, waste, and prevention principles. It has disclosed its findings to the general public by publishing books.

While parties are promoting measures of mitigation to reduce greenhouse gas (GHG) emissions for the solution of the problem of climate change, there is growing interest in measures of adaptation aimed at avoiding or lessening impact that cannot be completely prevented even with maximum mitigation efforts.

The Group is studying comprehensive measures for adaptation to climate change with a focus on five tasks: 1) compilation of the latest knowledge concerning the increase in risk of natural disasters due to climate change, 2) basic perspectives on adaptation to natural disaster risks, 3) various procedures and

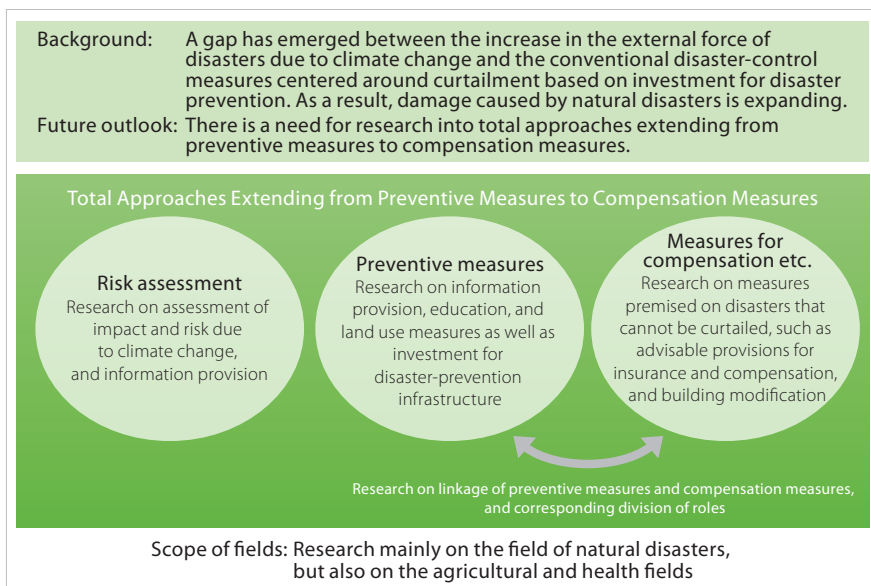
cases of risk assessment, 4) measures taken in various sectors (national and local government, business, citizenry, etc.), and 5) possibilities and mechanisms for economic risk dispersion using insurance and financial capabilities.

#### ● Study of Comprehensive Measures for Adaptation by Experts in Various Fields

The Group is chaired by Dr. Shuzo Nishioka, Senior Research Advisor of the International Institute for Global Environmental Strategies (IGES), and has a membership of nine researchers who have an extensive record of achievement in various fields as well as concerned units of Sampo Japan and NKSJ Risk Management personnel. It pursues research on the basis of knowledge and data in the possession of the private and public sectors as well as the findings of research by experts.

In FY2012, it plans to hold a symposium and announce its research results so far as an interim report.

#### ► Overview of the Research Concerning Adaptation to the Climate Change



## Future Deployment of Weather Index Insurance to Mitigate Damage from Climate Change in Developing Countries

Among the risks confronting agriculture are natural disasters such as storm and flood damage, typhoons, etc. as well as abnormal weather such as low temperatures and insufficient sunlight. Insurance and other financial products constitute measures for adaptation to mitigate and avoid such risks, and their efficacy is the focus of high hopes worldwide.

The company is considering various options for the future, including modification of the product contents, sales in provinces in other regions of Thailand, diversification of the crops covered, and sales even in other countries.

### ● Provision of Weather Index Insurance in Northeast Thailand

In 2007, the Sampo Japan Group began researching risk financing methods to address climate change together with the Japan Bank for International Cooperation (JBIC). In 2010, it launched provision of Weather Index Insurance in northeast Thailand.

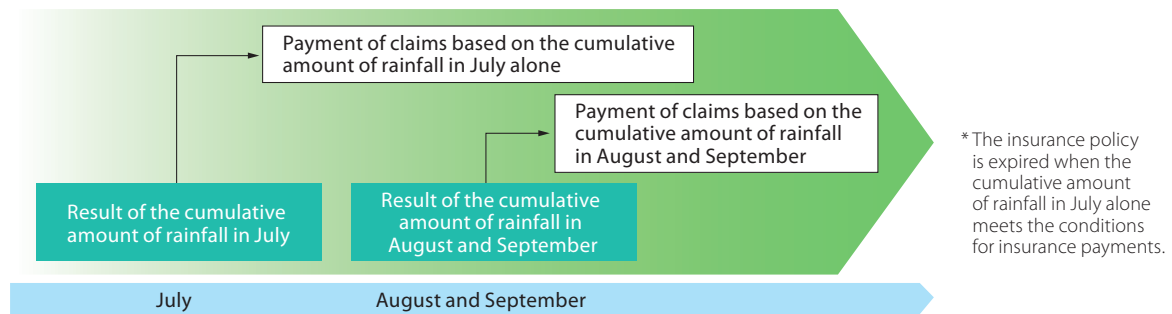
It is the purpose of this insurance to mitigate damage due to drought among rice farmers in the region. The policy pays an insurance payments in the event that the cumulative amount of rainfall announced by the Thai Meteorological Department falls below a predefined level. During development of the product, on-site surveys were repeatedly held along with public hearings to gather the views of farmers and the product is simply designed for farmers who were unaccustomed to insurance. The team also strove to prepare pamphlets that set forth the insurance in simple terms, so farmers can apply the insurance with relief.

Working through Thai Bank for Agriculture and Agricultural Cooperatives (BAAC), Sampo Japan Insurance (Thailand) marketed to farmers who had contracted BAAC's loans. The sales result is reached to 1,158 applications in FY2010, and 6,173 applications in FY2011.

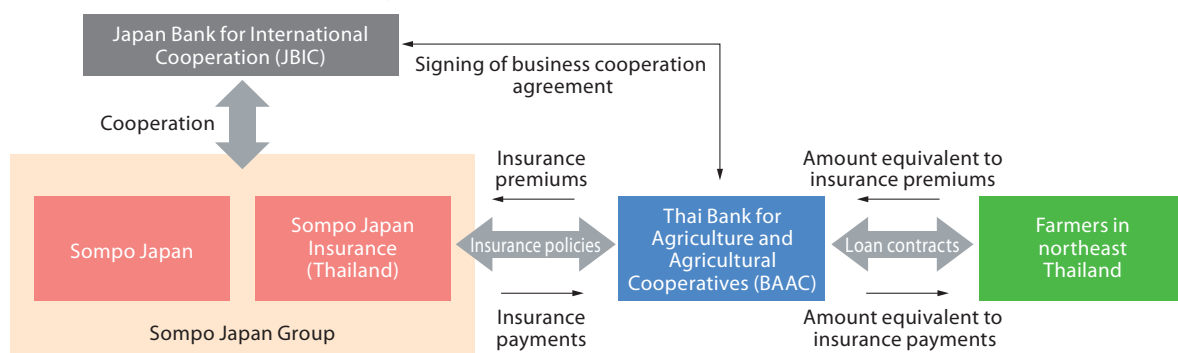


Explanation of products to Thai farmers

#### ▶ Observation Period for Weather Index Insurance in Northeast Thailand



#### ▶ Structure of Insurance Sales and Insurance Payments



## Preservation of Biodiversity

The NKSJ Group has posted preservation of biodiversity as an agenda in both the NKSJ Group's CSR Basic Policy formulated in April 2010 and Medium-Term CSR Objectives. Although it is not in an industry that directly exerts a big influence on the deterioration of biodiversity, the NKSJ Group does impose a burden on the environment through its business, and is consequently taking positive action to preserve biodiversity. It is also encouraging efforts by the industry as a whole through organizations such as the Keidanren Committee on Nature Conservation.

### ● Participation in the Japan Business and Biodiversity Partnership

Thirty-seven members of the NKSJ Group have been taking part in the Japan Business and Biodiversity Partnership since October 2010. The Partnership was set up by companies, governments, NGOs, and other parties influenced by the holding of the 10th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10). The NKSJ Group has been a signatory right from the start. Its participation in this initiative is the driving force for promotion of approaches on this front by its member companies.

### ● Services Related to Biodiversity by NKSJ Risk Management

The 2011 Global Assessment Report on Disaster Risk Reduction recommends the implementation of disaster risk management based on ecosystems out of awareness of the key role played by biodiversity in the aspects of disaster prevention and mitigation.

NKSJ Risk Management furnishes services in consultation on biodiversity through partnership with the BirdLife International Asia Division, the international environmental NGO. It is furnishing comprehensive support for preservation of biodiversity through means including assessment of measures, survey of habitats for wildlife around workplaces including factories, and integration of approaches to preservation of biodiversity into the management system.

### 地球のいのち、つないでいこう

NKSJグループは生物多様性民間参画パートナーシップに参加しています

NKSJ Group's logo for Japan Business and Biodiversity Partnership



Assessment report by NKSJ Risk Management

## T O P I C S

### Appointment as Chairman of the Keidanren Committee on Nature Conservation

In May 2012, Masatoshi Sato, Chairman of Sampo Japan, was appointed Chairman of the Keidanren Committee on Nature Conservation. The Committee was founded in 1992, shortly after the Earth Summit held in Rio de Janeiro, Brazil. It is working for preservation of biodiversity through activities such as assistance for projects for protection of nature executed by NGOs in Japan and other countries. In November 2011, it sent a delegate to Myanmar and Bhutan as sites of activities under overseas projects supported by the Keidanren Nature Conservation Fund. The purpose of the mission was to tour sites of activities by NGOs receiving Committee support and communicate directly with local governments and residents. While forging strong ties with environmental NGOs in such ways, the Committee is engaged in approaches to preservation of the natural environment on a continuous basis, and expectations of it are rising higher inside and outside Japan. As the chairman's company, Sampo Japan is committed to ongoing assistance for preservation of biodiversity.



Members of the Keidanren Committee on Nature Conservation toured the sites of projects for preservation of nature in Myanmar and Bhutan

Approaches through Web-based Insurance Clause

● Making Use of the Offset Credit (Japan Verified Emission Reduction: J-VER) Scheme

In September 2008, Nipponkoa became the first P&C insurance company to offer carbon offset\*1 credits related to insurance products and services in order to support the reduction of GHG emissions by customers. As of March 2012, the cumulative offset credits came to 15,539 tons-CO<sub>2</sub>.

