

SOMPO JAPAN

2009

Corporate Social Responsibility Communication





Sompo Japan Group in brief

Sompo Japan was established on July 1, 2002, with the merger of Yasuda Fire & Marine Insurance and Nissan Fire & Marine Insurance. The Japanese word “Sompo” is an abbreviation of property and casualty insurance. Furthermore, Sompo Japan will establish a joint holding company with NIPPONKOA Insurance on April 1, 2010.

We currently conduct business through our 646 domestic and 93 overseas offices, and maintain a claim service network comprising 265 locations throughout Japan as of April 1, 2009.

Our workforce at the end of March 2009 totaled 17,060 employees, and the consolidated net premiums written in fiscal 2008 amounted to 1,308,100 million yen.

Sompo Japan commenced its corporate social responsibility (CSR) activities in the 1970s with initiatives to promote the arts and culture. Our focus came to include environmental issues in 1992 with the establishment of the Department of Global Environment.

Since this time we have maintained and steered these various initiatives under our motto of “participation, self-motivation, and perseverance.”

In 1995 we became a signatory to the UNEP Statement of Environmental Commitment by the Insurance Industry (known today as UNEP FI). In 1997, we became the first financial institution in Japan to achieve ISO 14001 certification. We have also served as a member of the World Business Council for Sustainable Development (WBCSD) since its establishment. In 2005, we became the first Japanese insurance company to sign the UN Global Compact and the UNEP Principle for Responsible Investment (PRI). In addition to those initiatives, in 2007 we became signatories to the statement “Caring for Climate” of the Global Business Leadership Platform on Climate Change under the UN Global Compact in order to further our commitment to taking a positive stance on the issue of climate change. Of course our commitments are reflected in our core business. We offer a wide variety of insurance and financial products designed to enable our customers to make their own contribution to protecting the environment, enjoy safer lifestyles, and mitigate the impact of losses on society.

Management Philosophy of Sompo Japan Group

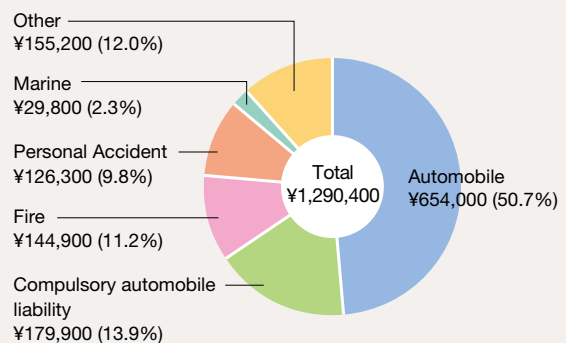
Sompo Japan Group will offer excellent risk solutions to individuals and corporations. With services that always exceed customer expectation, Sompo Japan Group will create shareholder value and grow together with our employees. Sompo Japan Group will be a high-profile Japanese corporation, with progressive strategy and dynamic business activity.

Main financial highlights for FY2008

Consolidated Financial Highlights for FY2008	Millions of yen	Thousands of U.S. Dollars
Ordinary income	1,767,900	17,992,062
Ordinary profit (loss)	-144,000	-1,465,500
Net income (loss)	-66,700	-678,811
Total assets	5,913,300	60,180,134
Net assets	594,900	6,054,346
Equity ratio	10.0%	
Net premiums written	1,308,100	13,312,640

Non-consolidated Financial Highlights for FY2008	Millions of yen	Thousands of U.S. Dollars
Net premiums written	1,290,400	13,132,510
Loss ratio	70.3%	
Expense ratio	34.5%	
Underwriting profit (loss)	-92,200	-938,327
Ordinary profit (loss)	-153,800	-1,565,235
Solvency margin ratio	628.5%	

Breakdown of Net Premiums Written in FY2008 and Totals for Past Five Years (Non-consolidated)



(Unit: millions of yen)

FY2004	FY2005	FY2006	FY2007	FY2008
1,351,900	1,370,900	1,362,700	1,345,000	1,290,400

Note: U.S. dollar amounts are translated from yen at the rate of 98.26=U.S.\$1.00, the approximate rate prevailing at March 31, 2009.

Corporate Social Responsibility Communication

2009

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For Readers

This is the eighth annual sustainability report from Sompo Japan Group, and twelfth counting from our predecessor, Yasuda Fire & Marine Insurance Co., Ltd. This report serves as an important tool for us in making two-way communications with our stakeholders.

This is part of Sompo Japan Group's annual reporting in the fiscal year 2008 (April 2008 – March 2009), though some plans and activities conducted after that period are also included.

Issued after the Annual Report 2009 (published August 2009), this report takes account of Sompo Japan's CSR initiatives with a focus on communication with diverse stakeholders. For details of financial performances and activities, please refer to our Annual Report 2009, which is available on our website along with our CSR communication reports:

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

■ Reference to prepare this report

Sustainability Reporting Guidelines 2006 (G3), Global Reporting Initiative
ISO 26000 (Guidance on Social Responsibility) CD.1 draft

■ Report boundary

This report covers Sompo Japan and its group companies in and outside Japan and the Foundations as follows;

Main group companies

[Life Insurance]	Sompo Japan Himawari Life Insurance, Sompo Japan DIY Life Insurance
[Financial Services]	Sompo Japan DC Securities, Sompo Japan Asset Management, Yasuda Enterprise Development
[Risk Management]	Sompo Japan Risk Management
[Healthcare]	Sompo Japan Healthcare Services, Healthcare Frontier Japan

Foundations

The Sompo Japan Foundation, the Sompo Japan Fine Arts Foundation, and the Sompo Japan Environment Foundation.

It also includes some of the initiatives of nationwide organizations of Sompo Japan's insurance agencies (J-SA and AIR JAPAN).

The Corporate Responsibility of Sampo Japan Group: *Implementing a dialogue for the realization of a sustainable society*

Forming a new corporate group

On March 13, 2009 Sampo Japan Insurance Incorporated agreed to establish a joint holding company with the NIPPONKOA Insurance Company Limited and as scheduled on July 29, 2009 Sampo Japan and NIPPONKOA executed an agreement for the integration of our two businesses. Through this integration Sampo Japan aims to further strengthen its ability as a “new solution service group that provides customers with security and service of the highest quality, and that contributes to society” by bringing to bear the newly combined group’s 120 years of shared experience.

Our new corporate group will give particular focus to the environmental and social issues currently challenging our lifestyle. In response to the ever-increasing social expectations that corporations should bring to bear their unique abilities as businesses in the effort to overcome these environmental and social issues, our new group will make every effort to act for the betterment of society by focusing on the strengths of our core business in non-life insurance.

A dual approach to climate change

Sampo Japan has been strongly committed to addressing global environmental issues ever since it participated in the 1992 Rio Earth Summit. In particular, we have focused on addressing climate change by means of the dual strategic approaches of mitigation and adaptation.

As part of our mitigation strategy, we have committed ourselves to reducing our CO₂ emissions as of 2002 by at least 56% by the year 2050. Furthermore, by directly using our business strengths as a provider of insurance-centered, comprehensive financial services, we plan to develop and sell insurance, financial and other services which will serve as a catalyst to stimulate and support other organizations in their efforts to move towards a low carbon society.

Our adaptation strategy is grounded upon the realization that climate change is already seriously impacting lives across the globe in the form of water shortages, ecosystem changes, food shortages, and health problems. We firmly

believe that along with developing technologies and lifestyles to reduce carbon emissions we must also respond to these effects of climate change that are already being felt. We believe that considerable attention must be focused upon the development and implementation of adaptation initiatives which, when combined with the necessary preventative measures, will allow society to effectively respond to the impact of climate change. For example, we have provided our customers the services that prevent or minimize the damage from natural-disasters. We at Sampo Japan Group intend to commit our experience and know-how in risk management developed over many years as a provider of non-life insurance to the goal of realizing a climate-resilient, regenerative society.

Valuing dialogue that leads to collaboration

Constructive dialogue with stakeholders is critical for solving both problems of a global-scale and those within our local communities. By dialogue I refer to a process of engagement wherein participants assume their own responsibilities, think deeply about what they can do to contribute to a better future for all, and coordinate their actions with others in order to achieve their shared goals. Collaboration at this level is essential in order for us to develop the innovative and value-creating solutions which are essential for facing our current challenges. At Sampo Japan we are committed to both initiating and participating in constructive dialogue with all our stakeholders in order to create partnerships of skills and knowledge which go beyond our immediate corporate boundaries.

While the responsibility for problem resolution must be born by the corporation, it is only possible through the knowledge and skills of the people that form the organization. The development of responsibly minded and highly skilled human resources is made especially important today because of the need to collaborate with a wide range of stakeholders. Therefore we are also committed to developing human resources with the skills necessary to engage with our stakeholders in a truly constructive dialogue.



One more step towards a sustainable future

In 2009 Sampo Japan Insurance was recognized as one of the 100 Most Sustainable Corporations in the World. We were chosen as one of the World's Most Ethical Companies for 2009. Together with everyone here at Sampo Japan I take great pride and encouragement from these awards.

As always, this year's CSR Communication is not only a report on the events of the past year, it is also intended to serve as a tool to facilitate further dialogue with our stakeholders regarding our plans and initiatives for the future.

I thank you for your support and understanding throughout this year, and look forward to hearing your evaluations

of our achievements to date and your valuable opinions regarding our efforts for the future.

佐藤正敏

Masatoshi Sato
President and Chief Executive Officer

Sompo Japan Group's Four CSR Material Issues: Strategic initiatives based on the strengths of the core business

Achieving sustainable growth together with society necessitates having a process that meets the expectations of stakeholders. This process must facilitate Sompo Japan Group's utilization of the strengths of its core businesses, principally non-life insurance, to help solve social issues and enable all employees to think and act independently.

The figure below depicts the areas of Sompo Japan Group's CSR activities. Since fiscal 2006, we have identified four material issues on which Sompo Japan Group will prioritize its efforts going forward. These sets of material issues are found within three areas of activity: Sompo Japan Group's core business, social contributions through foundations in three fields, and the participation of every employee in activities.

1 Adaptation to and Mitigation of Climate Change

(See page 12-17 for details.)

Sompo Japan Group is tackling climate volatility (such as the extreme weather that causes large-scale disaster), referred to as climate risk, through the two approaches of adaptation and mitigation. At the same time, the group is focusing on developing new insurance and financial services.

3 CSR Financing

(See page 24-29 for details.)

Sompo Japan Group leverages its function as a financial institution to promote CSR Financing, which contributes to tackling social challenges effectively. This includes promoting the spread of socially responsible investment, which make an efforts for the sustainable development through investment and loans.

2 Risk Management for Safety and Security

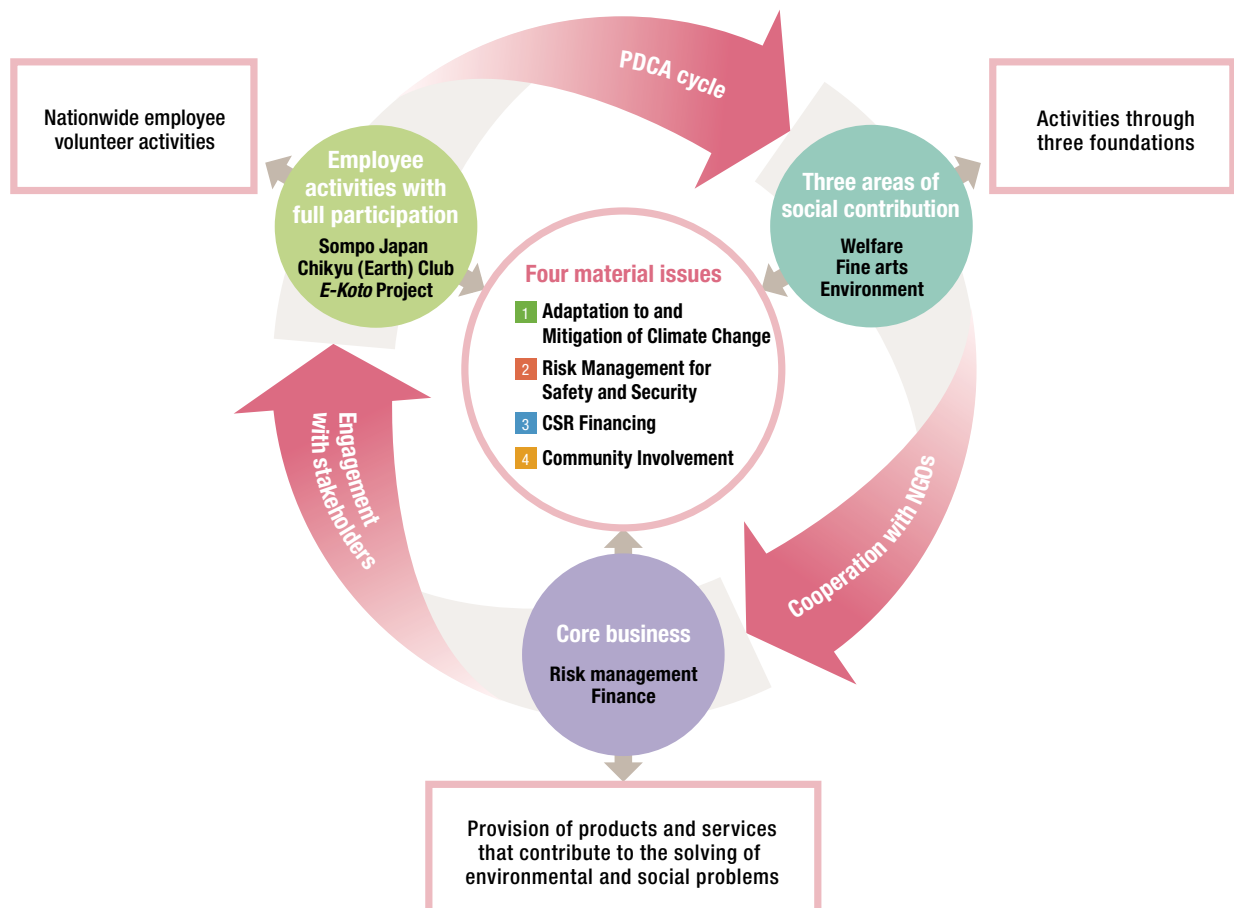
(See page 18-23 for details.)

One of Sompo Japan Group's management principles is the provision of excellent solutions to the risks associated with individuals' lives and business activities. The group offers products and services that contribute to the safety and security of society and that are suited to the needs of customers and the changing times.

4 Community Involvement

(See page 30-35 for details.)

As a member of the local community, Sompo Japan Group, alongside approximately 49,000 insurance agencies, cooperates with residents, governments, NGOs, and others to address community challenges. Moreover, the group will continue supporting the social contribution activities of employees.



Process of extracting Sompo Japan Group's four CSR material issues

Sompo Japan Group has continued to steadily engage in dialogues and cooperate with diverse stakeholders through a wide array of mediums, including cooperative activities with NGOs, dialogue with outside experts, publication of CSR Communication reports (initially, environmental reports), CSR dialogue, and opinion exchange through the Sompo Japan CSR Communication website.

Through successive dialogue, the group has become aware of a great variety of challenges, ranging from community concerns to issues on a global scale. Plotting these challenges on a graph with axes of "Sompo Japan Group's stakeholders' concern" and "Importance for Sompo Japan Group," we identified the items with the highest priority as the group's four CSR material issues.

Going forward, we will periodically reconsider this list, taking into account the group's business, the changing influence of these issues on its business, and the opinions of diverse stakeholders.

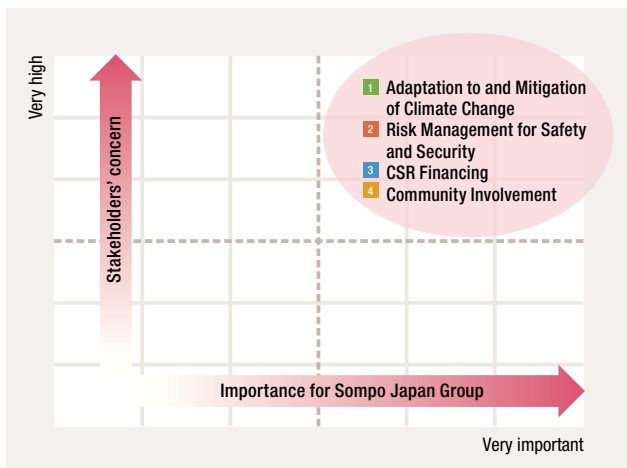
Relevant codes of conduct

There is a wide variety of codes of conduct in and outside Japan relating to corporate social responsibility, including the United Nations Global Compact, the United Nations Environment Programme Finance Initiative's (UNEP FI) Principles for Responsible Investment (see page 7), and the Keidanren Charter of Corporate Behavior, and the General Insurance Association of Japan's Codes of Conduct. These are all voluntary codes, but Sompo Japan Group used them as references when extracting its four CSR material issues. The group also believes these codes should be vigorously and proactively applied when carrying out individual initiatives.

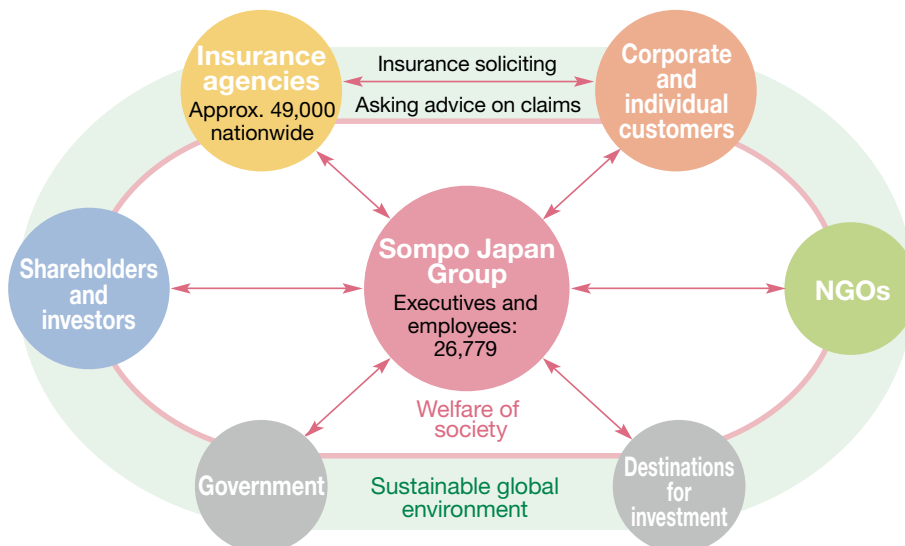
Sompo Japan Group believes that ISO 26000*, which is an international standard for the social responsibility of organizations that is being deliberated at present by a diverse range of stakeholders with an eye to publication in September 2010, will become an important code. Cognizant of these codes of conduct, Sompo Japan Group will continue focusing on its four CSR material issues, making the best use of its business characteristics and strengths.

* The draft ISO 26000 indicates seven social responsibility: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development.

Extracting the group's four CSR material issues



Stakeholders as viewed by Sompo Japan Group



Driving CSR initiatives forward through stakeholder engagement

What is stakeholder engagement for us?

Sompo Japan Group defines stakeholder engagement as “the processes of being actively involved with one or more stakeholders through dialogue or other means, with the aim of achieving a mutually acceptable outcome, in the course of a company’s integration of its social responsibility into day to day practice.” Put another way, stakeholder engagement means the process of building relationships of trust and partnership through dialogue.

Sompo Japan Group has diverse stakeholders. Important stakeholders that could be affected by or affect the group’s business activities include customers, insurance agencies, shareholders, investments and loans destinations, governments, NGOs, and employees today.

Stakeholder engagement is important for all organizations in order to realize the sustainable development. Sompo Japan Group regards stakeholder engagement as an important means of accomplishing its social responsibility and considers it a central activity for advancing its CSR initiatives and achieving even greater outcomes today.

The objectives of stakeholder engagement

1. A force for propelling Sompo Japan Group’s own innovations

One objective is to utilize stakeholder engagement as a force for propelling our own innovations and improving the quality of our products and services by listening attentively to the voices and opinions of stakeholders, including the direct comments of customers and insurance agencies and facts brought to our attention by NGOs and outside experts, and making use of this feedback in decision making.

2. A driver for promoting mutual understanding and cooperation with stakeholders

The second objective is to make use of stakeholder engagement as a driver for promoting mutual understanding and cooperation by approaching stakeholders proactively in order to share

common values with society. We aspire to become a company that acts together with stakeholders to create a better society.

Aiming to achieve the above two important objectives, Sompo Japan Group approaches stakeholders in a variety of ways. Sompo Japan Group is committed to taking the initiative and sharing responsibility with stakeholders to forge a better future.

CSR Communication reports: A vital part of engagement

Sompo Japan Group regards these reports not merely as a tool for disclosing information, but as a way to engage stakeholders in a two-way future-oriented dialogue.

We have used these reports to build up a record of dialogue and cooperation with stakeholders, and used the engagement as a consultative process by using the PDCA cycle, take and review action, and educate employees. This enabled us to extract priority matters on which stakeholder concern is high and that are important for Sompo Japan Group itself in relation to its four CSR material issues. This report summarizes the group’s strategic initiatives, centering on these four CSR material issues.

■ Examples of initiatives to build relationships of trust and partnership

- Connecting investors and corporations through socially responsible investment fund (page 25)
- Expanding environmental initiatives to the value chain through green purchasing (page 15)
- Cooperating with NGOs to promote Education for Sustainable Development (ESD) (page 10-11)
- Ongoing information disclosure and dialogue with customers (page 36-37)

		One way or two way	Outcome
Stakeholder Engagement		↔	Trust Building & Partnership
Communication	Disclosure	→	Providing Information
	Feedback	←	Stakeholder Input
	Dialogue	↔	Mutual Understanding and Respective Actions

Collaborating with global initiative networks

WBCSD



Established in 1995, the World Business Council for Sustainable Development (WBCSD) is an association of the world's corporate leaders. As of April 2009, business leaders of 190 corporations in 36 countries are demonstrating leadership in the industrial world about the environment and the sustainable development, engaging in lively debates, and making policy proposals.

Sompo Japan is the Japanese financial sector's sole member of the WBCSD since its inception, cooperating with the world's business leaders. In September 2002, Sompo Japan was a signatory to the WBCSD Financial Sector Statement in order to promote the creation of a sustainable society through their businesses.

WBCSD

<http://www.wbcsd.org/>

UNEP FI



The United Nations Environment Programme Finance Initiative (UNEP FI) is an international network of 174 financial institutions in 37 countries (as of April 2009). In January 1995, Sompo Japan and 45 other insurance companies around the world that are concerned about the globally increasing number of natural disasters signed a statement declaring their intention to aggressively grapple with environmental issues. Accordingly, Sompo Japan is engaging in global environmental conservation activities, aiming to achieve both environmental protection and economic development.

UNEP FI

<http://www.unepfi.org/>

Signatory to the Principles for Responsible Investment

The Principles for Responsible Investment (PRI), established by the UNEP FI in April 2006, are part of a declaration by financial institutions to consider environmental, social, and governance issues (referred to as "ESG issues") when making investment decisions. The objective of the PRI is to promote voluntary initiatives on the part of investors. Sompo Japan supports the aim of the PRI, which states that, by considering ESG issues in the course of executing their fiduciary duties, financial institutions can help to achieve the broader interests of society, including the improvement of environmental problems and the fulfillment of corporate social responsibility. On May 1, 2006, Sompo Japan became Japan's first insurance company to become a signatory to the principles.

PRI

<http://www.unpri.org/>

Carbon Disclosure Project



The Carbon Disclosure Project (CDP) is an international effort by the world's leading institutional investors to encourage corporations to undertake climate change countermeasures by requesting the disclosure of information relating to corporations' awareness of and actions to deal with climate change. In 2009, the seventh year of the program, the 475 financial institutions participated in the disclosure of information request, which was made to approximately 3,700 companies. Sompo Japan has joined in the CDP since 2005. And, as a Carbon Disclosure Project Member, we have helped to spread and promote the CDP's activities while cooperating with the other 45 institutional investor members since 2007.

Carbon Disclosure Project

<http://www.cdproject.net/>

The United Nations Global Compact



The United Nations Global Compact (GC) is a partnership initiative between the United Nations and businesses to encourage corporations to grow into better corporate citizens by voluntarily addressing human rights, labor, environmental, and anticorruption issues. Sompo Japan joined the GC in January 2006. Since then it has taken a proactive stance in following the 10 principles in the four areas of the Global Compact. Moreover, in June 2007, Sompo Japan declared its support for "Caring for Climate Change: the Business Leadership Platform," which was advanced by the Global Compact, WBCSD, and UNEP.

United Nations Global Compact

<http://www.unglobalcompact.org/>

Global Compact Japan Network (Japanese)

<http://www.ungcjin.org/>

Supporting the Declaration on Biodiversity

In March 2009, Nippon Keidanren (Japan Business Federation) announced its Declaration of Biodiversity, thereby committing itself to viewing the biodiversity crisis from a global perspective, aiming to undertake corporate activities in harmony with the natural environment, promoting corporate management for sustainable resource use, and acting for the benefit of biodiversity while collaborating with international and national organizations. Sompo Japan Group, which has participated in the process of making the draft up as a member of working group, will share responsibility with other stakeholders and will voluntarily, steadily, and continuously strive to help create a society that nurtures biodiversity.

Nippon Keidanren

<http://www.keidanren.or.jp/>

Corporate governance

Corporate governance policy

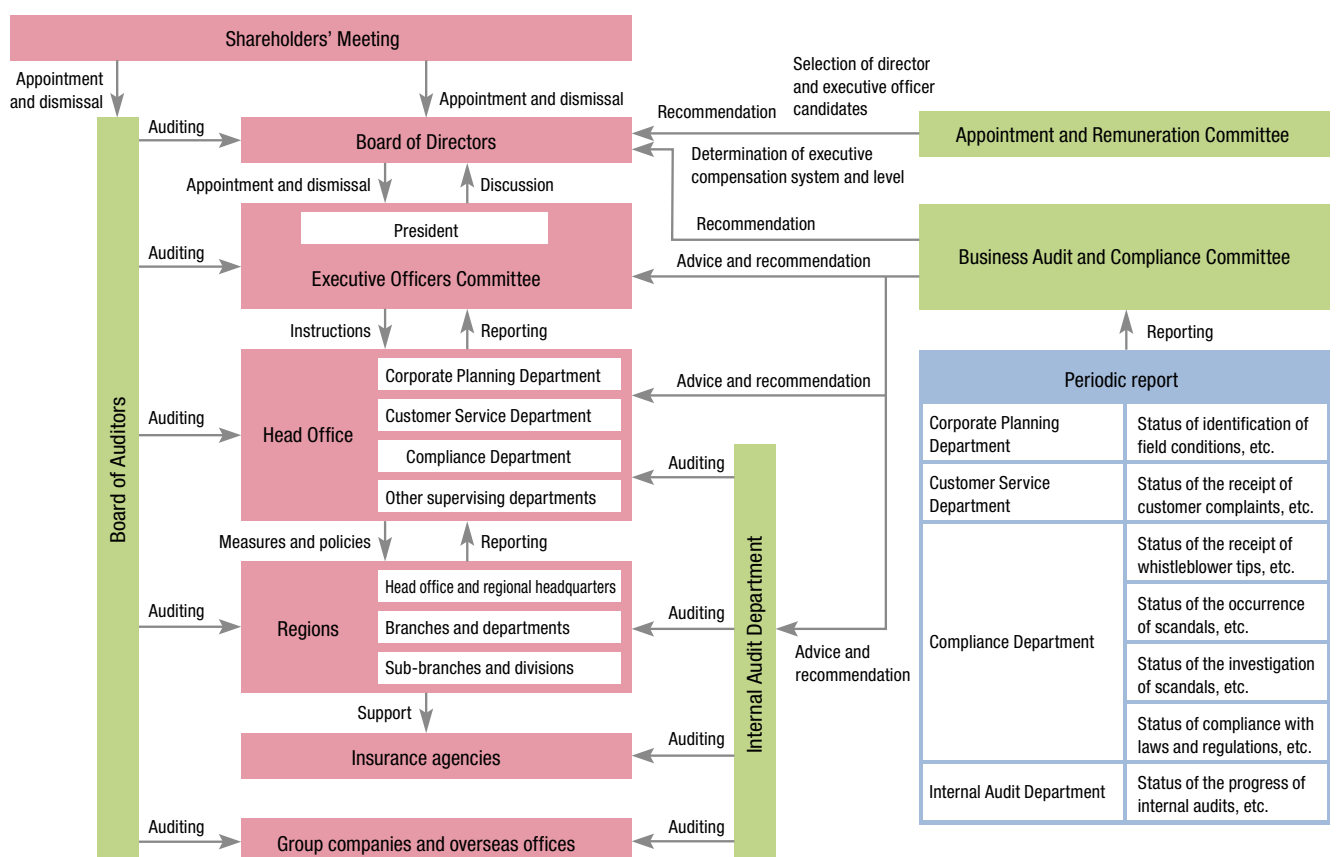
Sompo Japan provides various economic entities, including consumers and businesses, with cover against different types of risk. We firmly believe that insurance companies have a mission and a responsibility to contribute to the stability of national life and to economic development through these activities, and that sound, effective corporate governance is essential to the fulfillment of this role. Accordingly, we will maintain high standards of soundness and transparency in our corporate governance systems.

For details of basic policy of internal control systems and risk management, please refer to our Annual Report 2009.

Overview of governance organization

Sompo Japan operates under the “company with auditors” structure. Our directors have extensive knowledge of the insurance business, and their management decisions are checked by corporate auditors. We have also adopted an executive officer system, under which executive functions performed by the executive officers are separated from the supervisory role of the Board of Directors. This structure combines effective management supervision with the efficient performance of business operations. In addition to these structures, we have also adopted outside directors and have established committees comprised mainly of outside experts. Their task is to ensure high standards of soundness and transparency by exposing our corporate governance structure to external scrutiny.

Outline of company organization



Risk management

Risk Management System

As the management environment surrounding the insurance business changes, insurance companies face increasingly diverse and complex risks. For this reason, it is more important than ever for the management of an insurance company to have an accurate understanding and appropriate control of risk.

Sompo Japan has established Risk Management Rules for risks that may have a significant effect on the Company, namely underwriting risk, asset risk, operational risk, liquidity risk, and group risk. It has developed organizational structures for controlling each risk, and for consolidating and managing such risks.

The Board of Directors and the Senior Executive Committee discuss and approve business strategies, business plans, and principal policies with respect to risk management. Upon receiving reports on important issues concerning risk management, they secure the effectiveness of our risk management and then take active steps to strengthen our risk management system.

Integrated Risk Management

Sompo Japan measures underwriting risk, asset risk and operational risk, using a common measure. It also confirms its financial soundness by comparing the total risk obtained from aggregation of each risk with financial strength (i.e. equity capital).

Risk quantity is measured using Value at Risk (VaR) with a one-year holding period. Its confidence level is 99.95%, equivalent to the AA rating (as of July 1, 2009) obtained by Sompo Japan from a rating agency. As of March 31, 2009, the total risk quantity was about ¥1,050 billion and actual net assets were approximately ¥1,300 billion. With actual net assets exceeding the total risk by around ¥250 billion, financial soundness was fully maintained.

Underwriting Risk Management

Sompo Japan carries out profitability analyses on an ongoing basis and puts in place underwriting standards for each line of insurance, as well as conducts a quantitative analysis of underwriting risk.

In development and revision of insurance products, we not

only address underwriting risk but also examine such areas as compliance, sales forecasts system development, and the moral hazard involved in insurance products.

Furthermore, we avoid over-concentration of risk by establishing retention limits for each product and diversifying risk through reinsurance arrangements. In addition, we establish reinsurance strategies, making full use of stress testing, in which we measure overall results of large natural catastrophes.

Asset Risk Management

Sompo Japan uses an integrated financial risk management model to integrate market risk, credit risk, and real estate risk and interest rate risk of savings-type insurance. In order to avoid excessive accumulation of exposure for specific debtors, we manage credit risk by placing credit limits for each debtor by means of an internal credit rating system. We write off assets and provide appropriate reserves based on strict self-assessment standards.

Operational Risk Management

Operational risk is categorized as business process risk, information system risk, tangible assets risk, employment practices and workplace safety risk, and reputational risk. We strive to prevent the occurrence of these risks and/or minimize losses by assigning the risk owner to manage them.

Liquidity Risk Management

Sompo Japan manages liquidity risk by monitoring cash flows on a daily basis and by securing enough liquid assets to meet projected insurance claims that may be caused by a large natural catastrophe.

Group Risk Management

Sompo Japan manages risks of Group companies in order to ensure financial soundness of the Group as a whole and that of each Group company as well. Moreover, Sompo Japan provides support and guidance for Group companies to help them to establish risk management frameworks and implement risk management systems.

Compliance

Promotion of compliance

Each fiscal year Sompo Japan Group establishes a Compliance promotion plan based on its Basic Compliance Promotion Policy. Afterwards, each department formulates its own action plan based on the promotion plan, incorporating issues relevant to it and its associated agencies, including thorough compliance with insurance solicitation rules and strengthening of systems to manage personal and customer information. Each department then works to resolve these issues.

Information on the progress of action plans is shared at

monthly meetings of Regional Compliance Committees and other venues. Compliance is then driven forward by taking concrete actions based on the PDCA cycle.

The group focused its compliance efforts on nurturing a compliance mindset in fiscal 2006, on the specific actions of individuals in fiscal 2007, and on action as an organization in fiscal 2008. In fiscal 2009, the group will strive to firmly support business expansion through targeted responses to change and reform.

Committed to ESD as a Path toward a Sustainable Society

Education for Sustainable Development (ESD) is defined as education that encourages changes in behavior through each person recognizing that they are living in relationships with people around the world, with future generations, and with the environment. This is a key word that precisely characterizes Sompo Japan Group's CSR.

Sompo Japan has rooted CSR within the company as the basis of management that contributes to sustainable development. The linchpin that underlies each division's and each employee's on-going practice of CSR is employee education. While corporations are responsible for pursuing and addressing a sustainable agenda, it is employees who carry it out. With a view toward fostering employees who can think about social responsibility on their own and put this into practice of their own accord, Sompo Japan Group has been implementing ESD* within the company and disseminating it widely throughout society.

* ESD was adopted by the United Nations for the "Decade of Education for Sustainable Development" in 2002.

Fostering people who plant trees

The origin of CSR at Sompo Japan Group dates back to 1992, when the company established a special department to address global environmental issues within the company in response to the realization that environmental problems were becoming more serious and that NGOs and other civil society organizations were coming to the forefront. Under the motto of "participation, self-motivation and persistence," the group raised employees' active involvement in addressing environmental and social issues, and carried out development of human resources through environmental education. In line with its motto of "fostering people who plant trees," the group has focused on fostering employees who consistently think and act proactively toward sustainability.

In order to motivate the practice and promotion of CSR through the group's core business, Sompo Japan has utilized its

CSR Management Systems. In fiscal 2008, all of Sompo Japan's departments in the Head Office started to draw up their own action plans for achieving CSR objectives and targets, making the best use of the characteristics of each department. This responsibility was placed on Head Office departments since they have significant influence over Sompo Japan's branches nationwide, group companies, and external stakeholders. Furthermore, with the aim of further strengthening the driving force of the Head Office, the group provided specialized training, "CSR Development Training," on the practice of CSR to the responsible personnel in the planning, products, and services departments of the Head Office and group companies. It also provided a training program on understanding CSR to executive officers, new heads of branches and departments, and other management level personnel. Through these training sessions, the group is improving awareness of CSR initiatives carried out through its core businesses and translating that awareness into concrete action.

In addition, when undertaking CSR initiatives at branches across Japan, the group shared and discussed good CSR practices from different areas, focusing on Sompo Japan's original E-koto Project management system.

Furthermore, in order to expand the base of CSR penetration throughout the group, Sompo Japan provided all group's officers and employees with CSR Literacy Training sessions to promote CSR, especially focusing on respect for human dignity this year. In fiscal 2008, all employees in each workplace were given opportunities to raise awareness of the company-based initiatives and understand how to integrate CSR into their own daily operations through these participatory, discussion-based training sessions that used Sompo Japan's CSR communication report as discussion material.



From awareness to action

Since 1993, Sompō Japan has held a series of Public Seminars on the Environment in collaboration with the Japan Environmental Education Forum (JEEF). The aim of these seminars is to provide the general public with hints for taking action within their daily lives to help solve environmental problems. Fiscal 2008 was the 16th year these seminars have been held. Each time they are attended by a wide range of people, including business persons, students, and housewives. So far, more than 14,500 people have taken the seminars.