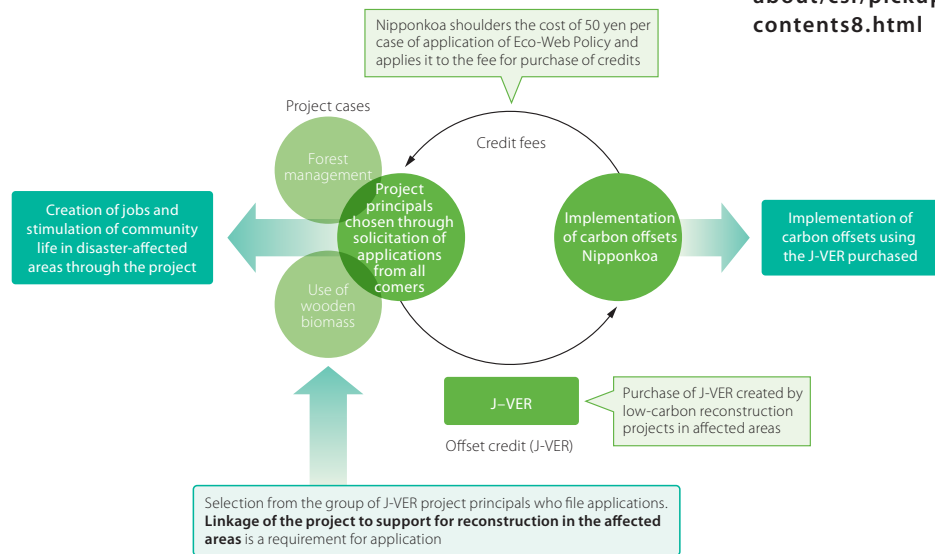
In April 2012, the company started to support the low-carbon reconstruction projects in areas affected by the Great East Japan Earthquake in order to assist early recovery in those areas and contribute to the building of environment-friendly communities. A selection is made of low-carbon reconstruction projects to be supported in coordination with the support for recovery applying the Offset Credit (J-VER)\*2 Scheme promoted by the Ministry of the Environment, Japan (MOE). As in the case of the projects assisted by the MOE, buyers are solicited for the offset credits (J-VER) created by the implementation of low-carbon reconstruction projects, and carbon offset credits are provided for them.

The selection of low-carbon reconstruction projects is made based on the results of assessment as to the degree of contribution to recovery, as well as the perspectives on factors including the job-creating effects and stimulation of the local economy by the project, and co-benefits for preservation of biodiversity, preservation of the national land, and nurturing of headwaters in addition to GHG emission reduction and absorption.

\*1 Carbon offset: Use of the amount of reduction of GHG emissions achieved by projects for emission reduction executed at one place to offset all or part of the emissions in routine activities at another place.

\*2 Offset credits (J-VER): Amounts of emission reduction or absorption due to domestic projects certified by the MOE as credits that can be used for carbon offset.

▶ Carbon Offset through Low-Carbon Reconstruction Projects in Disaster-affected Areas



● The “Save Japan Project” - Saving Endangered Species



In Japan, fireflies, killifish and other species that once were familiar parts of life are on the brink of extinction due to global warming and other changes in the natural environment. In April 2011, Sampo Japan launched the Save Japan Project for the purpose of improving natural environments to serve as habitats for such wildlife and protecting biodiversity.

The Project provides opportunities for local residents to note and get concerned about the natural environment of their community. It is aimed at the conditioning of environments conducive to habitation by wildlife through activities of environmental preservation implemented in collaboration with local NGO intermediary organizations, environmental groups, and the Japan NPO Center.

To be specific, when customers select web-based clause for automobile insurance policies, Sampo Japan makes a donation to environmental NGOs or other such parties in correspondence with the number of such cases. The environmental NGOs receiving these donations use them to fund outdoor events staged with citizen participation.

In FY2011, events staged with such donations numbered 34 in 12 different areas and attracted a total of 2,000 participants.

In FY2012, the scope is being widened to encompass all 47 prefectures of Japan. The company intends to continue with activities of environmental preservation oriented toward citizen participation in order to protect habitats for endangered species, and thereby to contribute to improvement of the natural environment as a home to wildlife.

➔ Website of the Save Japan Project  
<http://www.sampo-japan.co.jp/english/about/csr/pickups/contents8.html>



Activities of the Save Japan Project

COMMENT

The Intent of the “Save Japan Project”

Mr. Yoshifumi Tajiri, Secretary General, Japan NPO Center

In implementing the “Save Japan Project” across Japan, we decided to collaborate with environmental groups and intermediary organizations supporting citizen activities in order to make it more distinctive.

The worth of collaboration with environmental groups lies not only in spreading knowledge of the importance of environmental preservation among the citizenry but also in deepening understanding that citizens just like themselves are engaged in activities of environmental preservation in the community on their own initiative, and thereby bringing the movement

closer to them. Similarly, the reason for collaboration with groups supporting citizen activities lies in providing opportunities for conveying the worth and role of such activities to the citizens, reconfirming the on-site realities, and making the project a platform for even better practice through coordination among a variety of organizations.

While fostering the growth of understanding among the citizenry, I fervently hope that we will learn about strengths and weaknesses of collaboration with citizen groups through the “Save Japan Project”, and link this knowledge to future support for citizen activities.





## Providing Sustainable and Responsible Financial Services

The NKSJ Group is executing a CSR Financing program aimed at the resolution of social issues by drawing on the financial and insurance capabilities nurtured in its core business. The program is helping to build a better society by assisting the spread of SRI funds\*<sup>1</sup>, which contribute to the sustainable advancement of society through the flow of money, by giving higher ratings to companies taking approaches to CSR including the environment. To the same end, it is marshaling its insurance and financial capabilities to develop products and services that contribute to the resolution of social issues.

Sompo Japan and Sompo Japan Nipponkoa Asset Management also take consideration for environmental, social and governance (ESG) issues based on the UN Principles for Responsible Investment (PRI)\*<sup>2</sup>, in their own investment and financial processes.

\*1 Sustainable and Responsible Investment (SRI)

A type of investment integrating corporate approaches to social issues such as the environment and human rights as well as corporate governance indicative of degrees of transparency into criteria for investment appraisal as opposed to limiting such criteria to economic and financial aspects. SRI funds are investment trusts for selection of brands for investment by this method.

\*2 Principles for Responsible Investment (PRI)

An initiative advocated in 2006 by Kofi Annan, then Secretary-General of the United Nations, for the financial industry. The principles state that institutional investors have an obligation for maximum pursuit of the maximum profit as viewed from a long-term perspective for their beneficiaries, and must consider the possibility that ESG issues will exert an influence on the performance of their operating portfolio. PRI are international investment principles grounded in the conviction that ESG issues ought to be reflected in the decision-making process of institutional investors, within the scope of the obligations as trustees.

### Toward Erection of Setups for Responsible Investment

Line-up of SRI Funds

Signatory of the PRI and  
Inauguration of the CSR  
Committee

Approaches under  
the ESG Promotion Project

Monitoring External Asset  
Management Companies

### Development of Insurance and Financial Products that Contribute to a Sustainable Society

Microinsurance

Investment in the Carbon  
(Emission Reduction Credit)  
Market

## Toward Erection of Setups for Responsible Investment

The NKSJ Group is aiming to make a positive contribution to the building of a sustainable society, by pursuing CSR Financing aimed at solving issues in society by taking advantage of its capabilities throughout financing and insurance, its core business, as well as taking consideration for environmental, social and governance (ESG) issues in its own investment and financial processes.

### Line-up of SRI Funds

SRI funds are investment trust products for investing in stocks of companies that take consideration for social issues such as the environment and human rights as well as corporate governance. Sampo Japan Nipponkoa Asset Management (SNAM) has instituted SRI funds for both individual and institutional investors.

More specifically, it operates three funds for individual investors: 1) Sampo Japan Green Open, 2) Sampo Japan SRI Open, and 3) Sampo Japan Eco Open (with an emphasis on dividend yield).

Green Open is an eco-fund fusing the know-how of NKSJ Risk Management in the area of environment-related corporate surveys with expertise in that of estimating the value of stocks and investment based on an original SNAM model. It had a net assets balance of 16 billion yen as of the end of March 2012, making it one of the biggest SRI funds in Japan.

In addition to the environmental survey capabilities of NKSJ Risk Management, SRI Open draws on the survey results conducted by a third-party organization\*1 regarding society and governance, and fuses it with that of ESG assessment\*2 and the aforementioned valuation of stocks and investment based on an original SNAM model. It provides opportunities for investing in companies that actively work on communication with society and solving social issues.

"Eco Open" is concerned with assessments based on expertise in environmental survey and valuation of stocks and investment, with a focus on anticipated dividend yield as well.

The funds have also been given high marks from external parties. The first two received awards for excellence as Japanese SRI and Environmental Fund in the Investment Trust category and as Japanese Equity Fund in the Defined Contribution Pension category sponsored by the Rating and Investment Information, Inc.\*

At the same time, SNAM operates open-subscription eco-funds for institutional

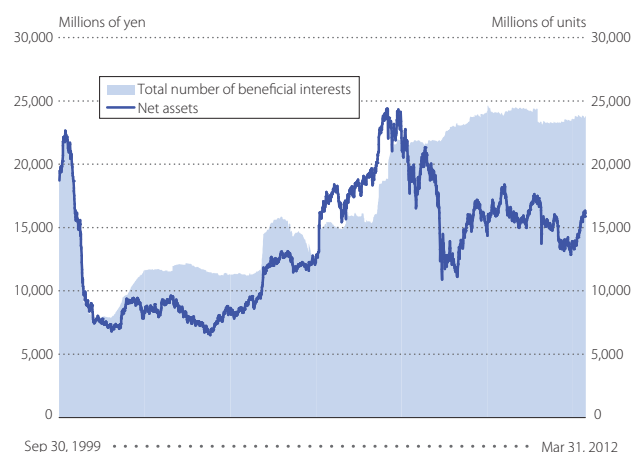
investors. It has made arrangements enabling acceptance of consignments for individual operation, in correspondence with the needs of the particular customer in question.

\*1 Integrex Inc.

\*2 Standards for analysis of corporate value taking account of the ESG aspect.

\* These ratings are based on examination of actual performance over a certain period in the past, and do not ensure the results of future operation etc.

### ► Sampo Japan Green Open - Trend of the Total Number of Beneficial Interests and Net Assets



### Signatory of the PRI and Inauguration of the CSR Committee

As signatories of the Principles for Responsible Investment (PRI), Sampo Japan and SNAM take consideration for ESG issues in their processes of investment and financing. Sampo Japan became the first Japanese insurance company to sign the PRI in 2006 and has taken a clear stance on it ever since. In January 2012, SNAM also endorsed the PRI spirit and became a signatory.

Even in its management philosophy, SNAM declares its pride in being the company operating the "Green Open eco-fund" and its pledge to take forerunning action on the environment through a companywide effort. It has clearly taken the stand of approaches to environmental issues and has been publicizing them inside and outside the company.

SNAM's recent signatory of the PRI makes its commitment to responsible investment even clearer and proclaims to all parties its resolve to fulfill its social responsibilities as an institutional investor, to the extent that it does not compromise its trustee responsibilities.

As a result of its signatory of the PRI, SNAM also inaugurated its CSR Committee. The Committee is chaired by the President and has a membership including executives in charge of the planning, operation, sales, and compliance divisions. It engages in consultation on matters such as plans for promotion of CSR initiatives, guidelines for exercise of voting rights, development of ESG products (eco-funds, SRI funds, etc.), and initiatives of social contribution inside and outside the company. It also examines systemic arrangements for attainment of related goals.



SNAM CSR Committee meeting

## VOICE

## Visions on the Signatory of PRI

—Please tell us about the factors behind your signature of the PRI.

With our signature of the PRI, we made a clear commitment to fulfilling our social responsibility both as a member of the NKSJ Group and as a company in our own right. A major background factor was the rising level of interest and expectations among investors for SRI in recent years, especially in the assets management business.