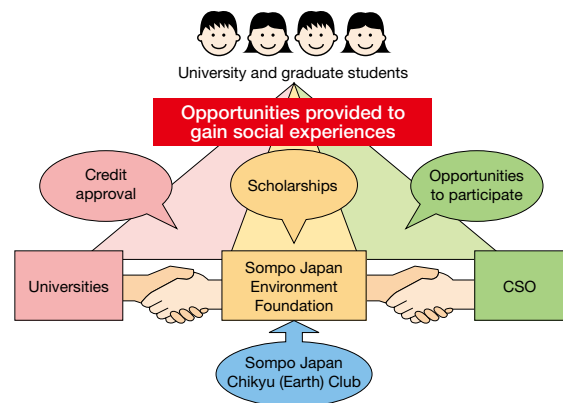
"Public Seminars on Environment" 2008 Opening Symposium

Providing students an opportunity to learn in CSOs

The Sompō Japan CSO Learning Scholarship Program is a program for developing young people in cooperation with NGOs

and universities with the aim of sustainable development. The program, started in 2000, sponsors eight-month internships for university undergraduate and graduate students at environmental civil society organizations (CSOs: a concept that includes NGOs and NPOs). This program gives students an opportunity to learn responses and actions that can be taken to promote solving real environmental issues by participating in practical activities and the running of CSOs with sophisticated expertise. In fiscal 2008, 64 students were dispatched as interns to 33 CSOs in Aichi, Miyagi, and the Kanto and Kansai areas.

The students are provided with a scholarship commensurate with the amount of time spent in the CSOs. The scholarships are partially supported by the Chikyu (Earth) Club Social Contribution Fund, a fund to which Sompō Japan employees donate a certain amount (for further information on the CSO Learning Scholarship Program, please refer to page 25).



Disaster prevention education spreads worldwide through puppet plays: *The Fire of Inamura*



The Fire of Inamura (Rice Sheaves) is a folktale based on a story in which a village headman notices a tsunami coming after a great earthquake struck Japan in 1854. The headman set fire to his own precious rice sheaves to alert the villagers and save them from the tsunami. In 2003, Sompō Japan employees who experienced the Great Hanshin-Awaji Earthquake planned the staging of a puppet show based on this story as a disaster prevention activity of the company's employee volunteer organization, the Chikyu Club. Since the first performance in 2004, performances of *The Fire of*

Inamura puppet show have been given across Japan with the support of the Sompō Japan Chikyu Club. The shows have communicated to more than 8,000 children the nobility of human life and the importance of being prepared, and have also raised awareness of tsunamis.

The Fire of Inamura is spreading out of Japan as a disaster prevention tool. A performance of the puppet play was given at the United Nations World Conference on Disaster Reduction held in Kobe in 2005 just after the 2004 earthquake that struck off the coast of Sumatra. Later, picture books were made in nine languages for distribution to eight Asian countries. In this and other ways, the story is spreading throughout Asia and the rest of the world.

Details of this initiative of raising awareness through puppets: *The Fire of Inamura* is introduced on the site below:

English website of the Cabinet Office's Disaster Prevention Group

☞ <http://www.tokeikyou.or.jp/bousai/english/inamura-puppet-top.htm>

Adaptation to and Mitigation of Climate Change



The question of how to adapt to climate change risk is an important management issue for insurance companies. At the same time, climate change must be taken as a new opportunity as well. Sompo Japan Group is putting effort into the development of new insurance and financial services, including the provision of risk finance to developing countries that are vulnerable to the effects of climate change. In cooperation with international organizations and the agencies that are a part of the group's value chain, Sompo Japan Group is also continuing to undertake mitigation efforts with the aim of creating a low-carbon society.

Phase 1

1990 – 2002

- Established the Environmental Risk Management Office
- Data Processing Center building was the first financial institution in Japan to obtain ISO 14001 certification
- Established the Yasuda Fire and Marine Global Environment Charter
- Established the Sompo Japan Environmental Policy
- Adopted the Environmental Management System nationwide
- Data Processing Center achieved “zero emissions”

Phase 2

2003 – 2008

- Established CO₂ reduction strategy (set long-term reduction targets)
- Expanded environmental initiatives to value chain, including agencies
- Strengthened cooperation with international organizations
- Taking climate change as both a risk and an opportunity, started to develop products and services that contribute to adaptation and mitigation
- Started up climate change risk management consulting

Phase 3

2009 –

- Integrate adaptation to and mitigation of climate change into corporate strategy

Highlight 01

Development of Weather Index Insurance for farmers in northeast Thailand

In recent years, large-scale disasters attributable to climate change have been occurring frequently all around the world, causing a major impact on the economies of developing countries which are vulnerable to climate change. Sampo Japan Group is developing a new Weather Index Insurance scheme for farmers in northeast Thailand as an option for adaptation against the effects of climate change.



Origin: Joint research with JBIC

Since 2007, Sampo Japan Risk Management (SJR) and the Japan Bank for International Cooperation (JBIC) have been jointly studying risk finance schemes that utilize insurance. This effort is a search for adaptation measures within the framework of a public-private partnership to offset damage caused by climate change in developing countries. The scheme deemed as effective is Weather Index Insurance. Starting in 2008, Sampo Japan has been working to create a product based on SJR's research.

Weather Index Insurance is a financial product that pays out a pre-stipulated amount if certain conditions are met against indices for temperature, wind speed, precipitation, snow depth, or other weather-related indices. Compared to traditional insurance, no adjustment is required. This characteristic leads to immediate compensation for the loss of profit or expenses for preventing revenue decrease of the insured caused by meteorological conditions.

Most farmers in northeast Thailand, where there is a shortage of water resources, rely on rainfall. As a consequence, harvests can fluctuate greatly depending on the meteorological conditions. The region has experienced water shortages many times in the past. The development of weather index insurance requires highly reliable long-term meteorological data, and Khon Kaen Province has relatively precise meteorological weather stations compared to the rest of the northeast region. Accordingly, this area has been set as the target for product development.

Farmers need to pay the premium for their insurance coverage, but the penetration rate of insurance among Thai farmers, who are unfamiliar with insurance and who struggle to pay back loans taken for agricultural equipments and so on, is low. In response, Sampo Japan decided to develop a new scheme to sell an insurance product focusing on the principal crop of the region, rice, with loans from Thailand's Bank for Agriculture and Agricultural Cooperatives (BAAC) through a tie-up with BAAC.



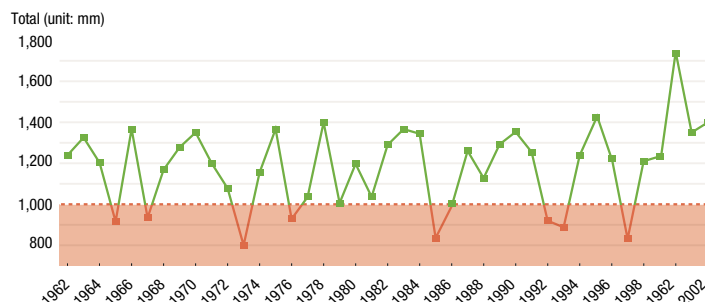
Explaining the trial product to local farmers

High expectations on the support offered to farmers

Between April and June 2008, Sampo Japan made a trial product based on an analysis of weather data for Khon Kaen Province, prepared fliers in Thai for the trial product, and conducted interviews with local farmers. The farmers praised the clearness of the fact that they would not have to repay a part of their loans in case of drought. Sampo Japan's partner, BAAC, expects the project to succeed, as it has significant meaning for the government as well in terms of the support for farmers. Sampo Japan also has noticed that the project has great significance in the way a Japanese non-life insurance company's know-how and product development capabilities are being used to help stabilize Thailand's agriculture and economy.

In May 2009, a simulation for full-scale product introduction has been started, and at present, Sampo Japan is preparing to launch the product in 2010.

Annual rainfall in Khon Kaen Province



For example: Sugarcane cultivation requires 1,000 mm of rainfall per year. During the 41 years shown, a water shortage occurred 8 times, or at a rate of about once every 5 years.

Source: Khon Kaen Province Meteorological Weather Station



Meteorological weather station in Khon Kaen Province, Thailand

Highlight 02

Reducing paper consumption through procedural reform

In step with a current company-wide New Retail Market Business Model Reform Project, Sompo Japan has implemented company-wide document management to strategically reduce its paper consumption. In April 2009, we established a Comprehensive Management Plan for Paper Use with a view toward reducing paper consumption.

Paper consumption in fiscal 2008 down 8.4% year-on-year

Strategically reducing the use of paper, which is essential in the series of processes from the introduction of insurance products through application procedures, to the issuance of insurance policies, has been a longstanding challenge. During the past two years, paper consumption continued to increase as a result of the making of tools used to explain insurance products, internal control trail management, and other reasons. But, the company started making new efforts to reduce paper consumption through greater use of IT. As a result, Sompo Japan reduced company-wide paper consumption in fiscal 2008 by 8.4% from the previous year to a total of 9,407 tons. The biggest factor behind the decrease was a printed material network introduced in October 2008. This system enables insurance product brochures and various other printed materials to be viewed, inventories checked, and delivery orders placed through a network connecting all Sompo Japan branches and agencies nationwide. The system also allows PDF files to be downloaded whenever needed, and negates the need

for interim inventories at local offices and branches, since agencies can order printed materials directly. For fiscal 2009, the company has set the target of reducing its paper consumption by about 10% from the previous year.

Aiming to reduce paper use by linking it to cost

The Comprehensive Management Plan for Paper Use that Sompo Japan announced in April 2009 calls for the company to manage paper use in terms of cost in parallel with the conventional management by weight. Linking paper use to cost enables the company-wide development of measures and systems for reducing paper consumption to be positioned and addressed as a management issue, which leads to the visualization of the effect of reduced paper consumption.

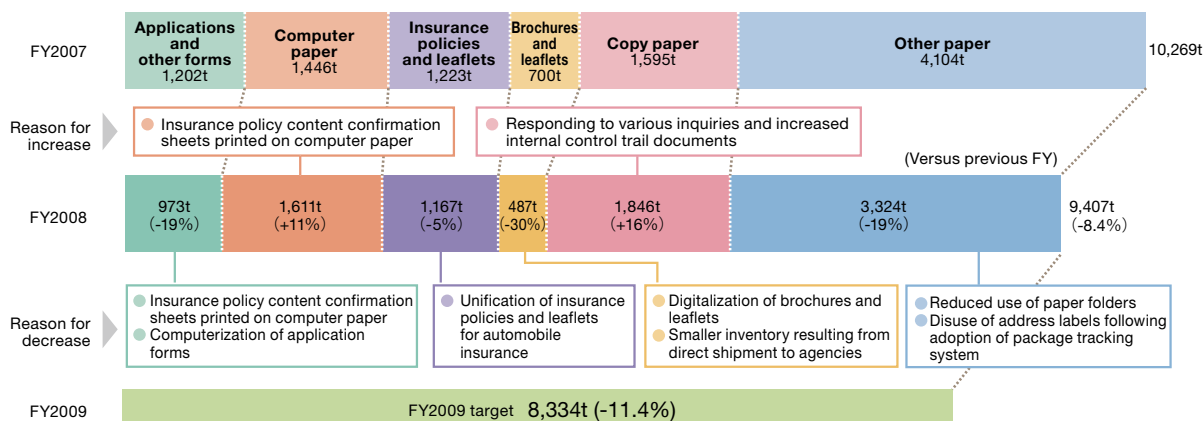
New Retail Market Business Model Reform Project

At present, Sompo Japan is carrying out a company-wide New Retail Business Model Reform Project together with its agencies. This project focuses on the use of IT to systematize procedures based on a

reconsideration of all business processes from the perspective of the customer, from insurance solicitation to the payment of claims. The original purpose of the project was to pursue improved service quality and greater customer satisfaction by reforming work procedures through a fundamental review of conventional business processes. The reform is being pursued from four angles: 1) the provision of easy-to-understand products, 2) the reconsideration of insurance explanations and contract procedures, 3) the expansion of points of contact between the insurance company/agencies and customers, and 4) enhanced service when handling claims. For instance, Sompo Japan is planning to move to a paperless system from fiscal 2010, starting with its core automobile insurance, for insurance applications, which will be completed on a computer screen while talking with a customer instead of using conventional paper-based procedures.

Going forward, Sompo Japan will continue establishing mechanisms for strategically reducing paper consumption by searching for new forms for its insurance business and pushing forward with system reforms while pursuing greater clarity for customers.

Paper consumption and target for FY2009



Highlight
03

Green purchasing expanded to our value chain

In July 2008, Sompo Japan, in cooperation with nationwide insurance agency organizations J-SA and AIR JAPAN, launched in earnest a green purchasing system using an internet-based central buying system.

Green purchasing system adopted throughout the value chain

Sompo Japan has been enthusiastically carrying out green purchasing, chiefly for office supplies and equipment, since its Data Processing Center was the first financial institution in Japan to obtain ISO 14001 certification in 1997. In an expansion of this initiative, the group is making an effort to expand green purchasing to include insurance agencies, which is within our sphere of influence, as an effective means of reducing negative environmental impact throughout its entire value chain.

Toward that end the group is promoting green purchasing together with J-SA, which is an organization of superior professional insurance agencies, and AIR JAPAN, which is an agency organization consisting mainly of automobile repair shops. Both organizations have established statements and action plans relating to the environment in recent years and have stepped up their environmental management efforts and community contribution activities.

When creating its green purchasing system, Sompo Japan decided to utilize the internet-based centralized buying system of Kaunet Co., Ltd., which is a company that sells office supplies. Starting in January 2008, AIR JAPAN members in the Hokuriku region participated in a trial of the system. With much endorsement of its purpose, a nationwide launch of the system was started in July 2008.

This is the first attempt within Japan's insurance industry to implement green purchasing through the adoption of the same system by the nationwide agency organizations. In recognition of their effort, Sompo Japan and the two organizations won a Jury's Encouragement Prize in the Fiscal 2008

Green Purchasing Awards operated by the Green Purchasing Network, which is an organization promoting the spread of green purchasing in Japan.

Expanding green purchasing to agencies nationwide and even to customers

Agencies that have registered in the green purchasing system have commented favorably, as the system allows them to reduce their expenses for office supplies through discounts for cooperative purchasing on top of reducing CO₂ emissions. What is more, when agencies put up posters that promote green purchasing, they play a role in raising the awareness of customers who visit them.

As of the end of March 2009, 20.2% of J-SA members (457 agencies) and 53.3% of AIR JAPAN members (1,784 agencies) have registered in the system.

Some 5,600 agencies that are members of J-SA and AIR JAPAN are dotted across Japan. The challenge from now is to promote more registrations and expand the embracement of green purchasing among members



Sompo Japan makes a monthly comic as an awareness-raising tool for encouraging green purchasing among agencies.

of the two organizations throughout Japan. Another aim is to communicate the significance of striving to reduce negative environmental impact and create a recycling-oriented society to the two organizations' nearly 5.9 million corporate and individual customers far and wide across the country.

Current and target number of agencies participating in green purchasing

J-SA members 2,264 (As of March 31, 2009)

	Members (%)	FY2009 target
Registered green purchasers	457 (20.2)	At least 50%
Actual purchasers	232	At least 50% of registered purchasers

AIR JAPAN members 3,347 (As of March 31, 2009)

	Members (%)	FY2009 target
Registered green purchasers	1,784 (53.3)	—
Actual purchasers	1,013	At least 50% of registered purchasers

Environmental Management System and activities

Sompo Japan Environmental Policy

<Basic Philosophy>

Sompo Japan Group acknowledges its corporate social responsibility to promote local and global environmental protection and to support socio-economic systems that are based on environmentally-sound material cycles. We, the entire Sompo Japan Group, will consistently and progressively tackle environmental issues, giving special attention to the concept of "eco-efficiency."

<Guiding Principles>

1. Provide New Products and Services

Sompo Japan Group strives to research, develop, and provide society with new products and services (relating to insurance, risk management, claims, and financial services, etc.) that will contribute to the solution of environmental problems. All corporate departments and affiliated companies will join in this effort. Sompo Japan Group will also investigate, analyze, and provide information on broader environmental issues for the benefit of society overall.

2. Promote Resource Conservation

Sompo Japan Group recognizes the impact it has on the environment through the consumption of resources and energy, and the emission of waste, in the course of conducting business.

It will comply with environmental laws and regulations. The entire Group, including management and employees, will work together to promote resource and energy conservation and recycling activities.

3. Contribute to Society

Sompo Japan Group will actively work on corporate citizenship initiatives relating to the environment, such as nature conservation and environmental education. It will also promote and support the voluntary efforts of individual employees as "global citizens" and as "contributing members of families and communities" for the realization of sustainable society. To enable continuous improvement, the above-mentioned activities will be subject to periodic review, to reflect the current objectives and targets of Sompo Japan Group.

(Introduced July 1, 2002)

Environmental management system developed based on the PDCA cycle

Sompo Japan became the first Japanese financial institution to obtain ISO 14001 certification for environmental management systems when its Data Processing Center obtained certification in November 1997 followed by its Head Office building in October 1999. The two buildings received integrated certification in November 2006, and are striving to make continuous improvements to their environment management system (EMS) across all business activities.

Additionally, Sompo Japan developed an original EMS called the E-koto Project ("E-koto" is a play on the Japanese phrase "ii koto," which means "something good.") based on its ISO 14001 certification know-how and introduced the system at regional headquarters and branch/sub-branch office buildings. In line with the E-koto Project, these sites are leveraging the characteristics of their local areas to save energy and engage in social contribution activities.

Internal auditor training is provided to members of the CSR/Environment Committee at the Head Office building and Data Processing Center, and to persons in charge of the E-koto Project nationwide in order to check EMS operational status. The numbers of employees qualified as internal auditors for EMS are as follows.

Employees qualified as internal auditors for EMS (aggregate; as of June 30 each respective year)

	2007	2008	2009
Employees qualified as internal auditors	136	161	163
CEAR Environmental Auditors (total for lead auditors and provisional auditors)	10	9	9

Company-wide Environmental Performance Data

Sompo Japan has set medium- and long-term goals for the reduction of CO₂ emissions, and is making efforts to cut its environmental impact by reducing consumption of electricity, paper and energy.

Fiscal 2008 Main Environmental Performance Data

	FY2007	FY2008	CO ₂ -equivalent emissions (tons) *1		Main cause of change
			FY2007	FY2008	
Electricity use (million kwh) *2	84.1	82.9	46,685	46,024	<ul style="list-style-type: none"> Nationwide installation of high-efficiency lighting, elevators, and other equipment Energy savings through revised use of computers, lighting, and other equipment
Paper use (tons)	10,269	9,407	—	—	<ul style="list-style-type: none"> Digitization of pamphlets and flyers; reduced inventory of forms through printed material network Expanded computerization of application forms
Gas use (thousand m ³) *3	202.3	179.8	421	374	<ul style="list-style-type: none"> More stable outside temperatures than usual (i.e. cool summer and warm winter) Revised usage, including fewer hours of air-conditioning use accompanying encouragement of employees to leave work early
Other energy use (million MJ) *4	75.5	70.5	4,306	4,020	
Fuel consumption by company-owned vehicles (thousand liter) *5	3,608	3,417	8,754	8,290	<ul style="list-style-type: none"> Continued addition of eco-cars (fuel efficient vehicles) in the company fleet Efficient travel by ensuring employees drive ecologically and safely
Total			60,165	58,708	

*1 CO₂-equivalent emissions: Calculated using the coefficient designated in Japan's Act on Promotion of Global Warming Countermeasures.

*2 Electricity use: Calculated by dividing the charges for electricity consumed at all Sompo Japan buildings by the average price per kwh.

*3 Gas use: Combined consumption by Head Office and two other buildings with Global Warming Prevention Plans conforming to the Tokyo Metropolitan Government Ordinance on Environmental Preservation.

*4 Other energy use: Combined steam and chilled water supplied by energy companies to Head Office and Tachikawa buildings.

*5 Fuel consumption by company-owned vehicles: Calculated by dividing the company-wide fuel charges by the average of gasoline prices per liter (146 yen) from April 2008 to March 2009.

Encouraging service providers to take CSR and environmental initiatives

Since 2005, Sompo Japan has periodically given questionnaire surveys on environmental issues, compliance, and respect for human dignity to all companies providing services in its Head Office building.

Survey of service providers

	FY2007	FY2008	FY2009
Number of companies surveyed	47	No survey*	57

* Companies only asked to follow Sompo Japan's rules

Main questions

- What are you doing to reduce emissions of CO₂ and other greenhouse gases (GHGs)?
- What kind of action policy have you adopted regarding compliance with legal and social norms and relevant laws and ordinances?
- Have you established action policies regarding respect for human dignity, prohibition of child and forced labor, and elimination of discrimination?

Climate change risk management consulting started

In March 2009, Sompo Japan Risk Management (SJRM) started offering climate change risk management consulting to support the development of systems for managing climate change risks by ascertaining energy usage and planning energy conservation measures. SJRM has built up a wealth of know-how supporting the establishment of environmental management systems based on ISO 14001, supporting risk management for wind and flood disasters, and conducting energy saving diagnoses. Leveraging this know-how plus Sompo Japan Group's own experience with environmental initiatives, SJRM will provide comprehensive management services relating to climate change risks.

AIR e-Shop 21 Simultaneous acquisition of ISO 14001 certification

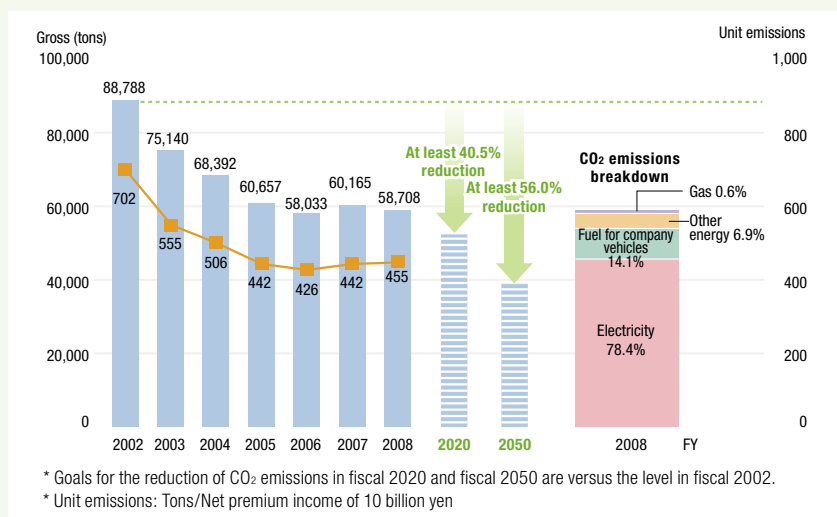
AIR e-Shop 21 is an EMS support system developed by Sompo Japan Agency Support Inc. for members of AIR JAPAN, a network of automobile maintenance and repair shops acting as agencies for Sompo Japan. Members have taken aggressive steps to reduce their environmental impact while aiming to provide environmentally friendly automobile maintenance and repair and to improve customer satisfaction.

In February 2009, the AIR e-Shop 21 Secretariat and 42 member shops were the first voluntary chain of non-life insurance-related automobile maintenance and repair shops in Japan to simultaneously obtain ISO 14001 certification, which is the international standard for environmental management systems.

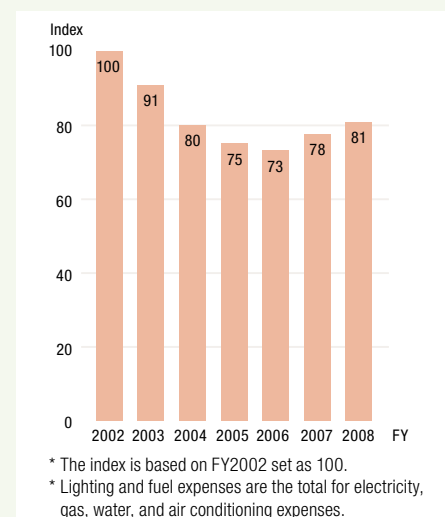
Going forward, Sompo Japan Group is aiming to achieve certification by around 100 companies in 2012. Toward that end it will strive to make continuous improvements through the PDCA cycle based on shared group-wide environmental policy.



CO₂ emissions and medium/long term goals



Lighting and fuel expenses



Risk Management for Safety and Security



One Management Philosophy of Sampo Japan Group is the provision of offering excellent risk solutions to individuals and corporations. The group will continue fulfilling CSR through its risk management, healthcare and other core businesses for the safety and security of society. This includes utilizing the vast accident data and risk quantification know-how that Sampo Japan Group has accumulated over many years to carry out accident prevention activities and formulate countermeasures against new strains of influenza and earthquakes.

Phase 1

2001 – 2005

- Focused on accident prevention activities
- Started BCM consulting
- Started health promotion and disease prevention service for corporate employees

Phase 2

2006 – 2008

- Improved expertise in the field of risk management
- Started providing support for corporate mental healthcare measures
- Strengthened system for integrated risk management consulting

Phase 3

2009 –

- Provide information for the safety and security of society and expand consulting areas

Highlight 01

Business continuity management against the threat of new strains of influenza

What kinds of countermeasures and action plans are needed today when there is fear of a worldwide outbreak (pandemic) of new strains of influenza? Below is an introduction to the initiatives Sampo Japan Risk Management (SJRM) is taking in this area.

Path toward measures against new strains of influenza

In 2006, SJRM started gathering information about new strains of influenza and realized that few Japanese companies have a strong sense of the danger influenza viruses pose. In 2007, SJRM held seminars for companies and developed its consulting business to help companies prepare business continuity plans (BCPs) against the risk of new strains of influenza. In fiscal 2008, the number of companies assisted by SJRM in this regard grew to nearly 100, and about 40 of the company's employees were contributing to this business.

Characteristics of BCPs for new strains of influenza

Japanese companies' concern regarding new strains of influenza rose all at once starting in July 2008, when the national government announced a revised draft of guidelines for businesses regarding new strains of influenza. However, many companies did

not know where to begin when drawing up measures against this risk. Actually, such measures differ greatly from a BCP against earthquakes or other disasters.

In an earthquake, the issue is how to reestablish operations as quickly as possible. In the case of a new strain of influenza, on the other hand, the question is which businesses to stop and which to keep going as the virus spreads. The highest priority in this event is the safety of the lives of employees and their families, of suppliers and customers, and so measures must be taken to prevent people from becoming infected. Another important issue is how to maintain social functions. It is imperative to carefully judge according to the business categories and status of the outbreak which services can be suspended or postponed, which services should be kept going in terms of management considerations, and which services should be kept going due to social needs, and to then respond accordingly.



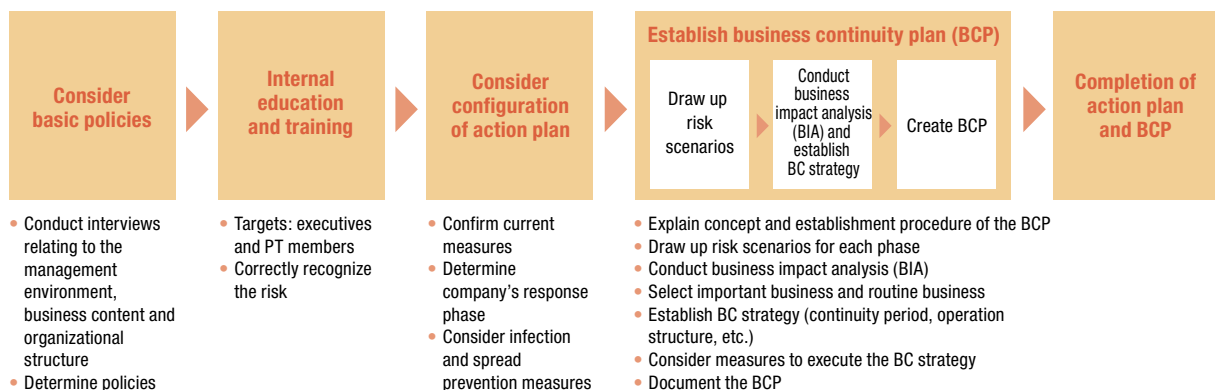
In 2008, SJRM published a handbook for measures against new strains of influenza.

Urgent preparation for a pandemic

At present, there is a worldwide outbreak of the new H1N1 strain of influenza that emerged from Mexico. The virus is said to be weak, but there is concern that it could mutate into a virulent form and cause a serious pandemic. Companies should be in a hurry to reconsider their measures in preparation for winter's flu season.

Leveraging the know-how it built up providing consulting relating to new strains of influenza, SJRM has developed a service to help companies draw up effective action plans (BCPs) in a short time, and plans to expand this service from here on.

Action plan and BCP formulation processes for new strains of influenza



Highlight
02

Addressing the creation of a healthy and vibrant society

Sompo Japan Group regards the resolution of health issues, including establishing mental healthcare measures for employees and preventing lifestyle-related diseases, as an important management challenge from the perspective of CSR as well. Accordingly, the group is developing physical and mental health promotion and disease prevention services nationwide.

■ Creating healthy companies where employees can work with enthusiasm

Total support: From stress checks to organizational improvement

Mental healthcare measures for employees have become an important management challenge for companies in terms of creating rewarding work environments and in terms of the company's work efficiency and productivity. In April 2007, Sompo Japan Group established Sompo Japan Healthcare Services, Inc., (SJHS), which has been making efforts to support companies' mental healthcare measures.

Mental health tends to be treated as an inner emotional problem of the individual. But, it is important to prevent its occurrence at a fundamental level by evaluating and analyzing latent problems in the work environment and human relationships from various angles.

SJHS provides companies with comprehensive support programs so that prevention, case management of persons with a mental health condition

and persons on leave, return-to-work support, and the development of mental healthcare systems all function as an organic whole. The Mimoza Seed package, for example, integrates six programs to support efforts to improve the work environment through the PDCA cycle. This includes an organizational diagnosis and workshops for workplace improvement, alongside stress checks for employees and individual advice.

Nurturing counselors with abundant industrial health experience

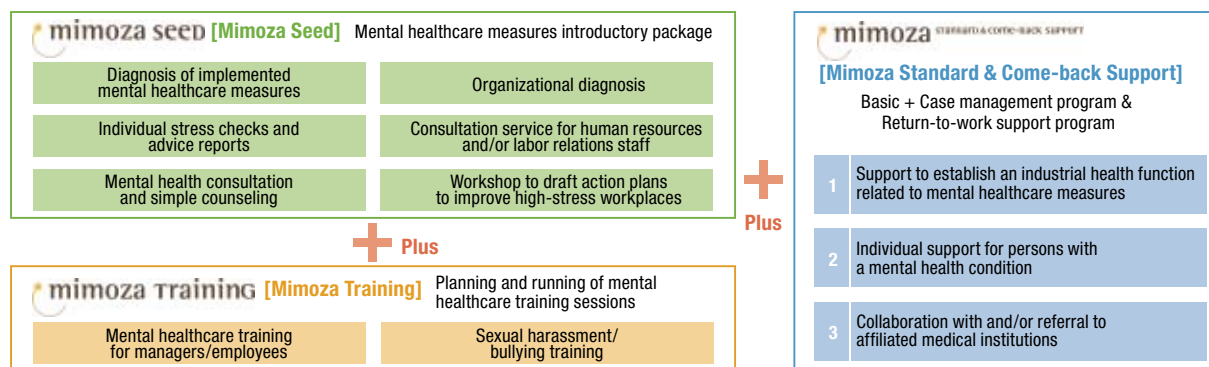
Another of SJHS's key features is its ability to provide appropriate consultation on mental health issues which human resources and/or labor relations managements have, suited to the organizational situation of each company. SJHS has medical doctors with rich experiences as industrial physicians, registered nurses, public health nurses

and other healthcare professionals with industrial health experience for this purpose. The company can also provide meticulous specialized support through a nationwide network of about 100 psychiatrists.

The number of SJHS's corporate clients has grown to about 100 companies over the two years since its establishment. There are some cases where companies that have subscribed to SJHS's service at their head offices on a trial basis are now extending services company-wide, enabling SJHS to deepen its relationships with clients. SJHS is making an effort to nurture counselors with abundant industrial health experience and greater knowledge of business practices, and is aspiring to make a positive contribution to the creation of as many healthy companies as possible.

Lineup of mental healthcare measures offered by Sompo Japan Healthcare Services

SJHS offers comprehensive solutions for mental healthcare measures that can integrate services for management and human resources, services for employees, and services to support supervisors and the industrial health specialists.





Mental Health Support Club (Membership-based courses and case study sessions for mental healthcare measures and labor-related practices)

■ Supporting the building up of employees' health: Prevention of lifestyle-related diseases

Health guidance system helping 100,000 people per year

In addition to mental healthcare measures, which focus on the management of employees' mental health, the prevention of metabolic syndrome—which is a trigger for lifestyle-related diseases such as cancer, heart disease, and diabetes—is an important healthcare issue for employees.

Revisions made to the government health care system have required since April 2008 Health Insurance Societies, Mutual Aid Associations, municipal governments that administer national health insurance, and other insurers to provide Specific Medical Checkups and Specified Health Guidance focused on metabolic syndrome to insured persons and their dependents aged between 40 and 74. This requirement has led to a swell in outsourcing to specialist companies with know-how and health guidance systems relating to Specified

Health Guidance.

In response, in January 2009 Sompo Japan acquired a 100% interest in Zenkoku Houmon Kenko Shido Kyoukai KK, which had a 10-year record of providing health guidance. On April 1, 2009, the company's business was integrated with the group company Healthcare Frontier Japan Inc. (HFJ).

The integration brought together the organizations and functions of the two companies in a complimentary manner, with Zenkoku Houmon Kenko Shido Kyoukai KK being strong in visitation face-to-face guidance and HFJ being strong in phone counseling. The company now has a structure that can support the health development of about 100,000 employees per year through a nationwide network of approximately 1,000 counselors, including public health nurses, registered nurses, and registered dietitians.

Committed to educating health counselors nationwide

When giving guidance to improve metabolic syndrome, it is important to try and raise people's willingness to make a positive change in their lifestyle habits by providing appropriate advice about nutrition and exercise while respecting each individual's values regarding health. In view of that, the company puts effort into the education of the health counselors who provide guidance to customers. In fiscal 2008, the company held more than 500 education sessions across Japan.

Going forward, the company will reinforce counselors in the Tokyo Metropolitan area, where demand is high, and will continue accumulating health management support know-how. It will also put more effort into standardizing the quality of guidance provided by each counselor by gathering health improvement data and other objective data for validating the effect of guidance provided.

Lineup of health support services offered by Healthcare Frontier Japan

The company has prepared a system offering a rich lineup of age- and target-specific services anywhere in Japan to insured persons and their dependents upon request from medical insurers.

Programs to support prevention of lifestyle-related diseases (Specified Health Guidance, etc.)

Specified Health Guidance

- Motivational support (office visitation course, home visitation course)
- Vigorous support (face-to-face support-centered course, phone support-centered course)

Other

- Health check-up rate boosting: Support to encourage health check-ups
- Health conditioning check



Plus

Visitation health guidance program for elder people aged 65-74

- Support program for elder people aged 65-74



Plus

Health guidance for pregnant and parturient women

- Support program for pregnant and parturient women

* In April 2009, Healthcare Frontier Japan Inc. merged with Zenkoku Houmon Kenko Shido Kyoukai KK.

Risk management related products and services that contribute to safety and security

Loss control service and web-based loss management system

Supplying risk management support including loss control to corporate customers who are acting globally is one of Sampo Japan Group's missions. Sampo Japan Group does not just make claims payments; the group analyzes trends in accumulated loss data and works with customers in the field to offer solutions that can prevent or reduce the occurrence of loss.

Furthermore, capacity building of experts are critical for expanding the introducing know-how of loss control to the group companies located in southeast asian countries and China. In August 2008, we established the specialized team for educating these expert in loss control services.

Sampo Japan Group's claims departments in and outside Japan provide advanced loss management system services (AEGIS, AE-BOARD, and Damage Plotting System (DPS)) that enable claims receipt, report preparation, insurance claims procedures, claim progress management, and data analysis to be completed online. At present, the system is set up in about 190 companies around the world. Sampo Japan Group has put effort into acquiring patent protection for its business models to ensure stable use worldwide. In May 2008, it obtained a European business model patent relating to its Damage Plotting System, which is an original damage analysis system developed in-house. Patents have also been obtained in both the US and Japan. In October 2008, a Singapore patent was approved for AEGIS.



Loss control training for staff in China

Medical care insurance covering for advanced medical procedures

In Japan, "advanced medical procedures" are specified medical techniques conducted at healthcare facilities approved by the Minister of Health, Labour and Welfare. These procedures can be quite costly, depending on the specific procedures involved, as they are not covered by health insurance. This

leaves some people unable to receive cutting-edge medical treatment because they cannot afford it.

In response, in August 2008 Sampo Japan Himawari Life Insurance Co., Ltd., launched a whole life medical care insurance product to which a rider can be attached to cover the costs for advanced medical procedures. In the eight months to March 2009, more than 150,000 new policies were taken out.

General awareness of advanced medical treatment is still far from adequate. In view of that, Sampo Japan Himawari Life Insurance held seminars for its insurance solicitors on advanced medical treatment at 40 locations across Japan during fiscal 2008 so that awareness of advanced medicine can be spread to as many people as possible through these solicitors.

Web-based service encouraging preventive medicine

Sampo Japan Himawari Life Insurance offers a free web-based health management service for persons covered under its insurance products. The service enables users to manage their health, with the aim of preventing lifestyle related diseases and metabolic syndrome, by inputting information such as weight, body fat percentage, and blood pressure.