—What kind of approaches are you going to mount in concrete terms?

As an asset management company, I want us to enhance development and supply of SRI related products that meet the needs of society. However, the primary mission of an asset management company is to turn in a favorable performance for the customer. I intend to do my best to strengthen routine management capabilities without forgetting this basic duty. As for goals other than the provision of investment products, I am determined to make progress toward a better future by promoting initiatives of social contribution and other action in coordination with other members of the NKSJ Group.



**Koki Kazuma**, President & CEO,  
Sompo Japan Nipponkoa Asset Management

## COMMENT

## Expectations for Leadership to Expand Responsible Investment in Japan

Within the NKSJ Group, Sompo Japan signed the Principles for Responsible Investment (PRI) advocated by the United Nations in 2006, when they were established, and Sompo Japan Nipponkoa Asset Management, in 2012.

The term "responsible investment" refers to the incorporation of consideration for environmental, social, and governance (ESG) issues in the process of investment and financing decision-making, in the conviction that these elements will affect the financial performance of a company. With climate change, the water crisis, depletion of resources, and other environmental problems, the issues facing companies and investors are increasing. While their impact on the insurance business of the NKSJ Group is also substantial, environmental problems are similarly exerting an influence on its investment business, because they affect the results of investment subjects.

It may also be noted that insufficient control of complicated global supply chains is exerting an impact on reputations of companies. Risk management that has shortcomings due to a lack of corporate governance translates into a lack of proper protection of the rights of investors. These ESG factors have an influence on corporate performance that becomes clearer when viewed from the long-term perspective than the short-term one. In this sense, responsible investment may be regarded as a long-term outlook on investment. The NKSJ Group endorses responsible investment, which is a type of long-term investment as described above.

Because there is no fixed methodology, consideration of ESG issues must be done separately for each investment decision. It also requires the connection of different factors to different sectors and markets. The NKSJ Group is endeavoring to have responsible investment take root throughout its organization, as evidenced by its on-going holding of in-house study groups under the ESG Promotion Project. As an institutional investor, it also continues to make efforts for prompt and deep understanding of the worldwide currents in investment. Such action by investors may be expected to circulate by encouraging companies to set long-term targets for sustainability. I hope that the NKSJ Group will exercise even more leadership for the expansion of responsible investment in Japan.



**Ms. Michiyo Morisawa**  
Manager, PRI Japan Network

## ESG Promotion Project

Recent years have seen the acceleration of activity to promote investment and financing with consideration of ESG issues in Japan and other countries. New initiatives reflecting concern for such issues may be exemplified by the Principles for Financial Action towards a Sustainable Society (PFA), which were formulated as action guidelines for Japanese financial institutions in October 2011, and the Principles for Sustainable Insurance (PSI), which were determined in June 2012 as action guidelines for insurance companies around the world. In January 2012, the NKSJ Group launched the ESG Promotion Project to breed and heighten awareness of investment and financing with concern for ESG issues within the Group. Thus far, it has implemented five study meetings that combine lectures by outside experts with group discussions.



Principles for Sustainable Insurance (PSI)



Principles for Financial Action towards a Sustainable Society



ESG Promotion Project study meeting

▶ Outline of ESG Promotion Project Study Meetings Implemented in January through March 2012

1st meeting	Investors (Asset Management) - Trends in Eco-Funds and SRI Funds - Speaker: Mr. Shigeo Sugawara, Operation Department, Sompo Japan Nipponkoa Asset Management
2nd meeting	Labor Unions and Annuity Funds - Approaches to Responsible Investment at the JTUC - Speaker: Mr. Hitoshi Takezume, International Bureau, Japan Trade Union Confederation
3rd meeting	Financing - Concern for ESG Issues in Financing - Speaker: Mr. Keisuke Takegahara, Development Bank of Japan (Chairperson of the working group on deposits, loans, and leasing business under the Principles for Financial Action towards a Sustainable Society)
4th meeting	International Trends in CSR Financing - Trends in Information Disclosure on PRI, CDP, etc. - Speaker: Ms. Michiyo Morisawa, PRI Secretariat and CDP Secretariat
5th meeting	Summary (discussions on how to apply the points learned in the four preceding meetings in business)



## Monitoring External Asset Management Companies

CSR is becoming the focus of increasing attention in the business of asset management, as evidenced by the incorporation of ESG assessment into standards applied in investment decisions.

The NKSJ Group regularly monitors action on ESG issues at external asset management companies entrusted with the operation of funds and other services, by conducting interviews with them.

In recent years, private equity funds\* have increasingly made efforts to tighten governance and show greater consideration for the environment in their business

as a part of management strategy at investment destinations.

Through examinations at the time of investment and regular monitoring afterward, the NKSJ Group continues to work for the acceptance of investment policies and behavior in line with responsible investment principles at many asset management companies.

\* Funds that invest in unlisted companies and aim for return on investment through listing on the stock market and sale by M&A tactics. In many cases, the funds acquire the majority interest and become deeply involved in management of the investment subjects.

**Sompo Japan became a founding signatory to the Principles for Sustainable Insurance (PSI) established in June 2012, as it did to the Principles for Responsible Investment (PRI) in 2006. Accordingly, Sompo Japan received a comment from the UNEP FI Secretariat (for further information, see page 7).**

COMMENT

### UNEP FI Contribution to Sompo Japan's CSR Report

**Mr. Butch Bacani**

Programme Leader, UN Environment Programme Finance Initiative  
Principles for Sustainable Insurance Initiative



PSI  
Principles for Sustainable Insurance



The Principles for Sustainable Insurance (PSI) developed by the UN Environment Programme Finance Initiative represent the first-ever global sustainability framework for the insurance industry. They are voluntary and aspirational principles, including possible actions, to better understand and manage environmental, social and governance (ESG) issues in the insurance business.

Since the 1992 UN Conference on Environment and Development, the world has passed through two decades of extraordinary transformation and change geopolitically, but also economically, socially and environmentally.

The global risk landscape is rapidly changing. Insurers are facing a wide range of ESG issues such as climate change, biodiversity loss and ecosystem degradation, water scarcity, food insecurity, pollution, rapid urbanisation, human rights violations, social exclusion, emerging health risks and pandemics, ageing populations, corruption, misaligned interests and other governance challenges.

In essence, the Principles recognise the fundamental economic value of natural capital, social capital and good governance.

They are aligned with an insurer's spheres of influence. This begins by with an insurer's business operations, including company strategy, risk management and underwriting, product and service development, claims management, sales and marketing, and investment management. The Principles also cover an insurer's relationship with its clients and business partners, and promotes widespread action across society by working together with governments, regulators and other key stakeholders. To demonstrate accountability and transparency to the public, each signatory will annually and publicly disclose its progress in implementing the Principles.

The Principles are applicable to all lines of insurance, geographies and insurance market participants.

The launch of the Principles during the 2012 UN Conference on Sustainable Development marked the start of the PSI Initiative to promote the adoption and implementation of the Principles globally.

The PSI Initiative will carry out activities that promote the aims of sustainable insurance—reduce risk, develop innovative solutions, improve business performance, and contribute to environmental, social and economic sustainability.

These activities include building a critical mass of signatories globally; carrying out ESG research, capacity building and other implementation support services across lines of insurance and geographies. The PSI Initiative is also positioned to be a global platform for insurance industry dialogue with the United Nations, governments and regulators on ESG issues, risk management and insurance. It will build regional and country networks to support and deepen implementation.

UNEP FI believes that global implementation of the Principles will contribute to building a sustainable economy and resilient communities. This can be done through risk management services, insurance products and investments that span areas such as sustainable energy, transport and cities; food security and sustainable agriculture; sustainable water management; ecosystem-based adaptation, sustainable forest management; disaster-resilient and resource-efficient buildings and homes; greater access to insurance for low-income, vulnerable and underserved communities; innovate partnerships for disaster risk management; lifelong income for ageing populations; better management of pandemics and emerging health risks, and good governance practices.

There are nearly 30 founding PSI signatory companies, representing over 10% of world premium volume and over USD 5 trillion in total assets. Many more are expected to join. Along with the support of insurance industry bodies around the world, these insurers are showing decisive, forward-looking leadership by embracing all three dimensions of sustainable development—environmental protection, social equity and economic growth. These insurers are showing that sustainability is not peripheral but integral to their business, that they can play a fuller role in helping build a resilient, inclusive and sustainable society.

# Sustainable Insurance and Financial Products that Contribute to Society

The NKSJ Group is promoting CSR Financing to assist solution of social issues by drawing on the financial and insurance capabilities of its core business. In investment and financing, it practices sustainable and responsible investment (SRI), which rests on assessment of corporate approaches to sustainability and contribution to the sustainable advancement of society through the flow of money. It is also putting efforts into the development of products and services to support corporate and community action on the environment.

## Development of Microinsurance (Case of India)

In 2008, Universal Sampo General Insurance (USGI), the Indian affiliate of Sampo Japan, began providing microinsurance policies to low-income families with little ability to repay loans and inadequate reserve funds for medical and health care. USGI sells products in areas including livestock insurance for people engaged in agriculture with a frail economic foundation, package insurance for people engaged in agriculture, and P&C insurance, mainly in farming communities in the northern part of the country. It also combines insurance products with microfinance\* packages offered by banks and other organizations to provide medical insurance for the five major diseases. In FY2011, it developed a full-fledged microinsurance product with an expanded scope of coverage, and plans to offer it over the coming years.

The USGI is promoting the spread of the insurance system, which is a fundamental type of social security service, in the impoverished stratum of Indian society, which is marked by huge social disparities, and thereby making a continuing contribution to the mitigation of poverty and sustainable advancement.

\* Microfinance is the provision of financial services to people living in poverty.



Scene of farm work in India

## Investment in the Carbon (Emission Reduction Credit) Market

Nipponkoa is investing in privately-placed bonds linked with the price of certified greenhouse gas (GHG) emission reductions (CER). The yield on these bonds is determined with reference to the amount of, and market price for, CERs derived at a biomass power generation project in Asia. This project recovers methane gas emitted from waste (coconut shells) that was previously discarded and uses it as fuel to generate power, which is then sold. It reduces GHG emissions

by the equivalent of 270,000 tons of CO<sub>2</sub> per year. For the local area, it helps to resolve the shortage of electrical power, mitigate environmental problems stemming from waste (e.g., public hygiene and malodors), and create jobs. For the future, the company intends to assist the construction of a sound carbon market while keeping a close eye on the trends in that market.

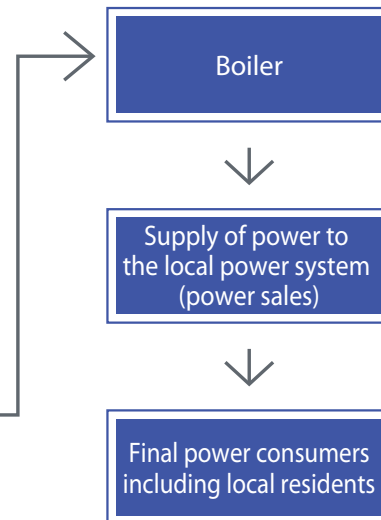
### ► Power Generation Project Fueled with Gas from EFBs

Recovery of methane gas from discarded palm Empty Fruit Bunches (EFBs). Mitigates malodors and improves public hygiene.