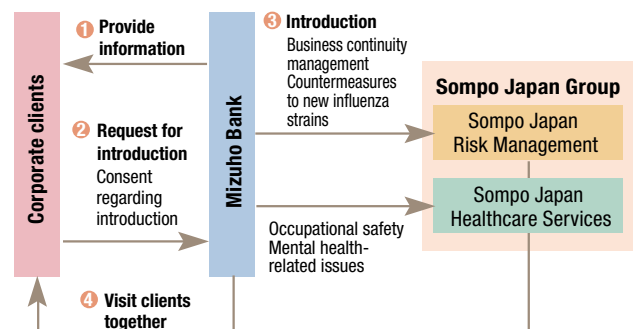
Supporting risk management for small and medium enterprises

In November 2008, Sampo Japan Risk Management, Inc., and Sampo Japan Healthcare Services, Inc., made a business alliance with Mizuho Bank, Ltd. in the risk management sector.

The purpose of the alliance is to support countermeasures to risks that Mizuho Bank's corporate clients are under pressure to take new action against. Specifically this means supporting business continuity management, so that companies can maintain stable production systems and supply chains, and can recover quickly in the face of earthquakes, disasters, and other situations that threaten business continuity. Sampo Japan also provides consulting regarding countermeasures to new influenza strains and employee mental health issues.

Sampo Japan Group believes that this collaboration will move risk management measures a step forward at small and medium enterprises where expert know-how is lacking.

Alliance with Mizuho Bank in the risk management sector



Efforts to prevent traffic accidents

The personal and material economic loss caused by traffic accidents is some 3.2225 trillion yen per year in Japan (according to a fiscal 2006 investigation by the General Insurance Association of Japan). The waste generated by accidents has a major impact on the global environment. With a view toward overcoming the social challenge of preventing traffic accidents, Sompo Japan supports automobile accident prevention among its corporate customers and carries out traffic safety awareness raising activities for general drivers and children.

■ Web-based accident prevention support service: Accident Prevention Club (October 2005~)

This service provides content useful to automobile insurance policyholders for promoting companies' automobile accident prevention activities.

■ Educational video on traffic safety for corporate drivers: Best Driver Declaration—Three Rules of the Road for Corporate Drivers (April 2006~)

Sompo Japan released an educational video on traffic safety that highlights safe driving points for corporate drivers in a clear way.

■ Traffic safety bus with visual performance diagnostic equipment: Safety Vision Bus (October 2006~)

A large touchscreen display and 3-D imaging system installed in the small bus can be used to diagnose visual performance, which is important for traffic safety, in a fun way as though it were a game. A second bus was added in July 2007.

■ Traffic safety website for individuals: The Car Safety Classroom (February 2008~)

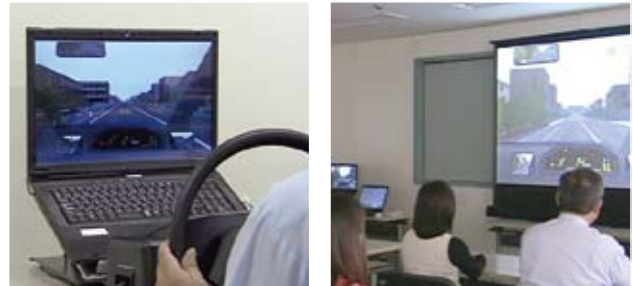
This service provides Internet-based content that enables anyone, from children to veteran drivers, to raise their awareness of traffic safety in a clear and fun way.



The Car Safety Classroom

■ Simulation-based safety education program: The Hazard Anticipation Safety Classroom (October 2009~)

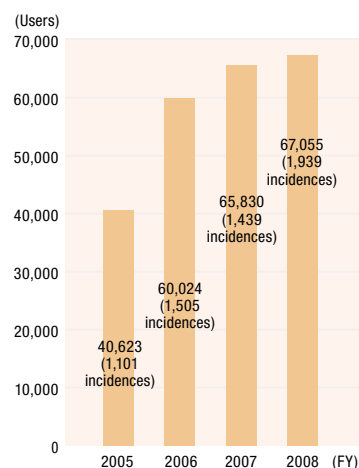
Sompo Japan has started providing a hands-on traffic safety education program using a simulator that takes advantage of the company's store of traffic safety education know-how.



■ Automobile accident prevention consulting by professionals

Sompo Japan has 30 traffic safety consultants—automobile accident prevention experts who assist the automobile accident prevention activities of companies nationwide through workshops and other accident prevention services. In fiscal 2008, these consultants provided automobile accident prevention services to a total of 67,055 people in 1,939 separate incidences.

Users of accident prevention services



CSR Financing



Making use of the financial and insurance functions of its core business, Sompo Japan Group promotes CSR Financing, which contributes to the sustainable development through the flow of money. Besides developing products and services that encourage companies' initiatives toward sustainability, the group is putting effort into spreading Sustainable and Responsible Investment and into the financing of companies that are working on social capital improvement and environment-related businesses.

Phase 1

1992 – 2005

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

Phase 2

2006 – 2008

- Signed the Principles for Responsible Investment (PRI)
- Expanded base for SRI
- Expanded products and services that utilize insurance and financial functions to make a positive contribution to social issues

Phase 3

2009 –

- Expand and spread CSR Financing

Highlight 01

Heading to a broadened SRI fund base

The Somo Japan Green Open was developed in September 1999 and is the second eco fund in Japan. We are aiming to expand the SRI fund base in Japan, and, as of the end of fiscal 2008, the fund has been sold to customers through a total of 120 regional financial institutions and other companies throughout Japan.



Since inception, 13.74% higher return than the TOPIX benchmark

The Somo Japan Green Open has the concept of investing in Japanese stocks distinguished in the aspects of environmental management and finance, aiming to support the long-term and stable growth of trust assets. In order to select stocks for the fund, an environmental analyst team at Somo Japan Risk Management analyzes companies' degrees of environmental management and then Somo Japan Asset Management constructs portfolios with under-priced stocks.

In order to analyze the quality of environmental management, three perspectives are taken into account: 1) "environmental management" including acquiring ISO 14001 certification; 2) "environmental communication" including environmental disclosure; and 3) "environmental performance" including tackling climate change. In recent years, more emphasis has been put on analyzing countermeasures to global warming. One of our greatest strengths is our ability to conduct all of these operations ranging from analyzing the quality of environmental management to selecting actual stocks

within our group.

The Net Asset Value (NAV) of the Somo Japan Green Open at the end of March 2009 totaled 12.479 billion yen. Despite the global financial crisis and sluggish stock prices, this fund has outperformed the TOPIX benchmark by 13.74% since inception and by 3.59% during fiscal 2008. The fund has also received the first and second prizes in the categories of outstanding performance as well as the grand prize of the R&I Fund Award for three years in a row. The Somo Japan Green Open is praised for these achievements in outstanding performance and for having the second longest track record in Japan, and an increasing number of companies are adopting the fund as part of their defined contribution lineup.

Aiming to become a favored fund among institutional investors

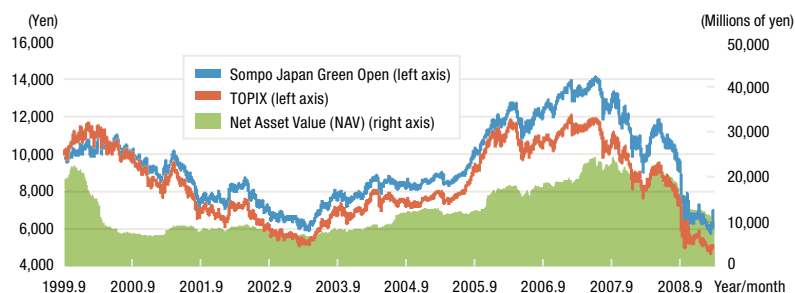
Awareness of eco-funds is still low in Japan and Somo Japan conducts various efforts in order to broaden their foundation. In April 2008, we developed a new product together with Aeon Bank of the Aeon Group, which is known as an environmentally advanced company, that

incorporated an eco-fund into 50% of investment assets, launching joint sales targeting housewives. We currently work with Aeon Bank in holding environment and investment seminars nationwide in such places as shopping malls in order to deepen awareness regarding eco-funds. In addition, we conduct joint promotional activities with distributors, including creating a DVD for enhancing the understanding of sales representatives of the Somo Japan Green Open at local and trust banks.

In addition to individual investors we developed an eco-fund in June 2006 for pension funds and in February 2007 for qualified institutional investors, thus making proposals for institutional investors such as corporate pensions and financial institutions to adopt an eco-fund.

Expanding awareness of the Somo Japan Green Open, a pioneer in Japanese eco-funds, will also raise the standard for all SRI funds in Japan. For that purpose as well, Somo Japan will enhance the performance of this fund by improving the accuracy of its environmental operations analysis and stock selection, making the Somo Japan Green Open more favored by institutional investors as well. Please see page 43 for other information.

Performance of the Somo Japan Green Open (compared to TOPIX)



*NAV per unit, calculated as the value obtained when reinvesting all dividends on the settlement date, is compared to TOPIX.

*NAV per unit and the TOPIX benchmark (not incl. dividends) is indexed as 10,000 on the date of inception.

Somo Japan Green Open evaluations

R&I Fund Award 2008

- Investment Trusts, Japanese SRI Fund Category
Received the Second Prize

R&I Fund Award 2009

- Investment Trusts, Japanese SRI Fund Category
Received the First Prize
- Defined Contribution Pension, Japanese Equity Category
Received the Second Prize

Somo Japan Green Open: Number of accounts and Net Asset Value

	FY2007	FY2008
Number of accounts	21.9 billion	23 billion (+5.5%)
Net Asset Value	¥17.6 billion	¥12.5 billion (-28.9%)

Highlight 02

New products supporting ecological housing improvement and biodiversity conservation

In January 2009, Sompo Japan and Sompo Japan Credit Inc. (SJC) commenced sales for the Green Reform Loan Plan, a financial product for individual customers that incorporates nationwide assistance for *satoyama* (areas where people can live in harmony with nature) revitalization and conservation activities into loans for housing improvements that make use of mitigation measures of climate change.

Products with further environmental consideration

The Green Reform Loan Plan was created in order to promote the Sompo Japan Group's CSR financing. It was a joint development project between Sompo Japan, which has aimed to create products that take traditional climate change countermeasures to the next level, and SJC, which has sought to develop loan products able to contribute to environmental measures. This is the first time the Sompo Japan Group has developed a product from the initial planning stage in coordination with NGOs.

A special feature of the Green Reform Loan Plan is that it integrates ecological reform with biodiversity conservation. The mechanism offers a 0.3% decrease on the normal applicable interest rates on loans for ecological reforms that increase the CO₂-reduction abilities of housing, such as by installing solar photovoltaics and Eco Cute hot water systems that heat water using heat from the air. The framework then donates a 0.3% financing amount to the Satoyama Donguri Charity Fund, which supports

revitalization and conservation activities for *satoyama* areas nationwide.

Pizza ovens presented to *satoyamas* nationwide via donations to the Satoyama Donguri Charity Fund

As this was the first financial product developed while incorporating the concept of biodiversity conservation, Sompo Japan called on the counsel of Ecology Online (EOL) environment NGO, who later became our development partner. During our many meetings we focused attention on the keyword "*satoyama*." *Satoyama* is a natural environment intrinsic to Japan. They are located between the mountains and cities that encompass "secondary" nature maintained by human activities, including rural settlements, wooded areas, farmland, and grassland. The work of people in *satoyama* areas has served to make these areas rich with life. However, *satoyama* areas in Japan are in jeopardy due to modernization and depopulation that have devastated forests. Revitalizing and conserving these areas is a pillar of Japan's national biodiversity strategy, and *satoyama* have been promoted from



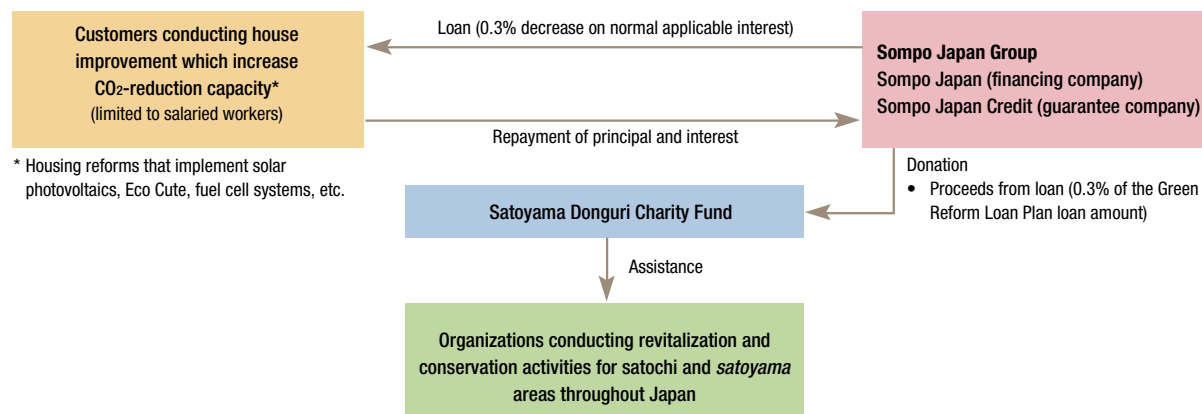
Landscape of Satoyama

Japan as models of society coexisting with nature in harmony toward the world (SATOYAMA Initiative).

Once the concept for the product was established, EOL launched the Satoyama Donguri Charity Fund and a portal site dedicated to expanding *satoyama* conservation activities in concert with the loan's launch. At the time, EOL was also considering a fundraiser to support organizations that conduct *satoyama* conservation activities so they quickly introduced proposals for such plans as using fundraising to donate pizza ovens.

Although only a small number of loans have been implemented, there has been significant inquiry from the housing reform industry directly following its release. It is the wish of all developers to make this product a lasting effort.

Product Scheme for the Green Reform Loan Plan



Highlight
03

Comprehensive service to support the liquidation of polluted land

Soil pollution caused by toxic chemical substances is preventing the effective use of land. Beginning in December 2008, Sompo Japan has worked together with companies possessing expertise in such areas as land pollution risk evaluations, combining soil maintenance operations and insurance based on a new risk evaluation scheme to offer a service that contributes to reducing the cost of pollution abatement measures.

Land left unused due to soil pollution totals approximately 10.8 trillion yen in property assets

According to estimates by the Japanese Ministry of the Environment, the property value of land that is left without being put to good use in Japan due to soil pollution (Brown fields) totals 10.8 trillion yen.* According to the business practices in Japan, if pollution is discovered on land that is for sale, then soil excavation (changing out the polluted soil) will be required, as buyers dislike the risk that accompanies pollution. However, it is said that a major reason for the existence of the Brown fields issue is the failure to sell land due to the sellers' inability to bear the high cost of soil excavation, resulting in a pattern where polluted land is abandoned as it is. The abandoned polluted lands lead to the risk of increased pollution, such as if toxic substances were to leak into groundwater. In addition, a large number of abandoned lands in major cities have been creating social loss.

* Ministry of the Environment, *Mid-Term Report on the Situation of the Brown Field Problem and Soil Pollution, 2007*

Risk assessment, measures, and maintenance packaged with liability compensation

Thereupon, Sompo Japan commenced a new service for effectively utilizing polluted land with Kokusai Environmental Solutions Co., Ltd. and Field-Partners Co., Ltd. The new service consists of quantitative risk assessments to prevent the spread of pollution by implementing proper countermeasures against pollution other than soil excavation. In addition, the service includes insurance to compensate liabilities in the event that pollution does spread after the proposal and implementation of said countermeasures and maintenance.

This allows for utilizing polluted land effectively at a relatively lower cost compared with complete purification through soil excavation. Currently, contracts for the new service have been concluded and the business is being advanced while contract carriers utilize the polluted lands as distribution centers.

Sompo Japan has worked to address the issue of soil pollution in the past, including the development of insurance related to cleaning polluted soil. The new



service is expected to promote liquidation by conducting risk management on and effectively utilizing polluted lands.

Situation of the Brown Field Problem and Soil Pollution

Classification	Description	Land asset value	Area	Cost of soil pollution measures
Land with soil pollution	Land highly likely to have soil pollution	¥43.1 trillion	113,000 ha	¥16.9 trillion
Potential Brown fields	Land difficult to sell due to high cost of pollution countermeasures	¥10.8 trillion	28,000 ha	¥4.2 trillion

Source: Ministry of the Environment Japan, *Mid-Term Report on the Situation of the Brown Field Problem and Soil Pollution, 2007*

Products and services to promote Sustainable Development

Automobile insurance-related products

Promoting automobile repairs

For automobile property damage liability insurance and car insurance, insurance coverage is normally only provided for the depreciated value of damage the automobile incurred from the accident or the insured value (policy amount). However, for cases where the repair costs exceed the depreciated value or insured value (policy amount), and the customer faces paying these expenses individually, contributions to promoting the automobile's repair will be made by providing compensation provided for these excess expenses based on certain conditions.*

■ Expanded coverage for collision repairs exceeding replacement cost (Offered since December 2002)

* The claim payment is limited to the amount obtained by multiplying the difference between the repair costs and the depreciated value by the customer's fault ratio or 500,000 yen, whichever is less.

Number of vehicles under expanded coverage

FY2006	FY2007	FY2008
6,746	6,950	7,201

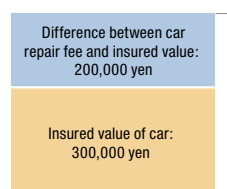
(Unit: thousands)

■ Expanded coverage for total loss repairs

(Offered since April 2008)

* Expanded coverage is limited to the insured value (policy amount) plus 500,000 yen.

Car repair fee (in the case fee is 500,000 yen)



Insured value: The value agreed to between Sompo Japan and the policyholder or the insured under car insurance (owner of the car for which the contract was made [covered vehicle]). The value is determined

based on the market-selling price of the covered vehicle at the time the insurance policy was signed.

Number of vehicles with expanded coverage contracts:
FY2008 121,000

Promoting the use of recycled auto parts

(Offered since 1991)

We encourage the use of reusable parts and other recyclable parts removed from used cars when automobile repairs are made working together with agencies, maintenance shops and service centers (SCs) that respond to customer claims. In cooperation with auto recycling contractors, we are making such efforts as providing the status of recycled parts inventories and information on sales prices to maintenance shops.

Number of uses of recycled parts

FY2006	FY2007	FY2008
55,596	45,113	44,490

Derivatives

Weather derivatives

(Offered since December 1999)

This is an order-made financial product to respond to profit drops and cost increases incurred by customers due to the change in the weather. The financial product alleviates the risk of revenue fluctuations caused by weather, determining compensation using indices based on meteorological data released by the Japan Meteorological Agency, including temperature, precipitation, snow depth, wind speed, and daylight hours. Product design examples include responding to revenue drops resulting from agricultural crops damaged by severe weather, and revenue drops for ski resorts that were unable to open facilities due to low snow levels.

Insurance products for green golfers

Golf Players Liability Insurance

(Offered since December 1992)

This expanded coverage insurance allows for environment-conscious golfers to donate a part of their insurance payment, received through such achievements as getting a hole in one, to the Greenery by Golfers Group, a greenery project promoted nationwide through the cooperation of golfers and golf courses.

Number of donors/donated amount

	FY2006	FY2007	FY2008
donors	129	146	138
donated amount (in millions of yen)	2.83	2.97	2.83

Environmental Management Support

ISO 14001 certification acquiring consulting service

(Offered since January 1998)

In November 1997, Sompo Japan became the first financial institution to acquire ISO 14001 certification (environmental management standards). Utilizing the know-how gained through acquiring this certification, Sompo Japan Risk Management (SJRM) has been providing a consulting service to corporations for acquiring the ISO 14001 certification since January 1998. By the end of fiscal 2008, SJRM had helped a total of 96 companies—mostly other financial institutions—acquire certification.

SRI Fund

Sompo Japan SRI Open fund

This is a SRI fund that has been available since March 2005. Sompo Japan Asset Management selects stocks for the fund from universe that makes up the Morningstar SRI Index after conducting an analysis of intrinsic investment values. As of the end of March 2009, Net Asset Value (NAV) per unit for the Sompo Japan SRI Open had outperformed the Tokyo Stock Price Index (TOPIX) by 9.81% since inception.

The Center for Public Resources Development, a non-profit think tank and consulting firm, makes a comprehensive evaluation for this fund in the following five categories: governance and accountability, market, employment, social contribution and environment.

Sompo Japan SRI Open evaluations

R&I Fund Award 2008

- Defined Contribution Pension Category (Japanese Equity Fund)
Received the First Prize

SRI Open fund accounts and Net Asset Value

	FY2007	FY2008
Number of accounts	1.39 billion	1.43 billion (+2.5%)
Net Asset Value	1.26 billion yen	847 million yen (-33.0%)

Financing for Social Capital Development and the Environment

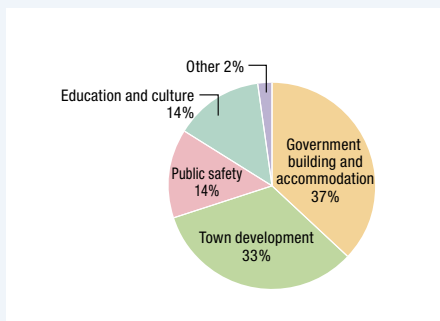
In December 2001, Sompo Japan became the first non-life insurance company to participate in the joint financing for a PFI project, the Project for the Construction, Maintenance, and Operation of Chowa Elementary School in Chofu City. Thereafter, we have continued efforts that contribute towards creating a better society through financing corporations which conduct projects that develop social capital and those that work to address environmental problems.

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

Defined Contribution (DC) Business

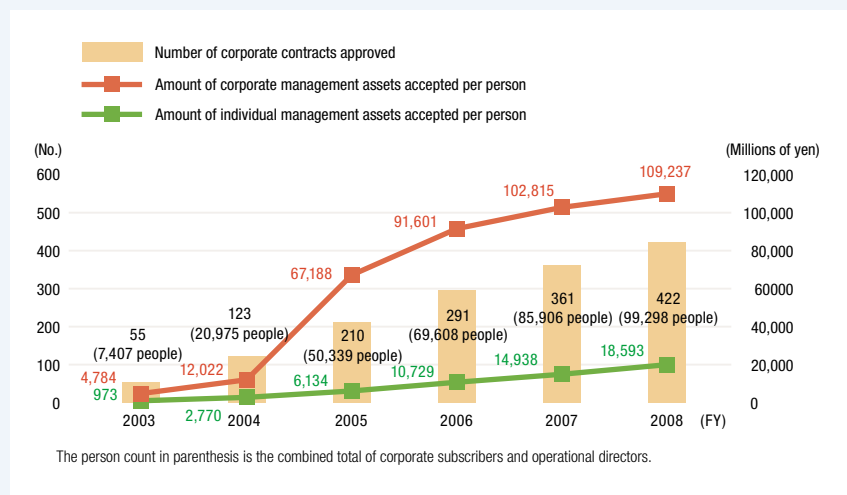
In response to social demand, Sompo Japan and Sompo Japan DC Securities have advanced the Defined Contribution Business as a retirement benefit scheme adapted to the new era. Under this business, support is provided for the asset management of company employees (subscribers) that join the system, and in fiscal 2008, efforts were made to improve investment reports for subscribers. In addition, there are plans to update the subscriber website and launch a mobile phone website service in fiscal 2009 in order to enrich communication with subscribers.

Sompo Japan PFI finance portfolio (FY2001-FY2008)



This pie graph shows the percentages of our PFI finance portfolio (based on funds committed) for various sectors from FY2001 and until the end of FY2008. Project categories were created according to those specified by the Cabinet Office's PFI Promotion Office.

Implementation of DCs by Sompo Japan DC Securities



Community Involvement



Sompo Japan Group and its employees and agencies work hand-in-hand with NGOs, governments and residents to solve community challenges. The group considers its social responsibility as including the duty of fostering employees who can think about social responsibility and sustainability on their own and put this into practice of their own accord, and to support the activities of these employees.

Phase 1

1993 – 2002

- Started the employee volunteer organization Chikyu (Earth) Club
- Established the Sompo Japan Corporate Citizenship Policy
- Started giving Public Seminars on the Environment
- Started cooperative activities with NGOs
- Started the Sompo Japan CSO* Learning Scholarship Program

*CSO: Civil Society Organization; a concept that includes NGOs and NPOs

Phase 2

2003 – 2008

- Started cooperative forest development projects
- Started the NGO strengthening grants project by Sompo Japan Foundation
- Started giving Public Seminars on the Environment in regional areas

Phase 3

2009 –

- Undertake and expand the base of initiatives that utilize the characteristics of different divisions and localities

Highlight 01

Forestation project in cooperation with communities

From fiscal 2006 until now, Sompo Japan has concluded “Forest Agreements” with five municipalities in Japan, providing assistance for building forests, which are important CO₂ sinks for Japan. These efforts are expected to fulfill the role of mitigating climate change, preserving biodiversity, contributing to developing land strongly resilient against disaster, and in the fields of community vitalization and environmental education.

Five Forest Agreements concluded nationwide

Sompo Japan has already signed Forest Agreements with Umaji Village in Kochi Prefecture, Shionoe Town Forest Union in Kagawa Prefecture, Kotoura Town in Tottori Prefecture, and Tsu City in Mie Prefecture. Also, in March 2009, we signed the Saitama Prefecture Forestation Agreement with Saitama Prefecture and Ranzan Town in Saitama, agreeing to advance forest development activities, including tree planting and thinning, as well as environmental education activities over the ensuing five years.

Employees, agencies, their families, and our customers participate in regular forest development activities. These participants share an interest in community forests, and participating in activities that cultivate nature as a member of these communities allows for deepening communication and carries with it the greater significance of joint forest development.

Nearly 240 members participated in tree-planting activities in Ranzan Town

On May 16, 2009, we conducted tree-planting activities at the Sompo Japan Tokyo Metropolitan Area Communication Forest, located in the corner of a forest owned by Ranzan Town. Ranzan Town is a region rich with nature and home to the great purple emperor butterfly, a species designated as nearly endangered.

Approximately 240 people participated in the activities, including Sompo Japan President Masatoshi Sato as well as company directors from the Tokyo Metropolitan area (mostly from Saitama Regional Headquarter), agencies, and their families. Ten people also joined from NIPPONKOA Insurance Co., Ltd, which plans to conduct a business merger in April 2009, including Executive Vice President Kazuo Hashimoto.

Sompo Japan President Sato gave a speech, noting that, “Recent climate change is causing changes in the actions of plants and animals as well as the balance of nature. Corporations as well must make efforts in order to

curb that threat.”

Following a commemorative tree planting, all participants joined together to plant nearly 330 broadleaf trees, including oaks and cherry trees. The Sompo Japan Group places importance on partnering with NGOs and other civil society organizations, and on this occasion members from the Forest Conservation and Environment Network Association, Shu participated and provided instruction.

In the afternoon, nature orienteering was held to have participants experience first-hand the richness of this *satoyama** area, where the cheering voices of children that had found various living creatures filled the forest. Sompo Japan plans to continue regular environmental education programs at the Communication Forest in the future. Our future challenge is finding ways to expand employee participation and ensuring that the program becomes a long-lasting effort.

* *Satoyama* is a natural environment intrinsic to Japan. They are located between the mountains and cities that encompass “secondary” nature maintained by human activities, including rural settlements, wooded areas, farmland, and grassland.



Commemorative tree planting. Kazuo Hashimoto, Representative Director and Executive Deputy President of NIPPONKOA Insurance Co., Ltd. (back row left), and Sompo Japan President Masatoshi Sato (back row center) (as of May 2009)



Finishing tree planting activities (as of May 2009)



Participants wrote tree names along with their own memories or dreams (as of May 2009)

Corporate Citizenship Policy and individual employees' contributions

In its Corporate Citizenship Policy introduced in October 2002, Sompo Japan formulated two perspectives and three focus areas for realization of social contribution, and made a straightforward declaration to actively implement initiatives that contribute to society and to support individual employees' voluntary efforts through awareness building and volunteer support systems.

Sompo Japan Corporate Citizenship Policy

Sompo Japan Group, as a good corporate citizen, actively implements initiatives that contribute to society, while supporting individual employees' voluntary efforts.

Two perspectives

1. Corporate Citizenship Activities

Sompo Japan Group will implement sound and consistent corporate citizenship activities that will bring benefits to society and a wide range of stakeholders, and that, at the same time, will contribute to the enhancement of group corporate value.

2. Individual Employees' Contributions

Sompo Japan Group will assist volunteer activities by individual employees through the "Sompo Japan Chikyu Club," while the company strives to establish systems, and raise the awareness of employees for voluntary participation and involvement in social activities.

Three focus areas

Sompo Japan's initiatives are focused on the following three areas, in which it has accumulated expertise and achievements:

Welfare

Fine arts

Environment

*No limitation of areas is set for Individual Employee Contributions

(Introduced October 22, 2002)

Corporate citizenship activities and individual employees' contribution

As a company, we promote a wide variety of corporate citizenship activities in the three major areas of welfare, fine arts, and environment with the cooperation of NGOs mainly through the Sompo Japan Foundation, the Sompo Japan Fine Arts Foundation, and the Sompo Japan Environment Foundation.

On the other hand, as the focal point for involvement of our employees for contributions to the community, the employee-managed organization for volunteer activities, Sompo Japan Chikyu (Earth) Club, established in 1993. All employees become members, and carry out volunteer activities appropriate to the needs of each region of the country.

Chikyu (Earth) Club Social Contribution Fund

We operate a fund to which employee volunteers can choose to donate 100 yen or more per month out of their salaries to help social contribution activities undertaken by the Chikyu Club. In fiscal 2008, there were 6,068 contributors making an average monthly contribution of 230 yen, bringing the fund's total amount up to approximately 22 million yen (including the amount left over from the previous fiscal year). Money in the fund was used to cover expenses for volunteer activities planned by each community, as disaster assistance, and as donations to NGOs supported by the fund's members. These activities spread all over Japan, and the number of these totaled approximately 250 in fiscal 2008. Total donations since the fund was established in 1999 have reached approximately 150 million yen.

Outline of Chikyu Club Social Contribution Fund

	FY2006	FY2007	FY2008
Number of participants	5,557	5,807	6,068
Average monthly contribution per person (yen)	240	230	230
Total amount contributed	11.81	12.58	14.67
Total amount to civil society organizations	11.20	12.08	14.17
(Amount donated to disaster-relief initiatives)	0	0.73	1
Amount given to support volunteer activities	0.61	0.5	0.5

(Unit: millions of yen)

Number of employees who used paid holidays

	FY2006	FY2007	FY2008
Paid holidays	7	16	6
Holidays given	10	16	6



Performed a demonstration with a service dog



Participated in the Awa Odori dance festival

☐ Chikyu Club Social Contribution Fund (Japanese) <http://www.sompo-japan.co.jp/about/csr/community/volunteer/>

Corporate citizenship activities at overseas offices

Sompo Japan Insurance Company of Europe Limited (London)	<ul style="list-style-type: none"> • Formulation of a strategic policy regarding CSR, and establishment of an internal CSR Committee in fiscal 2009 	
Sompo Japan Insurance Company of America (New York)	<ul style="list-style-type: none"> • Ongoing implementation of initiatives for trash separation with the participation of all employees of the New York office 	
SJA Insurance Agency, LLC (Charlotte)	<ul style="list-style-type: none"> • Participation in construction of housing for lower-income groups • Donation of toys to economically underprivileged children • Support to literacy activities and after-school programs at elementary schools 	
Sompo Japan Insurance de Mexico, S.A. de C.V. (Mexico City)	<ul style="list-style-type: none"> • Provision of feedback to employees on the environmental impact of paper use for office purposes 	
Yasuda Seguros, S.A. (Sao Paulo)	<ul style="list-style-type: none"> • Blood donation activities and registration in the national bone-marrow bank • Support to economically underprivileged senior citizens and donation of clothes, shoes and toys to children • Employment of economically underprivileged young people as interns 	
PT Sompo Japan Insurance Indonesia (Jakarta)	<ul style="list-style-type: none"> • The internal organization for promotion of CSR works as the focal point for the implementation of activities, which are financed through voluntary contributions that employees choose to donate from their salaries • Donation of blood • Invitation of children from orphanages to dinners after the end of the fast 	
Sompo Japan Insurance (Thailand) Co., Ltd. (Bangkok)	<ul style="list-style-type: none"> • Donation of blood to the Red Cross • Donations to Mahidol University • Donations for the purchase of teaching materials for the education of young people in remote areas 	
Sompo Japan Service (Thailand) Co., Ltd. (Bangkok)	<ul style="list-style-type: none"> • Donation of blood to the Red Cross 	
Sompo Japan Insurance Inc. Australia Branch (Sydney)	<ul style="list-style-type: none"> • Participation in Earth Hour, a global annual event that asks households and businesses to turn off their non-essential lights and other electrical appliances for one hour • Participation in the cleaning activities on Clean Up Australia Day 	
Sompo Japan Insurance (China) Co., Ltd. (Dalian)	<ul style="list-style-type: none"> • Commended as an Outstanding Socially Responsible Foreign Investment Enterprise of Liaoning Province by the Liaoning Province Association of Enterprises with Foreign Investment • Donations for disaster-relief initiatives after the Great Sichuan Earthquake • Provision of 3 million yen annually for a scholarship fund to Dongbei University of Finance and Economics School of Finance • Provision of subsidies to activities for introduction of insurance education at public elementary and junior high schools in Dalian City 	
Sompo Japan Insurance Inc. Hong Kong Branch (Hong Kong)	<ul style="list-style-type: none"> • Participation in charity golf events • Participation in the charity event Walks for Millions 	
Sompo Japan Consulting (Korea) Inc. (Seoul)	<ul style="list-style-type: none"> • Participation in activities to donate clothes, shoes, toys, etc. 	

Corporate citizenship activities through three foundations

The Sampo Japan Foundation

Established in 1977, the Sampo Japan Foundation provides support to welfare NGOs for persons with disabilities active on the front lines of social welfare, and assists scientific research in the fields of welfare and insurance.

■ Social welfare subsidy projects

- Total amount of subsidies for social welfare projects: 1.33 billion yen (as of the end of fiscal 2008)
- NGO start-up supporting grants: 784 organizations, 230 million yen (from fiscal 1999)
- Grants for automobile purchases*: 100 organizations, 100 million yen

* Grants provided to organizations, which, albeit of small-scale, have strong roots in local communities and diligently provide welfare services for persons with disabilities at home.

The Sampo Japan Foundation is working to create long-term partnerships with the recipients of such grants by providing them with welfare-related information, introducing positive case studies from all over Japan, and holding events to facilitate exchanges and networking.

■ Social welfare literature award project

The Sampo Japan Foundation Award, which is given to outstanding scientific papers and literary works in the field of social welfare, is widely recognized as a stepping-stone to success in social welfare science. Each year, the Sampo Japan Foundation organizes lecture meetings and symposiums attended by award winners from the previous fiscal year, and stimulates researchers' motivation.

- Total number of award winners: 22 (since fiscal 1999)

■ Scientific research support project in the fields of welfare and insurance

Ever since its establishment, the foundation has continuously organized seminars on the Insurance Business Law, and has exercised influence over past revisions of the law, thus contributing to the sound development of non-life insurance business in Japan.

Social welfare grant projects

Project name		FY2006	FY2007	FY2008
NGO start-up supporting grants	Number of organizations	55	50	45
	Amount of grants	16.5	15	13.5
NGO strengthening grants	Number of organizations	11	11	11
	Amount of grants	10	10.75	9.57
Grants for automobile purchases	Number of organizations	10	10	10
	Amount of grants	10	9.31	10
Grants for holding of meetings and for international exchanges	Number of organizations	2	3	6
	Amount of grants	2.5	3	4.5

(Unit: millions of yen for the amount of grants)

The Sampo Japan Fine Arts Foundation

Established in 1976, the Sampo Japan Fine Arts Foundation engages in activities to promote fine arts and culture and educate youths. Its main activity is to run the Seiji Togo Memorial Sampo Japan Museum of Art.

■ Project for education of young people

From 1998, all elementary and junior high school students are allowed into all exhibitions free of charge. Furthermore, the foundation prepares a variety of tools for the Special Exhibitions, such as booklets for elementary and junior high school students, that help deepen the interest and understanding of visitors with regard to the exhibited works of art and the artists, and implements workshops and gallery talks.

■ Project for interactive art appreciation

In fiscal 2008, the Sampo Japan Fine Arts Foundation together with the authorities of Shinjuku Ward in Tokyo implemented as a trial scheme the Project for Art Appreciation Education through Cooperation with Museum of Art in order to foster children through art and culture education. Also, the foundation organized interactive art appreciation classes for adults, parents, and children.