EFBs piled up on the ground

↓  
Hauling of EFBs to the palm oil factory



# 4

## Community Involvement and Development – Partnership with NGOs

NGOs have come to the fore as new public principals working for the resolution of various social issues confronting communities and the emergence of societies imbued with the spirit of mutual aid and vitality. In the wake of the Great East Japan Earthquake, there has been a steady increase in the ranks of citizens who want to contribute to society and help to usher in a sustainable future through participation in volunteer work and civic activities.

The NKSJ Group considers it a major part of its responsibility to assist the building of more fulfilling communities while engaging in communication with them on both the corporate and individual employee levels. For this reason, it takes part in various activities of social contribution in partnership with highly specialized NGOs and agencies.

On the corporate level, it is pursuing various social contributions through foundations in fields including the arts, welfare, and the environment. It encouraged participation by each and every employee in volunteer activities under the NKSJ Volunteer Day program, which was held in conjunction with the UN International Year of Volunteers 10th anniversary. In this program, some 10,000 Group employees took part in distinctive activities of social contribution in each region. The Group is also concentrating on initiatives that reflect concern for communities in areas affected by the Great East Japan Earthquake and offer various kinds of support for recovery, in correspondence with the changing needs among those communities and their residents.

This dynamic involvement in resolution of community issues helps to refine the sensitivities of the participating employees and agencies, and so is linked to human resource development.



## Contribution to Communities by NKSJ Group Employees

In a variety of fields, the member companies of the NKSJ Group have each taken active approaches to social contribution in the local community, where their employees actively participate. NKSJ Group is mounting activities for social contribution in the community, as evidenced by our encouragement of all Group employees to take part in volunteer activities during NKSJ Volunteer Days which we set from October to December 2011.

### 10,000 Group Employees Attending "NKSJ Volunteer Days"

The United Nations declared 2011 the "10th Anniversary of the International Year of Volunteers" and called for the promotion of volunteer work and citizen activities around the world. In response, the "Hirogare Volunteer no Wa Liaison Council", which means promoting volunteer activities in Japan, designated the fourth Saturday of every October as "Make a CHANGE Day", a symbolic day for volunteer and citizen activities across the country, as part of its efforts to encourage volunteer work.

We in the NKSJ Group designated the months October through December, inclusive of "Make a CHANGE Day", as "NKSJ Volunteer Days", and call upon all employees of our NKSJ Group to take part in volunteer activities. We encourage participation not only in activities on the community, corporate, or office levels but also on the individual basis. Over the three-month period, the participants from our group companies totaled about 10,000 and took part in a remarkable 60 different activities nationwide.

Besides support for the areas affected by the Great East Japan Earthquake, the fields of activity covered a wide range including the environment, welfare, disaster prevention, culture & the arts, and international cooperation.

These activities were given high ratings and led to our selection for an Honorable Mention Award at the "3rd Make a CHANGE Day Award" (sponsored by the Make a CHANGE Day Implementation Committee and co-sponsored by the 10th Anniversary of the International Year of Volunteers Promotion Committee and Asahi Shimbun Company). While endeavoring to sharpen motivations for social contribution among the employees through continued volunteer activities, the NKSJ Group is going to assist the breeding of a "volunteer culture" in society as a whole.



Make a CHANGE Day

Symbol of  
"Make a CHANGE Day"



International Year of Volunteers  
10th Anniversary  
2011

Symbol of  
"10th Anniversary of the  
International Year of Volunteers"

## Global Social Citizenship Activities in FY2011

**Environment** Environmental preservation activities  
**Community** Community involvement activities  
**Welfare** Support activities to ensure a stable life for local residents

### ◆ Europe **Community** **Welfare**

London-based Sampo Japan Insurance Company of Europe Limited participated in the donation drive led by the BBC Children in Need. This is a charity event hosted by the British Broadcasting Company (BBC) in November every year, and the funds collected are used to improve the life of economically underprivileged children of 18 years and under. It presented the participating employees with a good opportunity to deepen their awareness of social issues.

### ● Turkey **Community**

As it did in 2010, Sampo Japan Sigorta A.S. conducted a campaign for donating company-used computers to elementary schools. This year, a total of 27 computers were donated to five elementary schools in Turkey. In addition, to assist people affected by the earthquake that struck in the Turkish province of Van in October, it donated 34 boxes of supplies such as baby food, diapers, and clothing. It also made a donation of 3,667 Turkish lira (about 160,000 yen) to victims of the Great East Japan Earthquake in April and 8,581 Turkish lira (about 370,000 yen) to children in Africa in August.



### ◆ North America **Welfare** **Community**

Employees of Sampo Japan Insurance Company of America are participating in various activities of community contribution, such as volunteer activities at local elementary schools and churches, cooperation with blood donation and purchase of Christmas presents for economically underprivileged children. They are also taking part in fire drills for children and cooperated with activities aimed at implanting awareness of the need for disaster prevention among members of the younger generation.

### ◆ South America **Welfare** **Community**

About 150 employees of Maritima Seguros S.A. took part in a program to give presents to parentless children around Christmas. Under the program, the children write letters to Santa stating what they want for Christmas and take them to the post office. The participants buy presents in place of the parents and take them to the post office, which forwards them to the children without disclosing any names. Similarly, about 60 employees of Yasuda Seguros, S.A. gave gifts of clothing, shoes, toys, and other articles to underprivileged children.

### ● Australia **Community** **Environment**

The Australian office of Sampo Japan participated in Clean Up Australia, an event co-sponsored by the Japan Club of Sydney. The weather was fine on the designated day, and the group of about 70 participants removed litter from Lane Cove National Park.

## Global Social Citizenship Activities in FY2011 (continued)

**Environment** Environmental preservation activities

**Community** Community involvement activities

**Welfare** Support activities to ensure a stable life for local residents

### ● Asia

#### ● Indonesia **Community** **Welfare**

Employees of PT Asuransi Nipponkoa Indonesia donated food and clothing to two orphanages. The ceremony staged to present the donation was attended by 15 children from the orphanage. As this suggests, ties are deepening through this program.



#### ● India **Community** **Welfare**

Universal Sampo General Insurance Company Limited has opened an agency training center and is actively hiring local youth who have trained there for positions in agencies handling its policies. Besides providing opportunities for employment through the center, it is simultaneously contributing to the spread of P&C insurance in districts where it has a low rate of diffusion. In addition, it is working to resolve social issues in communities by, for example, gratis supply of health diagnosis services for families in difficult economic circumstances.



#### ● Philippines **Environment**

PGA Sampo Japan Insurance Inc. held a running event aimed at protecting the Pasig River in November 2011. To prevent flooding and promoting beautification and greening of the environment, its employees engaged in activities to clean the river channel. At the same time, they drew attention to the importance of proper disposal of waste and maintenance of drainage conduits in good condition.



#### ● Vietnam **Community** **Welfare**

In May 2011, about 40 employees of United Insurance Company of Vietnam and their relatives paid a visit to a facility for challenged children. At the facility, they interacted with the children and presented them with gifts. The program served to enhance understanding of the lives of people in the facility and prompted them to be concerned and reach out to them.



#### ● Japan **Community**

AIR Japan<sup>\*1</sup>, J-SA<sup>\*2</sup>, and Sampo Japan are conducting a program for servicing and cleaning of wheelchairs at welfare facilities. The members of AIR Japan are in possession of the technical know-how needed to maintain automobiles, and this know-how was readily applicable for simple servicing of wheelchairs. They therefore selected it as an activity for social contribution drawing on its core business. The program is widening to include many facilities in all parts of Japan. Wheelchairs were serviced by 31 offices at 39 facilities in FY2010 and 53 offices at 76 facilities in FY2011.

<sup>\*1</sup> AIR Japan: A nationwide organization consisting of automobile maintenance and repair shops, which are also acting as insurance agencies, of Sampo Japan.

<sup>\*2</sup> J-SA: A nationwide organization of dedicated professional agencies that satisfy the membership standards offering both life and P&C insurance.

# Support for Areas Affected by the Great East Japan Earthquake

Since the Great East Japan Earthquake, which struck in March 2011, the NKSJ Group has been engaged in initiatives to support recovery in the affected areas from various aspects, in correspondence to the phase and needs. Besides swift payment of claims to holders of earthquake insurance as part of our core business, these initiatives encompass donation of funds directly after the disaster, assistance for farmers and local businesses adversely impacted by rumors about radiation risks of their products, on-site volunteer work, cultural activities linked to emotional care for victims, and economic support provided through disaster recovery assistance councils.

## Collection of Donations

Apart from its own corporate contributions, the NKSJ Group collected donations from executives and employees of member companies in Japan and other countries. These donations reached about 120 million yen during the

two-week collection term, and were donated through the Central Community Chest of Japan etc.

## Messages of Encouragement from All over the World

Sompo Japan and Nipponkoa have received messages praying for the early recovery from the aftermath of the Great East Japan Earthquake, from member companies in the NKSJ Group around the world.



Collection of messages from Sompo Japan Insurance Company of America

## Pick up



Messages from people of various countries sent to Nipponkoa

## Supporting Farmers in Affected Areas

To support local farmers and businesses in the affected areas, which are being adversely impacted by rumors about the influence of the nuclear catastrophe, the NKSJ Group has held a number of marts to sale agricultural products and specialties produced of those areas.

Sompo Japan held a mart to support affected areas with the cooperation of the Japan Agricultural Corporations Association and other organizations. This event was first staged at its Head Office Building in May, held subsequently in a total of six locations in five cities. It was devoted to in-house sales of rice, vegetables, and processed food products from the affected areas. At employee cafeterias of its Head Office and Data Processing Center, Sompo Japan offered dishes made with vegetables grown in Fukushima, Ibaraki and other prefectures in cooperation with the companies running the cafeterias. It also erected a system enabling placement of orders for produce and food products from the affected areas through the company intranet, in the interest of ongoing support.

Nipponkoa held an event in partnership with Joyo Bank, Ltd., for the purpose of supporting farmers and food-processing companies in Ibaraki Prefecture who have been adversely impacted by rumors about risks of their products. The event consisted of sales of sample specialties at 100 yen per portion and also ordinary sales. The event was held three times near the entrance of the Nipponkoa Nihonbashi Building in Tokyo, and was visited by a cumulative total of 9,200 people including those who were passing by. In addition, the company held an event of sample sales of specialties at 100 yen per portion at Kairakuen Park in Ibaraki Prefecture, with the backing of Ibaraki Prefecture and Mito City, Ibaraki. The event attracted over 35,000 people during its run of four days, and helped to support sales of local products victimized by rumors.

The NKSJ Group is furnishing continuous support for farmers and food product companies struggling with the effects of rumors.



Mart to support affected areas (Sompo Japan Data Processing Center, Tokyo)



Scene at 1 day food sampling fair in Ibaraki (Nipponkoa Nihonbashi Building, Tokyo)

## Volunteer Work to Support Recovery

In FY2011, the employees of our NKSJ Group actively took part in efforts to support recovery in areas affected by the Great East Japan Earthquake.

Sompo Japan implemented the Disaster Volunteer Project under which employees are sent to do volunteer work in affected areas. The Project was executed in cooperation with companies belonging to the Fuyo Group, with which Sompo Japan has had interchange through organizations such as the Fuyo Group Employee Contribution Liaison Group (the companies are Oki Electric Industry Co., Ltd.; Marubeni Corporation; and the Mizuho Financial Group, Inc.).

About 30 employees of Sompo Japan took volunteer work leave to engage in activities lasting for five days in Miyagi Prefecture. There, they removed debris

from private homes, cleaned the seashore, and did other work in partnership with the local disaster volunteer center. This program was implemented a total of five times from June 19 to July 22.

Over the two-day period on August 25 and 26, 38 employees of Nipponkoa, NKSJ Himawari Life and NKSJ Systems used provisions for volunteer work leave to take part in Iwate Prefecture Recovery Volunteer Program, which is led by School Aid Japan. The employees spent the first night in vehicles and reached the site on the next morning. Upon matching with the items in the request for assistance by the volunteer center there, they set about the chore of weeding rice paddies.



Disaster Volunteer Project implemented in Shichigahama, Miyagi Prefecture



Volunteers in the Rikuzen-takata, Iwate Prefecture Recovery Volunteer Program

## Care for Children in Affected Areas through Puppet Theater

Sompo Japan owns Himawari Hall, a theater especially for the staging of puppet plays, in the city of Nagoya, Aichi Prefecture. It is engaged in activities of community contribution through puppet theater along with the Aichi Puppetry Center, an NGO that operates the theater. On March 20, 2012, about a year after the Great East Japan Earthquake struck, it assisted the staging of visiting puppet theater in the city of Kamaishi, Iwate Prefecture. The theater was staged in the district of Unosumai-cho, which suffered some of the most damage from the tsunami in that city, to assist emotional care for the children. The play drew an audience of about 80 people, who consisted mainly of children and aged victimized by the disaster. Some members of the audience later told us that it was the first time they had seen a grandchild smile since the disaster and that they were deeply moved by their first viewing of a professional puppet theater.



A puppet show staged by the puppet theater troupe Yumemi Trunk

Audience members were also given hand-made mascot dolls and message cards prepared by volunteers which was organized by employees from Sompo Japan offices across Japan.



A hand-made presents and message cards

## Carbon Offsets to Support Recovery

Nipponkoa purchased CO<sub>2</sub> emission reduction credits derived at the city of Kamaishi, Iwate Prefecture, through a project led by the Council for Support of Recovery by Use of Offsetting Credits (J-VER) in Disaster-Affected Areas. This project is under the jurisdiction of the Ministry of the Environment, Japan, and was instituted in September 2011 to support recovery in the affected areas. As a

member of the Council, Nipponkoa decided to furnish economic support to and help expand employment in the affected areas by purchasing these rights. This approach will be continued under the "low-carbon reconstruction project" (for more information on this project, see page 36).

# Social Contribution as a Corporate & Individual Employee

Besides mounting approaches to social contribution as a good corporate citizen, the NKSJ Group is working to improve the framework of support to facilitate involvement in activities of social contribution by each and every one of its employees.

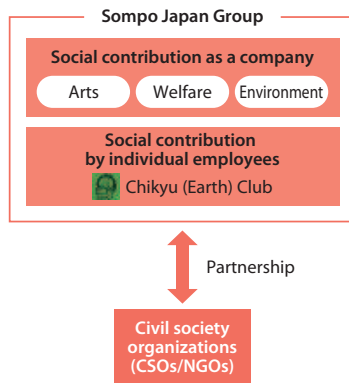
## Social Contribution by Sampo Japan

In addition to focusing on heightening awareness, Sampo Japan is providing systemic support to facilitate involvement in activities of social contribution by its employees on their own initiative. In these efforts, it attaches importance to coordination with highly specialized NGOs.

### 1. Overall Picture of Social Contribution Initiatives

Sampo Japan's policy on social contribution is keyed by two perspectives (corporate and individual employee) and three priority fields (arts, welfare, and the environment). The Chikyu (Earth) Club, a volunteer organization in which all employees participate, is organically linked with three foundations and engages with communities.

Overall Picture of Social Contribution Activities



### 2. Activities by Individual Employees

#### ● Chikyu (Earth) Club, a Volunteer Organization with a Membership of All Employees

Ever since its founding in 1993, the Chikyu (Earth) Club has continued with activities for contribution to communities in collaboration with Sampo Japan agencies and other principals throughout the country. In FY2011, it conducted a total of 419 projects of volunteer activities matching the needs and character of local communities in various parts of the country. In addition to activities to support recovery in disaster-affected areas, these projects included forest preservation, clean-up campaigns, computer classes for people with disabilities, servicing and cleaning of wheelchairs, and collection and donation of calendars, notebooks, and books.

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

Resting on monthly donations of at least 100 yen by concerned employees, this fund is used to defray the fund of social contribution and other initiatives by the Chikyu (Earth) Club.

In FY2011, donations were made by 7,506 employees, averaged 214 yen per month per employee, and totaled about 22 million yen (inclusive of the amount carried over from 2010). Besides being applied for expenses accompanying volunteer activities throughout Japan, the money in the fund is used for donation to NGOs and other groups selected by employees. Funds were also donated to people affected by the flooding in Thailand and the earthquake in eastern Turkey, and also to certain foundations.

## Social Contribution by Nipponkoa

Nipponkoa is taking active approaches to social contribution through various arrangements to this end. These approaches encompass participation in programs of social contribution, initiatives to support self-supporting living, assistance for tree-planting campaigns, and establishment of endowed chairs in universities. At the same time, it supports distinctive employee volunteer activities and organizations for social contribution formed by concerned employees, and pursues standing activities of social contribution.

### 1. Corporate Activities

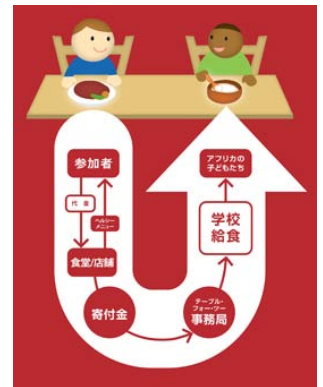
#### ● Insurance Business Seminars at Universities (Endowed Chairs)

Since FY2006, Nipponkoa has instituted endowed chairs at Aoyama Gakuin University, Senshu University, Chuo University, Hosei University, Meiji University, and Rikkyo University. In the related seminars, which are for third- and fourth-year students, employees lecture on the actual business of insurance companies in simple terms.

### 2. Activities by Individual Employees

#### ● Participation in the Table for Two Program\*

The Nipponkoa Group has participated in the Table for Two Program since 2010 at the employee cafeteria of Nipponkoa's Head Office in Kasumigaseki and that of Nipponkoa Smile Kids Edogawabashi (Tokyo) Nursery School. When diners choose meals meeting the standards set by the program, a total of 20 yen is donated from the charges for each such meal. The donations collected in this way are given by the Table for Two secretariat to school lunch programs for children in developing countries. As of the end of March 2012, the donations reached a cumulative 38,187 yen.



The Table for Two scheme

\* A made-in-Japan program of social contribution aimed simultaneously at mitigating hunger in developing countries and resolving obesity and lifestyle diseases in developed countries.

#### ● Activities of Nipponkoa Omoiyari Club

The Nipponkoa Omoiyari Club (a matching gift program) was established in 1996 with a membership of concerned employees. Under this program, the company matches donations made by the members from their wages every month, and the combined amount is donated to groups dedicated to environmental protection and social welfare. The Club and the company therefore join together in activities of social contribution.

#### ● Donations for Natural Disasters

The Club makes donations for the relief of victims of extensive natural disasters inside and outside Japan. It donated a sum of 6 million yen as aid for areas affected by the Great East Japan Earthquake in March 2011 and one of 200,000 baht (about 500,000 yen) for victims of the immense flooding in Thailand.



## Social Contribution through Foundations

The NKSJ Group is engaged in various activities in partnership with NGOs through four foundations.

### Sompo Japan Fine Art Foundation (Seiji Togo Memorial Sompo Japan Museum of Art)

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

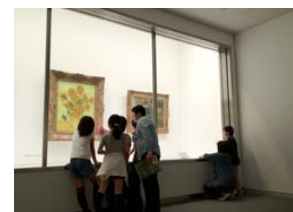
Instituted in 1976, the Sompo Japan Fine Art Foundation is putting efforts into activities for heightening levels of arts and culture and educating youth. Its activities center around management of the Seiji Togo Memorial Sompo Japan Museum of Art, which owns the painting "Sunflowers" by Vincent van Gogh. In FY2011, it held seven exhibitions at the Museum which were attended by a total of about 140,000 visitors.

#### Support for Affected Areas

The Foundation made donations in support of areas affected by the Great East Japan Earthquake. More specifically, it donated a total of 1,587,210 yen in admission fees for the Exhibition from the Collection of Sompo Japan held from June to the beginning of July 2011, to the Foundation for Cultural Heritage and Art Research, and a total of 3,555,750 yen in admission fees for the Japanese Red Cross Society Collection Exhibition held from January to February, 2012, to the donation program aimed at supporting the recovery efforts in the affected areas through the Japan Red Cross Society.

#### Education for Art Appreciation through Dialogue

Since FY2008, the Foundation has been collaborating with the office of Tokyo's Shinjuku Ward, where the Museum is located, in conducting a program of education for art appreciation through dialogue, mainly for elementary and junior high school students in the ward (these students numbered 1,881 in 35 schools in FY2011). The program helps to nurture capabilities of observation, thought, creation, expression, and communication.



Scene at a group excursion for art appreciation through dialogue

### Sompo Japan Foundation → <http://www.sj-foundation.org/>

Instituted in 1977, the Sompo Japan Foundation is engaged in mainly the following activities for the purpose of contributing to the improvement of welfare and cultural services.

#### Social Welfare Projects

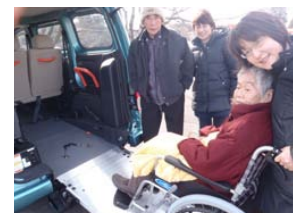
The Foundation provides financial support to strengthen the foundation of NGOs involved in social welfare work and subsidizes the cost of purchase of automobiles by welfare groups serving people with disabilities. Through such activities, it helps these groups remain in energetic activity.

#### Social Welfare Literature Award Project

To encourage research in the field of social welfare, the Foundation presents the Sompo Japan Foundation Award to commend excellent novels and thesis on related subjects authored by researchers who are relatively young or of medium standing.

#### Scientific Projects Relating to Welfare

The Foundation provides assistance for the operation and activities of groups doing research in the areas of social welfare, social insurance, and nonlife insurance in Japan. The recipients are research groups such as the Welfare Management Research Group and the Research Group on Insurance Business Act.



FY2011 automobile purchasing cost subsidies - for the NGO Yui no Kokoro (in Miyagi Prefecture)

### Sompo Japan Environment Foundation → <http://www.sjef.org/>

Instituted in 1999, the Sompo Japan Environment Foundation is engaged in projects for development of human resources in the environmental field under the banner of "Fostering people who plant trees".

#### CSO\* Learning Scholarship Program

Launched in 2000, this is a program for long-term internship by university undergraduate and graduate students at environmental CSOs. Each year, it gives about 60 students the opportunity to learn about environmental issues and civil society.