Implementation status of the project for interactive art appreciation in FY2008

<ul style="list-style-type: none"> • Exhibition of Vlaminck • Exhibition of Bauchant and Grandma Moses • Exhibition of Giotto • Exhibition of the Marubeni Collection • Grand Prix Exhibition "Sadamasa Motonaga" 	Support for art appreciation education to Shinjuku Ward elementary and junior high schools	10 schools (8 elementary, 2 junior high), 613 students
	Interactive art appreciation classes for adults and parents and children	Total: 190 participants



Museum appreciation through two-way communication



A Himawari field trip: a tour with explanations given by a curator (himawari means "sun flower")

☐ The Sampo Japan Foundation (Japanese) <http://www.sj-foundation.org/>

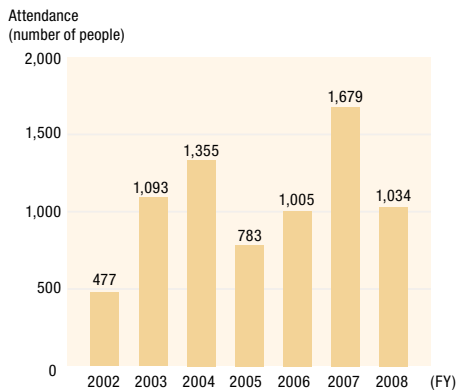
☐ The Sampo Japan Fine Arts Foundation <http://www.sompo-japan.co.jp/museum/english/info/index.html>

The Sompō Japan Environment Foundation

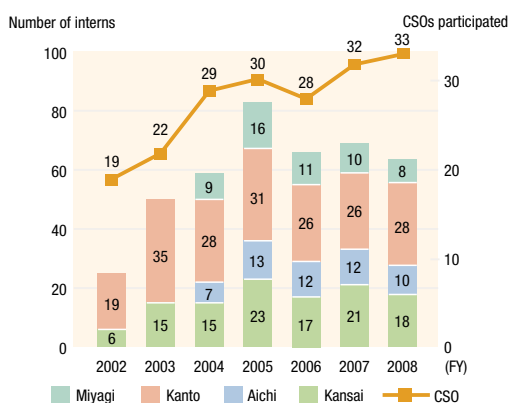
Established in 1999, the Sompō Japan Environment Foundation works on a human resources development project that centers on a CSO* Learning Scholarship Program (see page 10), an awareness building campaign that sponsors Public Seminars on the Environment and other events with the objective of enhancing citizens' awareness regarding environmental issues and applying it in their everyday conduct, an environmental protection program that provides financial assistance for environmental projects, and an academic research assistance program, among other projects.

* CSO: Civil Society Organization (a collective term that includes civil society organizations, NGOs and NPOs)

Trends in attendance of Public Seminars on the Environment



Development of CSO Learning Scholarship Program



Environmental awareness raising

Public Seminars on the Environment	14 sessions
	268 sessions (cumulative since 1993)
	1,034 participants
	14,517 participants (cumulative since 1993)

Fine arts and cultural initiatives

Joint management with an NGO: puppet theater

In 1989, upon completion of our Nagoya building, the Himawari Hall puppet theater was opened on the top floor as part of our support for culture and the arts. The hall is co-managed with a local NGO, the Aichi Puppetry Center. It hosted performances on 104 days of fiscal 2008, welcoming approximately 8,000 persons in its audiences. By the end of the fiscal year it had welcomed a total of 201,061 persons.

Yellow safety badges

Every April since 1965, Sompō Japan joins three other financial institutions in a program in which every child entering the first grade in elementary school is given a yellow traffic safety badge that also comes with insurance coverage for traffic-related injuries. This in not only raises the children's awareness about traffic safety, but by eliciting the cooperation of drivers and local citizens, it also contributes to the prevention of traffic accidents. In 2009, the number of such yellow badges will reach a total of 55.46 million.

Supporting a children's website award

Sompō Japan also supports a contest that awards the All-Japan Elementary School Website Grand Prize (J-KIDS Grand Prize), initiated in 2003 with the intention of encouraging elementary schools that make a special effort to create good websites, as well as to promote information-technology education.

The Seiji Togo Memorial Sompō Japan Museum of Art

The Seiji Togo Memorial Sompō Japan Museum of Art, located on the forty-second floor of the Head Office building, hosts a collection comprised of 200 works of the late Seiji Togo, a celebrated Japanese modern artist, and approximately 450 works by Japanese and foreign artists. The museum's permanent exhibit features impressionist masterpieces such as Vincent van Gogh's *Sunflowers*, and paintings by Paul Cezanne and Paul Gauguin. In fiscal 2008, 200,000 people visited the museum, bringing the total number of visitors since the opening of the museum in 1976 until March 2009 to approximately 4.32 million people.

In addition to its administration of the museum, each year the Sompō Japan Fine Art Foundation honors one outstanding artist, and sponsors their commemorative exhibition. Through such activities, the foundation contributes to the promotion of Japan's art and culture.



Utilizing the “Voice of the Customer” feedback in the improvement of business management

Discussing issues for improvement in the VOC* Committee

In fiscal 2007, the Voice of the Customer committee, comprised of the company’s executive officers, was established to enable utilization of the “Voice of the Customer” including all inquiries, opinions, and complaints received by Sompo Japan, in the management of the company in order to strengthen efforts being made toward the improvement of products, services, and business operations.

In fiscal 2008 we discussed issues for improvement based on the “Voice of the Customer” inquiries we received regarding our “ONE-Step” automobile insurance product launched in February 2008 and quality improvement in claims handling services.

*VOC: Voice of the Customer

Developing a complaint handling framework

In April 2008, in order to handle Voice of the Customer feedback swiftly and appropriately, we developed a complaint handling framework in accordance with the ISO 10002 (the guidelines for implementing complaints management system) and made a self declaration of conformance with the standard.

In fiscal 2008, we set a target of all employees being able to understand this complaint handling framework so that Voice of the Customer feedback could be handled faster and more appropriately. First we implemented a test through e-learning for all employees to understand the framework and followed up to all employees our own “Customer Support (Complaint Handling) Training Video” to facilitate more specific and practical improvements in customer support skills.

Disclosing “Voice of the Customer” feedback and our initiatives to improvement

Beginning in fiscal 2007 we have been publishing a “Voice of the Customer White Paper” which describes initiatives we have taken in response to customer feedback to increase management transparency and build customer trust. Further, in addition to a quarterly status of Customer complaints received, we regularly disclose actual examples of improvement based on Voice of the Customer feedback such as requesting us to expand eligibility for the use of the road assistance service for automobile insurance.



“Voice of the Customer White Paper” (Japanese only)

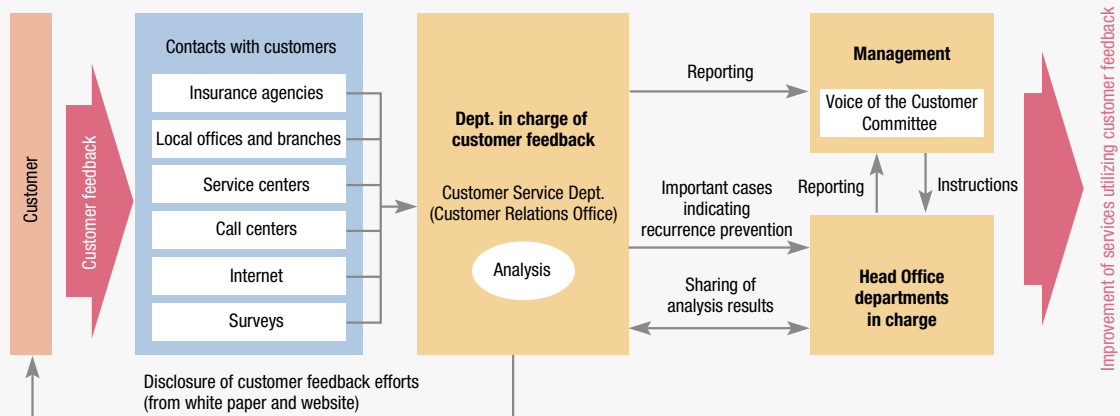
Status of customer complaints received

Complaint category	FY2007	FY2008
Product / solicitation practices	5,674	13,401
Policy management, maintenance, collection	4,054	12,101
Payment of claims	8,762	12,828
Other	1,850	5,153
Total	20,340	43,483

(Unit: cases)

In October 2007, we expanded the scope of matters handled as complaints to expressions of dissatisfaction received from customers regarding Sompo Japan’s overall business activities. We are reviewing our utilization of complaints to improve work processes and enhance products and services by treating more customer feedback as complaints and widely collecting and analyzing complaint data. Accordingly, the number of complaints received increased greatly over the previous fiscal year.

Framework for utilizing customer feedback in company management



Our efforts in relation to the “Voice of the Customer” (Japanese) <http://www.sompo-japan.co.jp/about/reconf/voice/>

Aiming for consistent and high quality claims handling services

Toward a higher level of quality in claims handling

Since fiscal 2006, Sompo Japan has been working to upgrade its administration system for payments of claims in order to build and maintain the trust of our customers. Our focus is on strengthening our education program, aiming to improve the quality of our claims handling services while also reviewing the payment process.

From fiscal 2008, we have carried out a variety of training program focusing on improving services, not only to prevent overlooking items in claim payments, but also to improve customer satisfaction.

Since 2009, we have been providing “security” and “satisfaction” by offering more detailed interim reports to the customer regarding claims handling.

Strengthening our educational framework

We have developed an educational framework to ensure all employees working in our Service Center (SC)* provide an accurate and detailed service to the customer.

We established a training center at our head office in July 2006 to encourage participants in initial group training (primarily workers newly assigned in the SC) to strive for consistency and continual improvement in service nationwide. The “SC Competency Development System” was developed in fiscal 2008 to standardize OJT methods. The dedicated e-learning site was further improved to strengthen support for improvement in operational knowledge and skills through self study. In fiscal 2009, we will implement knowledge and skill strengthening for all SC employees appropriate to each job level and length of tenure based on a systematic training and education policy in accordance with the Competency Development System.

*SC = the claims handling service centers throughout the country

Easy to understand explanation of insurance coverage

In an effort to comprehensively inform the customer of the claim payment they are eligible to receive, we began distributing our “Insurance Claim Guides” for automobile insurance in May 2008 to explain in an easy to understand manner the likely claim payable, depending on the content of each individual contract. Further, in February 2009, we added a page to our website explaining claims for casualty insurance in order to improve our explanations to customers in areas other than automobile insurance.

To allow customers who have contacted us regarding an accident to verify the likely claim payable under their contract, we established a dedicated portal site and display the URL on the “Accident report receipt announcement card” that is sent to the customers.



Establishment and Meetings of the Claims Examination Committee

In order to ensure that claims are paid fairly and appropriately, the Claims Examination Committee was established in September 2006 composed of third-party committee members such as lawyers, doctors, academic experts and representatives from consumer groups. The Committee conducts preliminary and ex-post verifications on claims payments requiring a high level of legal and medical decision-making or interpretations of terms and clauses. The meetings of the Claims Examination Committee Task Force, composed of lawyers and other specialists, is also held separately in order to examine the claims payments of a wider range of cases. In this way, Sompo Japan works to ensure that claims payments are made fairly and appropriately. The following outlines Committee activities in fiscal 2008.

Totals for FY2008		
Meetings Held		
Claims Examination Committee	Claims Examination Committee Task Force	Total Meetings
6 times	81 times	87 times
Claims Investigated		
Cases deemed appropriate for payment	Cases deemed inappropriate for payment	Total Investigated
24 cases	346 cases	370 cases

Initiatives in employment

Recruitment of new graduates

Sompo Japan conducts recruitment activities based on the basic concept of “finding the best match of student and corporation.” As a major characteristic of this approach, students are provided information and communicated with through various opportunities so that they can attain sufficient information and make the best choice.

From fiscal 2006, Sompo Japan was the first in the industry to introduce an “employee visit system.” The profiles of approximately 1,500 employees are posted on the recruitment website, and students that apply meet with current employees one-on-one to discuss work details and the corporate atmosphere.

In addition, a one-day internship system has been instituted since fiscal 2008, where participation has been received by nearly 1,600 students nationwide in order to have them experience the social significance of non-life insurance.

Employment of disabled persons

In fiscal 2008, Sompo Japan began to allot emphasis on hiring persons with disabilities while referring to examples of other companies. A recruitment team was established at the Head Office and branches nationwide, and the effort was actively promoted by inserting job-seeking ads in national newspapers and through unemployment offices. In addition, facilities such as slopes and handrails are being constructed in workplaces

where access is troublesome. A workplace manual for receiving disabled persons was also created and released to the entire company so that each branch and department can individually institute workplace training. As a result, the legal employment rate has been achieved.

The development of new positions is necessary in order to continue to promote the employment of disabled persons in the future. In regards to mentally challenged persons, we currently conduct study sessions with teachers from special-needs schools (formerly “schools for the disabled”), internships, and trial employment. Considerations are underway for the possibility of accepting mentally challenged persons and we plan to link these efforts to future employment.

Expanding the appointment of talented women to management posts

We are promoting a number of initiatives to support women to work with enthusiasm and achieve career advancement.

In October 2007, we established a “manager” position as the next career step after the “senior assistant manager” position for general position employees, who are mostly female. In order to promote diversity and increase the number of women employed in “manager” positions, active education and promotion activities are provided for “senior assistant manager” positions, which is the candidate position for the former.

In addition, we promote exchanges between corporations in various industries where women have excelled, thereby creating opportunities for motivated women to learn about leadership.

Human capital related figures (FY2008 data of Sompo Japan only, unless otherwise indicated)

Trend in employee numbers (as of March 31 each year)

2007	14,921
2008	16,115
2009	17,060
Total for Sompo Japan Group	26,779

* Including officers

Employment data (as of March 31, 2009)

Average age	39.0 years old
Average length of employment	10.3 years
Average annual salary	7,138,861 yen
Workers union membership	14,500 persons

Recruitment

	FY2006	FY2007	FY2008
New hire: new graduates (core positions)	191	257	279
(general positions)	562	702	836
(total)	753	959	1,115
Mid-career employment	890	1,091	720

* Total of fulltime employees and contract employees (except workers dispatched from other companies and re-hires)

Employees by employment category (as of March 31, 2009)

	Male	Female	Total
Executive officers	17	1	18
Operating officers	27	0	27
Employees	6,173	7,830	14,003
Contracted employees	2,207	209	2,416
Trainees	533	63	596
Total	8,957	8,103	17,060

Employee breakdown	Male	Female	Total
Core positions	5,385	216	5,601
Manager or above	2,332	16	2,348
Senior Deputy manager	1,626	39	1,665
Deputy Manager	690	44	734
Other	737	117	854
General positions	2	7,612	7,614
Specialists	786	2	788

Capacity Building

Support for employee skills development

Various educational opportunities are instituted and assistance is provided for employee skills development in order to allow each employee to acquire a direct sense of their personal growth and to create an environment that promotes motivation towards work.

■ Sompo Japan Professional College

The heart of Sompo Japan's skills development system is the in-house professional education program (Sompo Japan Professional College). This program includes "level-based" training according to experience and position as well as "field-specific" training aimed at boosting the expertise of each field. In fiscal 2008, a total of approximately 9,200 people received training.

■ E-learning program

From fiscal 2008, an e-learning program was newly launched as a way to support employees' self-learning of business knowledge and skills improvement. The total number of students in fiscal 2008 was 78,761, and a total of 216 courses were held as of April 2009.

■ Career development support

The Job Challenge Program, an in-house job posting staff recruitment system, is underway in order to promote voluntary efforts by employees towards career development, skills development, and improving expertise. In addition, the Dream Ticket

Program is instituted for employees that fulfill certain selection criterion. It is a program that ensures employees are able to transfer to the position that they wish.

Developing capacity for temporary employees

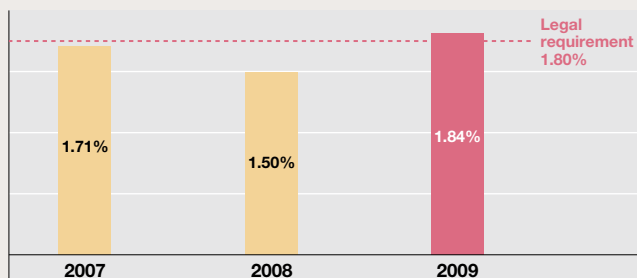
In order to improve customer service and the quality of other operations, we have strengthened OJT with the objective of clarifying operations that temporary employees can handle using their own discretion and ensuring that their operations are advanced smoothly through delegating responsibility.

Further, a system was established in fiscal 2007 for promoting temporary employees expected to excel as general position staff members in consideration of the situation of their daily operations. In fiscal 2008, 28 temporary members were promoted to regular employees as general position staff members.

Women in management posts (as of March 31 of each year)

	2007	2008	2009
Managers and above total (core/general positions)	6	29	53
Senior deputy manager (core positions)	45	49	45
Senior assistant manager (general positions)	149	250	317

Percent of disabled employees (as of May 1 each year)



Participants of Sompo Japan Professional College

FY2006	Aprox. 8,200
FY2007	Aprox. 14,000
FY2008	Aprox. 9,200

* Total number of people for each FY

Trends in relation to successful applicants for career development support programs

		FY2006	FY2007	FY2008
In-house job posting	Position posted	172	210	243
	Applicants	249	289	305
	Successful applicants	71	55	72
Dream ticket program		13	6	13

Creating an optimal working environment

Respect for human dignity

Systematic measures are currently being taken mainly through the Human Esteem Promotion Headquarters, which was established in 2002, in an aim to create a workplace that is both rewarding and easy to work in. Among these promotions, there are four themes that are given priority: 1) respect for human rights, 2) health promotion, 3) time management, and 4) advancement of equal opportunities for women. We also became a signatory of the United Nation Global Compact in 2006 and strongly support its ten principles.

Basic Code of Conduct on Human Rights

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

(Introduced 2002)

Aiming to improve the work environment

Occupational accidents and countermeasures

An accident prevention program is currently underway in order to prevent traffic accidents by company cars, which is considered to be an occupational accident.

Mental health program

Mental healthcare training was implemented for all line managers. In fiscal 2008, all line managers participated in the program. Training pertaining to mental health was also provided for newly appointed managers.

Labor hour measures

In fiscal 2008, visualization of overtime hours was realized by crosschecking the on/off data of employee computers with attendance charts in order to ensure accurate labor hours management and promote efforts for labor hours measures at each workplace. At the same time, individual management and operational revision activities were promoted through such measures as time management challenge sheets.

In addition, in order to deepen knowledge regarding labor hours management, training sessions were held at all branches and departments and hours management training was conducted for managers from an administrative perspective. A rewards system was also set at each workplace for efforts

made towards shortening working hours while the expertise from results-producing workplaces are shared throughout the entire company via such efforts as broadcasting a series on successful cases by satellite. As a result of these efforts, fiscal 2008 saw an improvement in the overtime hours of employees.

In fiscal 2009, efforts to manage the working hours of individual employees will be promoted and monitoring will be carried out by the Human Capital Department aiming to firmly establish labor hour measures at the workplace.