#### Public Seminars on the Environment

The seminars are conducted through collaboration between the Japan Environmental Education Forum (JEEF) and Sompo Japan. About 12 seminars are held every year.

\* Civil Society Organization is a concept encompassing NGOs.



CSO Learning Scholarship program students

### Nipponkoa Welfare Foundation → <http://www.nipponkoa-wf.or.jp/>

Instituted in 1991, the Nipponkoa Welfare Foundation is involved in the following activities related to welfare services for the aged.

#### Support for Families Nursing Aged with Senile Dementia

The Foundation is working to raise the level of healing effects and technology in nursing through support for training and interchange programs held by the Alzheimer's Association Japan.

#### Scholarships for Students Aspiring to be Care Workers

The Foundation provides two-year scholarships to ten students aspiring to be nursing care workers.

#### Research and Financial Support in the Field of Gerontology

The Foundation furnishes aid to universities, research institutes, and welfare facilities for the aged nationwide in the interest of furthering gerontology and achieving a society marked by rewarding longevity.



Gerontology research report

# 5

## Developing Human Resources and Promoting Diversity

The NKSJ Group aspires to contribution to communities and society by the building of organizations where diverse human resources can exercise their potential to the fullest.

### Group Personnel Vision

To provide the highest quality of customer service, the NKSJ Group will place great value on employees' enthusiasm for new challenges and speed of action. As part of our efforts to create a globally competitive organization, we will form a highly attractive, professional workforce that contributes to local communities and society at large. This is outlined in the Group Personnel Vision below.

#### To develop highly attractive personnel:

- ◇ Regardless of background, we will place great value on your skills, talent and drive to contribute to our business.
- ◇ We will rigorously implement meritocratic personnel policies which are impartial and fair.
- ◇ We will manage with openness based on highly transparent processes and systems.
- ◇ We will promote diversity, respect, and individuality.

#### Putting top priority on people and work

- We will value specific actions and facts, with a rigorous focus on merit.
- We will prize people who take speedy action to enhance our reputation with customers and realize the NKSJ Group Vision.

#### Impartiality and Fairness

- We will respect impartiality and fairness, providing equal opportunities for all employees to succeed and demonstrate their abilities to the fullest.
- We will appraise personnel based on their proactivity and willingness to embrace challenges, rather than on past performance and evaluations.

#### Openness

- We will seek to realize true teamwork by establishing clear personnel rules and processes based on an open and highly transparent system.

#### Diversity

- We will foster mutual respect for the individuality and diversity of our employees.
- We will actively promote diversity, while developing a fulfilling and pleasant, yet stimulating and energizing working environment.

# Promoting Human Resource Development & Diversity

NKSJ Group is vigorously promoting diversification to operate a diverse business.

The Group is also striving to raise employee awareness regarding human resource development. At the same time, it is promoting structural/mindset renewal and meticulous education with a view to developing personnel who can contribute to society and meet the needs of diverse customers.

## Promotion of Diversity

In April 2011, Sampo Japan instituted the Diversity Promotion Group within the Human Resource Development Office. The Group has posted the four "material issues" of support for activity by female employees, support for activity by people with disabilities, support for activity by foreign nationals, and achievement of a good work-life balance, and is promoting diversity through each issue.

Nipponkoa believes that corporate enterprises have a key role to play as

members of society on the social issue of low birthrates. In keeping with this awareness, it has been promoting the companywide project since 2005 in order to increase corporate vitality through activity by its female employees. In April 2012, it instated a new personnel affairs setup grounded in the concept of Diversity 2012, a vision for workplace environments conducive to energetic activity by all employees regardless of gender.

## Reinforcement of Human Resource

### 1. Reform of structure

Sampo Japan has selected acceleration of staff structural reform, promotion of activity by female employees, and development of global human resources as its priority HRD agenda for FY2012, and is taking action to attain these agendas.

As its key HRD tasks in FY2012, Nipponkoa has posted reinforcement of OJT around target-oriented interviews in the new personnel affairs setup, and awareness renewal and skill improvement for pursuit of results and contribution to corporate earnings. In line with these tasks, it is taking various approaches aimed at developing capabilities.

### 2. Education and training

The NKSJ Group provides diverse styles of training toward the goal of awareness renewal and skill improvement for pursuit of results and contribution to corporate benefit. Sampo Japan holds classes on basic knowledge needed by all employees. Nipponkoa's approaches on this front center around its training for employees desiring promotions. This training enables motivated employees to acquire the knowledge and skills needed for their promotion.

## Training for Managers

The NKSJ Group conducts training aimed at heightening management capabilities among employees in managerial positions. Through this training, it is attempting to bolster skills of communication with members in their unit, problem-solving skills, and leadership as required for executives if they are to function as leaders.

More specifically, at Sampo Japan, such programs consist of District Management Training conducted nationwide for the purpose of imparting know-how for promotion of activity by female employees, training for newly appointed leaders, and follow-up training held for leaders in their second year as such.

Nipponkoa is continuing to provide training to strengthen the capabilities of section managers, branch directors, and insurance claims department directors with a view to raising the level of management skills of people in managerial and leading positions. It has also instated a curriculum whose objective is stronger leadership into the training for employees desiring promotions. The training for newly appointed section managers, branch directors, and insurance claims department directors likewise incorporates a curriculum for better organizational management capabilities.



Scene at a training for employees in managerial positions

## T O P I C S

### Environment-Friendly Web Training for Managers

Nipponkoa introduced motion contents for various types of training that can be viewed by employees at their own desks in FY2010, and has instated a new web conference system into all of its locations. These systems make it possible for employees to receive "environment-friendly training" for improving their product knowledge, raising levels of quality, and imparting sales skills at the desired time, without traveling to a particular training venue. Meanwhile, the number of contents titles, which stood at 72 as of the end of FY2009, was increased to 167 by the end of FY2011. In addition, in FY2011, the company began offering a series of training contents to strengthen the capabilities of managers and branch directors. This series has been viewed by about 6,000 employees.



Web motion contents and employees taking web training

## Diverse Employees with a High Potential

The future is anticipated to bring a further diversification of lifestyles and values. Community-based operation and the provision of insurance products and services that meet the diversifying needs of customers are thought to require the conditioning of workplaces and systems to enable full activity by diverse employees.

### 1. Working environment

The NKSJ Group is conditioning workplaces to enable full exercise of abilities by career-oriented and all other employees, each working in their own style.

It is also striving for higher levels of motivation and flexibility by giving employees equal treatment and opportunities to take up challenges regardless of gender, and making arrangements to support employees in the aspects of childbirth and child care.

### 2. Development of institutions

Sompo Japan has introduced an In-house Job Posting program in which its employees can make a voluntary choice and apply for a transfer to their desired department. In 2012, Sompo Japan instated the "Dream Ticket Program", under which employees meeting certain conditions can apply for transfer to a position of their choice. Nipponkoa is likewise implementing its "Career Try Return Plan" enabling employees to try their hand at work in units of their choice across area boundaries. Both of these programs help individual employees to find opportunities for self-fulfillment and to build their careers on their own initiative.

These systems are mechanisms to support employees in their own career-building efforts. The objective is to allow employees to actively take up the challenge of posts they desire, and thereby to fully exercise the knowledge and skills they acquired through their own experience and self-improvement.

### 3. Career building for female employees

As part of its promotion of diversity, the NKSJ Group is also endeavoring to appoint more women to managerial positions. For example, Nipponkoa assigns women to posts in all fields instead of limiting the scope of their work. It also strives to appoint women to managerial positions and to nurture female candidates for such positions. In FY2011, Sompo Japan started a program of management classes to groom women with the right aptitude for managing companies. Through this program and other on-going approaches, it is supporting the career-building efforts of female employees.

### 4. Employment

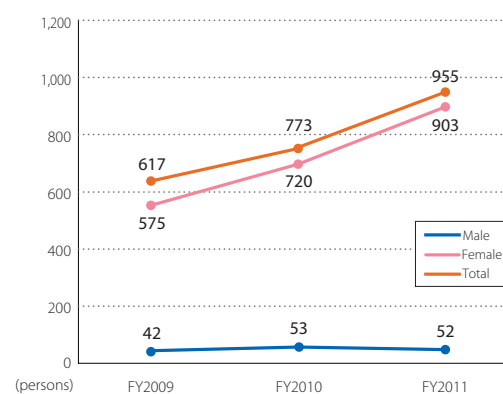
The NKSJ Group has prepared a path enabling part-time and temporary employees who have ambition and are actively improving their capabilities to be hired as regular full-time employees.

### ▶ "Life & Career Plus": a Website to Support Employees' Better Work-Life Balance (Sompo Japan)



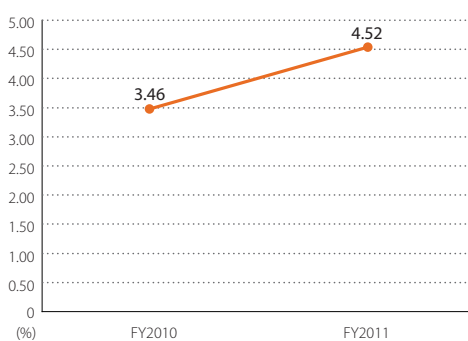
### ▶ Ratio of Employees Who Took Child Care Leave

\*Cover ratio: 100%



### ▶ Ratio of Female Employees in Managerial Positions

\*Cover ratio: 99%



## T O P I C S

### Developing Women's Talent

In April 2012, Sompo Japan started 18 sections and affiliates with sales offices whose staff is mostly composed by female employees. At four of these locations, female employees also work in managerial positions, and the staff consequently consists entirely of women. The purpose is to address the diversifying local customer needs and tough changes in the climate of the P&C insurance market by distinctively female perspectives and ideas, to establish new business styles, and to offer more closely-knit services.

In FY2011, Sompo Japan initiated women's management classes to help female employees get promotions to managerial positions and build their careers. Under this program, which lasts for about 10 months, classes are held for selected female employees judged to have the right aptitude for running companies, departments, and offices. In FY2012, the company is planning to start preparatory management classes for women with a wider scope of eligibility.

Through these programs, Sompo Japan is widening the working field for female employees, heightening their motivation, and developing younger personnel.



Scene at a management class for women

## Development of Global Human Resources

Development of human resources is a key task for the cultivation of and advantage in worldwide business. The NKSJ Group is executing various initiatives in preparation for the further globalization of its business.

- Institution of new schemes such as a global trainee system and global human resource learning support course for younger employees in the Global HRD Program (Sompo Japan)
- Start of an advanced version of the International Business Seminar in FY2011 (Nipponkoa)

The NKSJ Group established the Global Human Resources Development Group for the purpose of developing and educating personnel with globalized business skills. This Group spans the organizations of Sompo Japan and Nipponkoa.



Global trainee system (Sompo Japan Insurance Company of Europe)

## Employment System

Sompo Japan Nipponkoa, the new company to be born in 2014, must employ first-rate personnel who embody the basic personnel policy and vision as needed and realize future growth of the company. Sompo Japan and Nipponkoa have launched concerted efforts to this end. For joint hiring of new graduates in 2014, they are setting about an early fusion and unification of their recruitment know-how and capabilities, and heightening their appeal in the eyes of students.