Healthy relations with the workers union

A labor agreement has been signed with the Sampo Japan Insurance Workers Union, which is comprised of approximately 14,500 union members, where regular labor management consultations, such as the management consultation meeting, are being held. In fiscal 2008, consultations were held on such matters as the role of the personnel system and a direction for shortening labor hours.

Message from Sampo Japan Insurance Workers Union

As the environment surrounding our company rapidly changes, the Sampo Japan Insurance Workers Union continues discussions with the company regarding the concept of "creating an environment cultivated by people and that cultivates people" in order to increase job satisfaction for union members, and to support the sound and sustained development of society via improved work quality.

During the seventh term (beginning from September 2008), activities were conducted with priority set on bettering the work environment and promoting diversity. In regards to improving the work environment, efforts are being made to employ measures at all workplaces through the regional management consultation meeting, as well as for improving productivity through operational streamlining aiming to decrease working hours in cooperation with management.

In regards to promoting diversity, visits are made to the workplace to talk with fixed-term contract employees that are not eligible for the workers union, while deliberations have been carried out on expanding union membership. In addition, women's panels have been established in the union's chapters nationwide aiming to urge female union members to take the initiative to participate in union activities.



Promoting Diversity and Work-life Balance

Launch of the new Diversity Committee

Beginning in fiscal 2002, Sompo Japan commenced efforts to promote diversity in an aim to ensure that each Sompo Japan employee mutually respects the diverse values of each other and to create an empowering working environment.

In April 2003, Sompo Japan became the first major financial institution in Japan to set up a specialized section within the Human Capital Department to promote the advancement of women. The section has instituted numerous measures for advancing women while working with the Women's Committee, which is an autonomous body formed by female employees. In April 2007, the committee changed to the Diversity Committee, thereafter including male employees and promoting a work-life balance as well as working ease. In addition, the Diversity Committee was central in planning "Family Day," a work-visit day to spread diversity through the company, and creating tools to inspire employees to be raised awareness about diversity.

Creating a workplace that facilitates the use of work-life balance programs

Various programs have also been developed to support achieving a balance between work and family, including introducing a system for child-care leave that surpasses national legal regulations. It is important to cultivate a workplace atmosphere that ensures that the implementation of these programs does not end with the concept alone. Thereupon, understanding has been promoted throughout the workplace by creating managerial manuals, launching a website that introduces each program in an easily understandable manner, and distributing leaflets that include examples of these efforts. In addition, a system was developed to compensate workplace personnel covering for employees on child-care leave or absent for other reasons. As a result of these efforts, the number of employees utilizing the work-life balance support programs is increasing steadily as shown in the table below.

From fiscal 2009, aiming to promote a wider range of

diversity, efforts have been made to change the awareness of all employees from the bottom-up based on the three pillars of 1) assistance for the advancement of women, 2) assistance for the development of middle-aged and elderly employees, and 3) assistance for the advancement of employees with disabilities. Moreover, efforts have been made to create a workplace atmosphere that accepts various ways of working by improving the workplace through top-down as well as institutional reform.

■ Child-care Leave Forum

This forum is held to ensure smooth reintegration assistance after child-care leave. It is held to create a network between employees that take child-care leave and provide employees with



preparation before they return to work. Upper-level staff and coworkers from the workplace have participated in the forum, thereby deepening understanding in the workplace.

■ Family Day and Family Week

Through these initiatives, the families of employees are invited to visit and see the workplace. Each branch and department is different in their creative initiatives, including the planning of exhibits and other events. These initiatives are an opportunity to deepen the understanding between employees and recognize various lifestyles and values.



Employee related figures (FY2008 data of Sompo Japan only, unless otherwise indicated)

Occupational accident occurred

	FY2006	FY2007	FY2008
Industrial accidents	41	57	52
Commuting accidents	35	56	41

Data related to working hours

	FY2006	FY2007	FY2008
Percent of paid leave taken	43.7%	48.6%	50.8% (rough estimate)
Overtime work ratio (Annual overtime work hours/annual total hours worked)*	6.5%	7.1%	8.4%

* Covers full time employees, contract staff and other employees with the exception of managers and supervisors.

** Deemed working hours are used for those covered by the discretionary labor system for management-related work.

Users of the work-life balance support programs

	FY2006	FY2007	FY2008
Childbirth	140	180	232
Childcare	184	214	286
Childcare reduced work hrs scheme	68	96	121
Family nursing care	9	2	4
Career transfer program**	31	36	57

* When use of any of the programs spans multiple years, both years are counted.

** For employees whose work style is not conducive to a change of abode, this program allows the continuation of employment when the employees must move as a result of their partner being transferred or to care for their parents.

Enhancing two-way communication with shareholders and investors

Aggressively promoting IR activities

Sompo Japan actively promotes communication with shareholders and investors, especially communication with our executive team. The company holds approximately 300 meetings in and outside Japan each year, including two informational meetings (interim financial results and full year results). So that the informational meetings do not end with just a report of business result figures, top management uses this valuable opportunity for two-way communication and explains Sompo Japan's business strategies themselves while listening to the opinions of shareholders and investors.

In fiscal 2008, we have held many informational meetings for individual investors. Going forward, we have continued to enhance initiatives geared toward individual investors.

In the future, we will continue making efforts to disclose information in a fair, timely and appropriate manner, and will make use of opinions received from shareholders and investors to strengthen the quality of our management.

Number of meetings

	FY2007	FY2008
Results briefings for full-year/mid-term	2	2
Investors meetings (Japan)	161	185
Investors meetings (Overseas)	75	102

Enhanced IR website

Sompo Japan set up an IR website to promptly communicate accurate information regarding the company's business results, financial situation and stock price. We operate the site based on the concept of "clarity for individual investors, and usability for institutional investors and analysts." Sompo Japan is the only non-life insurance company to be selected nine years running for the Internet IR Best Company Award presented by Daiwa Investor Relations Co., Ltd.

Our focus is not only on Japan. We are also working to enhance our English website in order to disclose information in a timely and appropriate manner for overseas readers.



Recognition from SRI funds and SRI indices

Sompo Japan's CSR undertakings are highly valued and have been selected as stocks to be included in, or as candidate stocks for a large number of domestic and foreign SRI funds. For ten consecutive years beginning in 2000, Sompo Japan has been included in the Dow Jones Sustainability Index (DJSI) in Switzerland as of September, 2009. Sompo Japan is also listed in the FTSE4Good Index in the U.K., the Ethibel Sustainability Index (ESI) in Belgium, and Morningstar Socially Responsible Investment Index (MS-SRI) in Japan (as of April 1, 2009).



Morningstar Socially Responsible Investment Index (MS-SRI)



External recognition

Selected for the Global 100 Most Sustainable Corporations in the World

Sompo Japan was selected as one of the “Global 100 Most Sustainable Corporations in the World,” announced in January 2009. This is the first time a Japanese insurance company has been selected, and of the 100 corporations that were selected this year, we were the only Japanese financial institution.



Selected for the 2009 World's Most Ethical Companies

In an announcement on April 13, 2009 by the Ethisphere Institute, a US-based international think-tank, Sompo Japan was the only financial institution in Japan to be chosen as one of the “World's Most Ethical Companies.” Companies from 35 different industries in over 100 countries were evaluated with the top 99 companies included in the list.



Awarded Bronze Class status in SAM's Corporate Sustainability Assessment

Sompo Japan was evaluated highly as a company promoting CSR in SAM's Corporate Sustainability Assessment conducted by Swiss asset management advisor Sustainable Asset Management Group (SAM Group Holding AG). In March 2009, Sompo Japan was the only financial institution in Japan to be awarded the SAM Bronze Class in the assessment. This is the second consecutive year the company has received the award.

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

According to Article 37 of the Financial Instruments and Exchange Act, a Financial Instruments Business Operator, etc. has an obligation to indicate the following matters when carrying out advertising activities.

1. Important matters that may have an impact on customers' judgment.
2. The trade name, the fact that said Financial Instruments Business Operator, etc. is a Financial Instruments Business Operator, etc. and its registration number.

As for above-mentioned matters, please refer to below.

Regarding Weather Derivatives

(On page 28)

[Primary risks of the product (Weather Derivatives)]

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

Regarding the “Sompo Japan Green Open” and “Sompo Japan SRI Open”

(On pages 24, 25 and 29)

[Primary risks for above-mentioned products (Sompo Japan Green Open and Sompo Japan SRI Open)]

Above-mentioned products primarily invest in domestic

stock. Net Asset Value (NAV) per unit fluctuates in accordance with price movements of component stocks and therefore there is a risk of incurring loss of principal.

* Risks involved in each product are not limited to just those above-mentioned. For details, please refer to the fund prospectus for each fund.

[Fees required for above-mentioned products (Sompo Japan Green Open and Sompo Japan SRI Open)]

- Sales charge: Maximum amount is 3.15% (3% excluding tax) of NAV per unit.
- Redemption processing fee: 0.3% of NAV per unit on the redemption date.
- Asset Management Fee: 1.575% (1.5% excluding tax) of the NAV per annum.
- Other fees: Audit fee and brokerage fees incurred when buying and selling component securities, etc.

* The total amount of “Other fees” and the above-mentioned fees vary depending on the period of holding funds and investment conditions. Therefore it is not possible to specify the rate or maximum amount, etc. in advance. For details, please refer to the fund prospectus for each fund.

[Outline of the Financial Instruments Business Operator, etc.]

Trade name:

Sompo Japan Insurance Inc.
Registered Financial Institution Business Operator
Registration Number 142, Kanto Local Finance Bureau

Member association:

Japan Securities Dealers Association (JSDA)

Third Party Comments



Ms. Anne Gadegaard
Director, Corporate Responsibility
Novo Nordisk A/S
Denmark



Ms. Carolyn Schmidt
Program Director, ECOLOGIA
Vermont USA

Maintaining leadership through turbulent times

With the publication of the Corporate Social Responsibility Communication Report 2009, Sompo Japan continues the track record of communicating in an excellent manner on the company's CSR strategies, activities and performance. The report serves its purpose as a tool to facilitate the dialogue with the company's stakeholders. It clearly conveys the message that CSR is a business opportunity that Sompo Japan has managed to leverage and that the full benefit can only be achieved when an organisation considers its direct as well as its indirect impact on society.

The report provides a well-balanced presentation of past achievements and the development of Sompo Japan's CSR activities and new initiatives within the four material CSR issues. The inclusion of 'the three phases' in the introduction to each of the material CSR issues is a nice element that links them to the company's history of CSR and puts the activities into context. Since stakeholder engagement is a key driver for the company's CSR activities, Sompo Japan should consider inviting more stakeholders to share their views in the report. That would add external perspectives on the many initiatives taken by the company and demonstrate in action how the report serves as a tool for stakeholder dialogue and how the dialogue affects the CSR activities.

Like many other companies, Sompo Japan is navigating through the turbulent times of the world crisis. In that light it is particularly commendable that new CSR initiatives are taken. As a good example, expanding appointment of talented women to management posts shows that Sompo Japan maintains its focus on diversity as an driver of future value creation and competitiveness.

Back to basics

This year's challenge for Sompo Japan for 2009/2010 is related to the new company structure which will be in place by 1 April 2010. The challenge is to 'go back to basics' to ensure that the new structure is built on DNA containing CSR strings: good governance based on an integrated approach to business strategy that considers financial and non-financial risk mitigating decisions as well as initiatives to act on business opportunities to secure the sustainability of the company. Sompo Japan has made several commitments over the years, and it would be valuable to re-visit these. In this process, stakeholders should be involved and should also have an opportunity to be consulted to assess whether the current four material issues are still the most material issues and that the prioritised initiatives are the right ones. I would very much like to read the conclusion from this process in next year's report.

Achievements Noted in 2009

This year's CSR Communication achieves an impressive balance along multiple dimensions. There is continuity in the choice of material issues and the careful tracking of specific programs and their indicators. This approach helps to demonstrate that Sompo Japan commits to programs and improvements over time, and sticks with them, in contrast to dropping programs once the initial excitement and publicity have subsided. The corporate commitment to making CSR an ever-stronger element of Sompo Japan's culture comes through clearly; ever more awards indicate Sompo Japan's increasingly high international profile.

Balancing the elements of continuity are many aspects of change. Some new programs, such as the green purchasing system, show that Sompo Japan is driving CSR more deeply throughout its value chain. Other new programs demonstrate creativity in response to changing situations. These include insurance to encourage pollution reduction together with economically efficient use of brownfields (formerly polluted industrial sites), and plans for business continuity in the face of worldwide outbreaks of contagious diseases such as H1N1. Change is also evident in the explicit statement of Management Philosophy and in more involvement in Education for Sustainable Development.

This balance of continuity and change makes Sompo Japan's 2009 Communication quite fascinating. Despite its complexity, it is coherent and cohesive, and clearly provides a valuable document for use by employees and all of the other stakeholders. I hesitate to make more demands on an already very comprehensive document, but some interviews or quotations from a variety of stakeholders would, in my opinion, strengthen the "stakeholder engagement" sections.

Challenges for 2010

Two major challenges face Sompo Japan's CSR commitment in the coming year. They are both obvious, and both are extremely important. The first relates to the integration with NIPPONKOA. Will Sompo Japan continue to strengthen its CSR-focused organizational culture, and its variety of thoughtful efforts, during the process of corporate integration? Or will the hard-won CSR achievements become taken for granted, or traded away under pressure for shorter-term profits? The second challenge is one which Sompo Japan shares with the great majority of corporations throughout the world: how best to cope with the global economic crisis and its various political, social, economic and environmental implications? Since Sompo Japan's core business is in the financial sector, it is on the front lines of many of these issues.

I hope that Sompo-Japan will address these issues openly and directly in next year's CSR Communication as well as in its daily operations and strategic planning throughout the coming year.

UN Global Compact Communication on Progress



Mr. Scott Davis

Professor of CSR
College of Business
Rikkyo University
JAPAN

Strategic integration by social integration

This year's CSR report by Sompo Japan again provides the reader with a clear and effective introduction to Sompo Japan's overall CSR strategy – showing how it is linked to its core business activities, how its performance is measured, how it is managed as an integrated whole, and how it is designed to promote open communication with stakeholders, foster constructive collaboration with social partners and enhance social awareness among employees. This level of strategic integration and alignment is remarkable (see page 5). Amazingly this is one of the few CSR reports I have ever read that actually includes a concise explanation in coherent and strategic terms as to why it was prepared and published, and of the criteria upon which its effectiveness as a vehicle for communication is evaluated (see page 6).

President Sato makes this point in his introductory message where he states that *"While the responsibility for problem resolution must be born by the corporation, it is only possible through the knowledge and skills of the people that form the organization."* This statement very precisely captures Sompo Japan's approach to CSR, and at the same time gives the reader an valuable insight into how and why Sompo Japan has been able to implement and maintain one of Japan's most advanced and effective CSR initiatives. Simply stated, Sompo Japan's CSR initiatives are planned and commenced internally using on its strengths as a business and abilities as an organization, and then enhanced and developed through an external process of dialogue with its partners (stakeholders) within the context of actual markets, regions and environments. It is clear from this report that Sompo Japan's CSR initiatives are able to be closely and strategically integrated within its core businesses because as an organization Sompo Japan itself is closely and strategically integrated into society and the respective communities which it serves.

Concrete achievements from business process integration

The four sections on the material issues, which comprise the bulk of the report, provide a wealth of information to the reader from a number of perspectives balanced by scope between overreaching business strategies down to small-scale localized projects. Among the many initiatives outlined in these four sections, I find two to be particularly interesting.

The first is the discussion of the response to the threat of N1H1 influenza to business and society. Despite the fact that this threat is very new – and has taken most corporations in Japan almost completely off guard – Sompo Japan has been able to analyze this new risk, define it within the context of business continuity management and provide support services and guidance to help other organizations manage the risk and reduce the impact of this threat. The remarkable speed and the quality of this response clearly demonstrates the capacity which Sompo Japan has developed for contributing to the betterment of society as a business.

The second initiative is only very briefly mentioned in the report (see page 36) under the title of "Disclosing 'Voice of the Customer' feedback." While many corporations are still struggling with the question of how they should manage negative information in their reporting process, Sompo Japan is already utilizing customer feedback of all kinds – critical or not – by analyzing it and integrating it into its evaluation and planning processes. I have read this White Paper on customer feedback and I take it as further proof of the extent to which Sompo Japan has integrated its CSR initiatives within the processes for the strategic enhancement of its businesses.

In conclusion

While it is tempting to simply praise the high quality of this CSR report, it is important here to realize that this level of reporting is only made possible by a commensurately well designed and effectively implemented internal system of education and training, dialogue, awareness development, and planning and evaluation systems. It would be of great benefit to the reader, and indeed to other corporations, if Sompo Japan were to include in its next report a more detailed exposition and review of the systems and processes that it has developed over time in order to manage and develop its CSR as such an effectively integrated and strategic part of its business.

The UN Global Compact is an international initiative began in July 2000. The initiative is first of its kind bringing private enterprises companies, labour organizations, UN agencies, and civil society together, in support of 10 principles covering human rights, labour, the environment and corruption.

The 10 principles are based on the prominent internationally proclaimed instruments such as the Universal Declaration of Human Rights, the International Labour Organisation's Declaration of the Fundamental Principles and Rights at Work, and the

Rio Declaration on Environment and Development.

Sompo Japan believes the importance of the initiatives led by the UN global Compact and expressed our participation in December 2005. The 10 principles of the UN Global Compact have been our guideline and leverage in the course of our business pursuing more sustainable development.

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

UN Global Compact Principles	Pages
1. Businesses should support and respect the protection of international proclaimed human rights within their sphere of influence.	38-41
2. Businesses should make sure that they are not complicit in human rights abuses.	38-41
3. Businesses should uphold the freedom of association and the effective recognition to the right to collective bargaining.	40
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	38-41
5. Businesses should uphold the effective abolition of child labour.	38-41
6. Businesses should eliminate discrimination in respect of employment and occupation.	38-41
7. Businesses should support a precautionary approach to environmental challenges.	10-11, 12-17
8. Businesses should undertake initiatives to promote greater environmental responsibility.	10-11, 12-17, 24-29
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	24-29
10. Businesses should work against all forms of corruption, including extortion and bribery.	8-9

Corporate Social Responsibility Communication 2009

CSR Office
Corporate Communications Department
Sompo Japan Insurance Inc.

26-1, Nishi-Shinjuku 1-chome,
Shinjuku-ku, Tokyo,
160-8338, Japan

Tel : +81-3-3349-9596
Fax : +81-3-3349-3304
E-mail : Eco@sompo-japan.co.jp

www.sompo-japan.co.jp/english/



SOMPO JAPAN INSURANCE INC. supports "the KIZUKAI-UNDOH" (Wood Products Utilization Campaign)" promoted by the Forestry Agency because we think it is important to positively use domestic timber and grow the forest in Japan.



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