## Education and Training

### 1. System for workplace experience by university and graduate students

An internship program has been instituted to give students the opportunity to experience the workplace and work in the business of P&C insurance. In FY2011, Sompo Japan widened this program, which had been confined to office work units within its Head Office, to include sales and service center units. The objective is to prompt students to think about future employment by having them experience actual work in sites that are close to the customer, and to use this experience for their own growth.



Internship program to experience the workplace

### 2. Endowed chairs

Drawing on the experience and networks built up by employees through their work, the seminars under the chairs are held at universities. The chair endowed by Nipponkoa, for example, was instated as a regular university course in FY2006 and teaches third- and fourth-year students about practical work in insurance companies in simple terms. Company employees serve as instructor and enthusiastically try to meet student expectations.

#### ► Topics of Endowed Chairs

5th session	Risk management	Basic knowledge of risk management
6th session	Life insurance	Basic knowledge and the recent trend of life insurance
7th session	Compliance	Compliance by insurance companies
8th session	Personnel and labor	Personnel, labor and recruitment of insurance companies
9th session	Asset management	Asset management by insurance companies as institutional investors
10th session	Actuarial science and actuaries	Basic knowledge of actuarial science and duties of actuaries

## Inclusive Working Environment

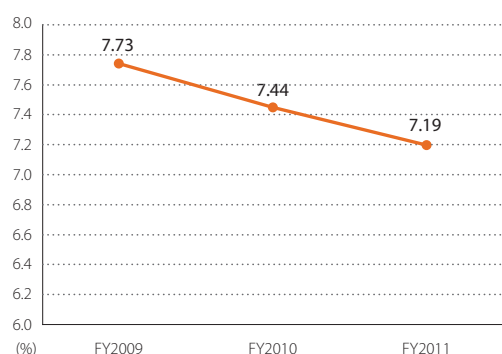
Workplaces are increasingly accepting employees with disabilities as a matter of course and encouraging all employees to respect each other as individuals. The NKSJ Group as well is attempting to build workplaces that give full rein to the abilities of employees with disabilities. The employment rate of people with disabilities in the Group is 2.08%, exceeding the mandatory employment rate.

Sompo Japan is promoting activity by people with disabilities and taking steps to accustom them to the workplace. For example, it holds interviews with 32 superiors of employees with disabilities active in workplaces nationwide and

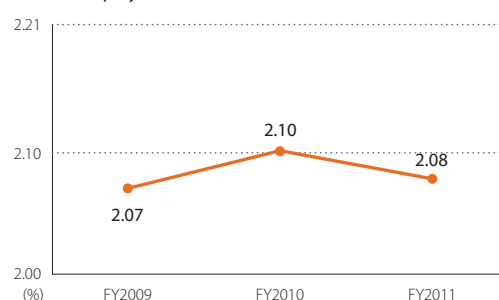
publishes articles on certain good examples in Diversity News, a monthly newsletter. It has also prepared a manual on the subject for employees in managerial positions.

Nipponkoa has been similarly striving to expand its employment of people with disabilities, by bolstering activities such as corporate presentations and direct interviewing at unemployment offices. At present, it is taking further steps; it is making a survey on the degree of barrier-free arrangements at workplaces nationwide and endeavoring to make workplaces more friendly to people with disabilities after their hiring.

#### ► Ratio of Overtime Work \*Cover ratio: 83.2%



#### ► Ratio of Employees with Disabilities \*Cover ratio: 96.5%



## Human Rights

Today, it is of vital importance to actively educate employees about respect for human rights at every opportunity in order to build a society that is truly imbued with such respect. The NKSJ Group holds seminars on the subject for all employees to deepen understanding of respect for human rights and build organizations where all employees can work to the best of their ability.

### Human Rights

Sompo Japan has instituted the Human Rights Promotion Headquarters for the purpose of both unified and prompt decision-making, also involving management, on issues bound up with education about basic norms of behavior in areas such as human rights, and companywide promotion of the same. The Headquarters deals primarily with issues on the four fronts of education about human rights, health management, labor time management, and promotion of diversity. It has set up a human rights hot line and accepts inquiries by telephone and e-mail.

#### [Basic Code of Conduct on Human Rights at Sompo Japan]

- Employees shall not discriminate in any way against social position, birthplace, race, religion, gender, or other such attributes, in any facet of business execution.
- Employees shall strive to nurture a spirit of respect for human rights and to make a contribution to the building of a society imbued with such respect.
- Employees shall endeavor to view human rights problems as problems of their own and to consider things from the other's standpoint.

Nipponkoa believes that companies have an extremely great social responsibility to discharge and role to play in protection of the fundamental human rights of all people supporting the company. Out of this conviction, it instituted the Human Rights Education Promotion Committee for the purpose of promoting systematic training in this area. In FY2011, the workplace training was devoted to discussions from the perspective of protection for human rights on issues such as assertiveness (approaches to according proper respect for the human rights of others without compromising your own), employment of the people with disabilities, and diversity. It checked for lack of due consideration for human rights in each workplace and improper language or statements in pamphlets and other printed matter.

#### [Basic Policies on Human Rights at Nipponkoa]

- (1) Implementation of on-going training to eradicate discrimination
- (2) Commitment to refrain from restricting freedom of choice of occupation and to keep hiring practices rigorously fair
- (3) Commitment to build bright workplaces free of discrimination

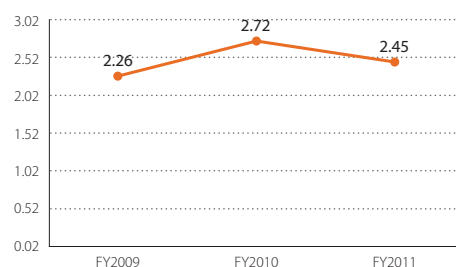
### Assuring Health and Welfare

The Nipponkoa has instituted a healthcare center with a full-time staff. The center takes measures to assure health and welfare based on work hours, conducts regular physical examinations, and periodically checks mental health. In addition, its specialized staff of physicians and nurses offer advice, answer inquiries, and provide counseling as needed, as part of its efforts to help employees stay both physically and mentally healthy. In FY2009, the company incorporated Eco-Safe Driving and the rate of accidents with company cars into its items of organizational assessment in response to the increase in traffic accidents involving company cars and other occupational accidents. As this indicates, it is taking multifaceted action on this front.

At Sompo Japan, industrial physicians working exclusively in the field of mental health are on duty in the Head Office building through a tie-up formed with Sompo Japan Healthcare Services. The company has also proactively made provisions for selfcare, in which employees get an understanding of their own mental health and take action to prevent, lessen, and cure conditions, and line care, in which superiors take steps to improve workplaces with a view to preserving mental health and consult with employees on the subject. In addition, it instituted a line care seminar for employees in managerial positions using its e-learning system. Employees in managerial positions therefore can view the seminars at any time.

#### ▶ Ratio of Occupational Accidents

\*Cover ratio: 98.0%



## Third Party Comments on NKSJ's CSR Communication



### Ms. Carolyn Schmidt

Program Director, ECOLOGIA  
Participates in global governance and international standards; expert delegate to ISO 26000 Working Group; since 2010 a member of the ISO 26000 Post Publication Organization Stakeholder Advisory Group. Graduated from University of Pennsylvania. Since 2000, Program Director at ECOLOGIA, an NGO headquartered in Vermont, United States.

NKSJ Holdings continues its efforts to define itself as a global leader in CSR, as evidenced in this year's CSR report. The integration of the two corporations, Sampo Japan and Nipponkoa, appears to be moving forward; the traditional CSR strengths of each corporation (for example, climate change, biodiversity, socially responsible investing, high-profile involvement in global CSR initiatives, involvement with NGOs/NPOs) are still clearly articulated and do not appear to have been diluted.

### Changes in Emphasis

Several changes in emphasis show the results of reflection and revision, sharpening focus in order to highlight ways in which NKSJ's core business model, insurance, contributes both to short term and long-term safety and security. Using insurance products and risk management techniques to create "resilience" – conditions under which individuals and societies can manage setbacks and maintain their long-term goals – is repeatedly invoked. In the aftermath of the March 2011 disaster triggered by the tsunami, such determination is admirable.

The most notable alteration to the material issues is the increased focus on adaptation to climate change, through innovative insurance programs, as opposed to mitigation efforts. NKSJ has taken the opportunity of the most recent United Nations Conference on Sustainable Development (Rio+20), and active participation by key NKSJ executives at that meeting, to highlight the company's long and impressive list of programs and policy initiatives which support environmental protection.

Economic viability is part of any organization's contribution to its society, through provision of employment and training opportunities, return on shareholders' investments, and creation of infrastructure through which to carry out its daily operations. Financial indicators are a useful starting point, and can remind the reader that these constraints frame any company's ability to implement CSR. Inclusion of the "Corporate Financial Highlights" remains very useful.

While this CSR communication presents great richness and careful documentation of many achievements, there are some areas where more information would be useful to the reader, by providing more context within which to appreciate NKSJ's CSR efforts.

From information on the Weather Index Insurance in Thailand, micro-finance in India, and CSR training for managers in China, it is clear that NKSJ is expanding its markets and profiles outward from Japan. Given the significance of such involvements, the CSR Communication would benefit from more examples, explanations, and comments from representatives and nationals within those countries. This would continue the admirable improvement of stakeholder engagement and comments from a variety of viewpoints which I have noted over the years of the CSR Communication.

Corporate governance is one of the ISO 26000 "core subjects" (the seven most important CSR topics that ISO 26000 recommends that every organization address). In some past years, this was an impressive area of strength in the CSR Communication, as it explained challenges and how they were dealt with through strengthening policies to reduce conflict of interest, expand the role of third parties, and increase transparency. Even when there are not any dramatic changes taking place, some comments on corporate governance issues in the CSR context would bring the CSR readers' attention to this subject and keep up its visibility as something that is continually monitored. It is noted that substantial information on this topic is provided in the NKSJ Annual Report.

### Conclusion

Once again, the NKSJ CSR Communication provides an impressive and comprehensive look at how a major corporation defines and implements its CSR policies. The wealth of material, supporting information, and variety of topics and issues, make it an outstanding reference for anyone seeking to understand the evolution of CSR today. I encourage the NKSJ leadership to disseminate this report widely, to use it as an educational tool and as a way to involve stakeholders old and new. Suggestions for changes affirm the dynamic and evolving nature of the global CSR movement, and NKSJ's leadership in this process.

## Response to the Third Party Comments



### Shinji Tsuji

Director, Senior Managing Executive Officer  
NKSJ Holdings, Inc.

This fiscal year, 2012 is the third year from the establishment of NKSJ Holdings and we continuously received the third party comments from Ms. Carolyn Schmidt for the NKSJ Group. Ms. Schmidt, Program Director of ECOLOGIA started providing third party comments for Sampo Japan's CSR reports since 2008. From the relationship for over five years, we would like to express our deepest appreciation for the kind remarks made towards NKSJ Group's challenges over the past years, although the group has still evolving challenges especially on disclosing group-wide quantitative CSR information.

As mentioned in the third party comments, we will improve our CSR communications, such as, 1) providing more good examples addressed by group companies' representative world wide, such as the case of Weather Index Insurance in Thailand. 2) disclosing information on governance, which the ISO26000 highly emphasized, by including financial and governance as well as environment and social information into our CSR communications.

In pursuing these suggestions we will engage with our stakeholders both globally and locally in a more proactive way.

We at NKSJ Holdings receive and accept the suggested advice sincerely and will further enhance our efforts to broaden dialogue with stakeholders to pursue and strengthen the promotion of CSR to the entire group. We will also take global leadership in order to contribute continuously to build a resilient, inclusive and sustainable society.

The Ten Principles		Pages
1.	Businesses should support and respect the protection of internationally proclaimed human rights.	<b>10, 12, 16, 49-50</b>
2.	Businesses should make sure they are not complicit in human rights abuses.	<b>16, 49-53</b>
3.	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<b>53, 56</b>
4.	Businesses should uphold the elimination of all forms of forced and compulsory labour.	<b>53</b>
5.	Businesses should uphold the effective abolition of child labour.	<b>53</b>
6.	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	<b>49-52</b>
7.	Businesses should support a precautionary approach to environmental challenges.	<b>10</b>
8.	Businesses should undertake initiatives to promote greater environmental responsibility.	<b>28-36</b>
9.	Businesses should encourage the development and diffusion of environmentally friendly technologies.	<b>38</b>
10.	Businesses should work against corruption in all its forms, including extortion and bribery.	<b>10, Annual Report 22</b>

## Consolidated Financial Highlights

### NKSJ Holdings

	Millions of yen		Millions of U.S. dollars
	FY2011	FY2010	FY2011
Ordinary Income	<b>2,790,555</b>	2,621,689	<b>33,673</b>
Net Premiums Written (P&C Insurance)	<b>1,973,777</b>	1,933,283	<b>23,817</b>
Life Insurance Premiums	<b>250,193</b>	238,178	<b>3,019</b>
Ordinary Profit (Loss)	<b>(51,815)</b>	(6,437)	<b>(625)</b>
Net Income (Loss)	<b>(92,262)</b>	(12,918)	<b>(1,113)</b>
Comprehensive Income	<b>(48,098)</b>	(143,120)	<b>(580)</b>
Total Assets	<b>8,893,378</b>	8,981,974	<b>107,317</b>
Total Net Assets	<b>1,000,577</b>	1,079,446	<b>12,074</b>
Net Income (Loss) per Share (yen, dollars)	<b>(222.30)</b>	(31.11)	<b>(2.68)</b>
Diluted Net Income per Share (yen, dollars)	—	—	—
Equity Ratio	<b>11.2%</b>	12.0%	<b>11.2%</b>
Consolidated Solvency Margin Ratio	<b>549.8%</b>	—	<b>549.8%</b>
Number of Shares (Excluding treasury stock)	<b>414,825,205 shares</b>	415,106,429 shares	<b>414,825,205 shares</b>
Adjusted Consolidated Profit (billions of yen)	<b>1.2</b>	80.7	<b>15</b>
Adjusted Consolidated ROE	<b>0.1%</b>	4.2%	<b>0.1%</b>

Notes: 1. NKSJ Holdings, Inc. carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. Number of shares, and Net income per share are calculated based on the assumption that the reverse split of stocks was executed at the beginning of the fiscal year ended March 31, 2011.

2. Diluted net income per share (yen) is not shown because there was a net loss.

3. Consolidated solvency margin ratio as the new standard of consolidated financial soundness is calculated in accordance with the Ordinance for Enforcement of the Insurance Business Act revised on March 31, 2011 and such.

4. U.S. dollar amounts are translated from yen at the rate of ¥82.87=U.S.\$1.00, the approximate rate prevailing at March 31, 2012.

5. The calculation of Adjusted consolidated profit and Adjusted consolidated ROE is explained in page 30 of NKSJ Holdings, Annual Report 2012.



## NKSJ Group's Major ESG Data

Since FY2010, we conduct ESG questionnaires targeting our group companies as a group in order to understand the status of our ESG issues.

The following figures are major ESG data based on the results of the questionnaires.

Environmental Performance					
Item	Unit	FY2009	FY2010	FY2011	FY2011 cover ratio (%)
CO <sub>2</sub> emissions (total)	tCO <sub>2</sub>	102,394	103,850	82,146	97.5
Electricity used	kWh	139,426,330	138,133,850	123,929,220	89.4
Renewable energy used	kWh	3,962,041	4,409,395	3,650,797	89.4
Purchasing electricity green certificate	kWh	25,258	8,010	4,460	98.0
City gas	m <sup>3</sup> -N	–	–	1,729,330	99.4
Class A heavy oil	kℓ	62	59	50	99.7
Heat (steam)	MJ	91,979,000	105,129,204	99,351,037	99.4
Fuel used for company cars	kℓ	5,444	6,444	4,616	95.8
Total waste disposed	t	5,580	6,060	5,991	86.1
Water used	kℓ	159,828	155,408	148,297	85.1
Paper used	t	14,307	13,095	10,714	84.0

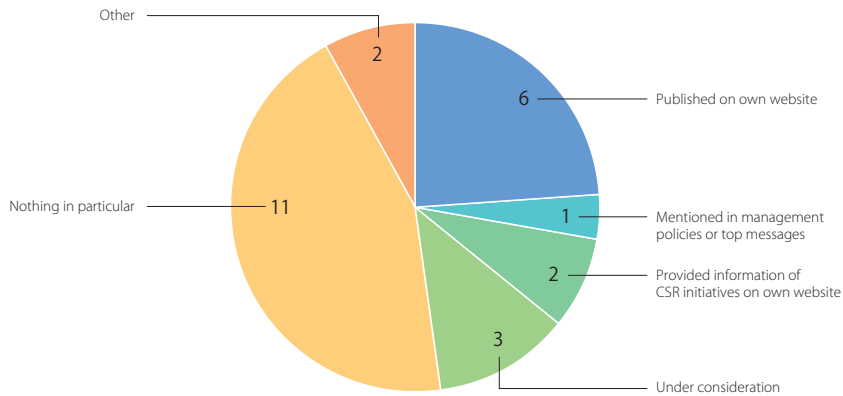
Social Performance						
Item	Unit	FY2009	FY2010	FY2011	FY2011 cover ratio (%)	
Number of employees (subject to ESG questionnaires)	Persons	–	34,203	35,542		
Number of part-time and temporary employees	Male	Persons	–	1,679	1,876	99.9
	Female	Persons	–	6,252	6,979	99.9
	Total	Persons	–	7,931	8,855	99.9
Number of re-hired employees of retirement age	Male	Persons	–	–	285	99.1
	Female	Persons	–	–	13	99.1
	Total	Persons	–	–	298	99.1
Ratio of employees with disabilities	%	2.07	2.10	2.08	96.5	
Ratio of female employees in managerial positions	Male employees in managerial positions	Persons	–	5,189	5,195	99.9
	Female employees in managerial positions	Persons	–	186	246	99.9
	Ratio of female employees in managerial positions	%	–	3.46	4.52	99.9
Annual employee turnover rate	Male	%	–	–	4.24	99.1
	Female	%	–	–	6.74	99.1
	Total	%	–	–	5.47	99.1
Number of employees who took childcare leave	Male	Persons	–	–	52	99.9
	Female	Persons	–	–	903	99.9
	Total	Persons	–	–	955	99.9
Number of employees who took family nursing leave	Male	Persons	–	–	6	99.9
	Female	Persons	–	–	17	99.9
	Total	Persons	–	–	23	99.9
Frequency of occupational accidents	%	2.26	2.72	2.45	98.0	
Ratio of overtime work	Male	%	–	–	9.08	98.9
	Female	%	–	–	7.23	98.9
	Total	%	–	–	7.19	98.9
Ratio of employees taken part in labor unions, etc.	Ratio of employees taken part in labor unions	%	–	–	97.52	98.2
Employee satisfaction	Number of employees who answered they are satisfied/ number of respondents	Persons	–	21,409/27,451	21,011/27,052	99.7
Ratio of employees who took volunteer leave	Ratio of companies that have volunteer leave system	%	–	–	100	91.4
Time of social contribution activities	Within working hours	Hours	–	–	14,321	98.2
	Outside working hours	Hours	–	–	28,698	67.8

\* Cover ratio: Total number of employees of NKSJ group companies who responded to the ESG questionnaires (excluding those who had no record) / total number of employees of NKSJ group companies subject to the ESG questionnaires

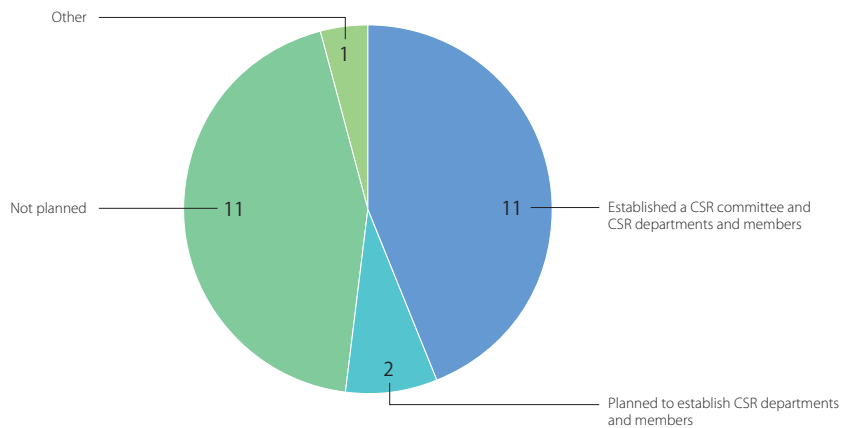
# NKSJ Group's Major ESG Data

Governance Performance				
Item		Unit	FY2011	FY2011 cover ratio (%)
Compliance training	Ratio of employees who received compliance training	%	91	99.9

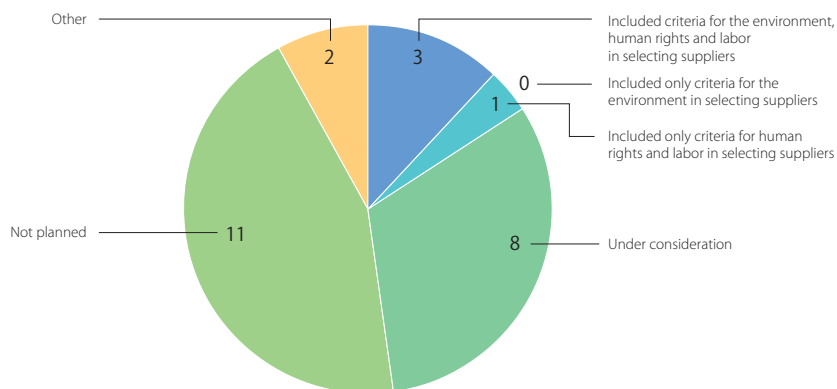
► **Disclosure of CSR Policy** \* Cover ratio: 100% (all 25 group companies)



► **CSR Management Framework** \* Cover ratio: 100% (all 25 group companies)



► **Selection Criteria of Suppliers** \* Cover ratio: 100% (all 25 group companies)



\* Cover ratio: Total number of employees of NKSJ group companies who responded to the ESG questionnaires (excluding those who had no record) / total number of employees of NKSJ group companies subject to the ESG questionnaires