NKSJ Group’s CSR

Management Strategies and CSR

The NKSJ Group expresses its firm determination to “contribute to society” through “a wide range of business activities” in the Group Management Philosophy. In order to achieve this philosophy, the NKSJ Group formulated the Basic CSR Policy and the Medium-Term CSR Objectives, placing CSR at the center of its management strategies, and is implementing various initiatives to fulfill its corporate social responsibility.

Relationship between Management Strategies and CSR

Group Management Philosophy

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

Group Vision

Group Basic Management Policies

(See page 3.)

Other policies

• Corporate Governance Policies
• Basic Policy on the Development of Internal Control Systems
• Basic Policy on Compliance

NKSJ Group’s Approach to CSR (Basic CSR Policy)

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

Medium-Term CSR Objectives

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

Five CSR Material Issues

1. Providing Safety and Security for the Society
2. Tackling Global Environmental Issues — Focusing on Climate Change
3. Providing Sustainable and Responsible Financial Services
4. Community Involvement and Development — Partnership with NGOs
5. Developing Human Resources and Promoting Diversity

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

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

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

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

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

Stakeholder Engagement

ISO26000, an international standard for social responsibility that was issued in November 2010, positions “identifying and engaging with stakeholders” as one of the fundamental practices of social responsibility by an organization. The NKSJ Group believes that maintaining close communication with all its various stakeholders is a key to recognizing social responsibility tasks, building trust and collaboration, and achieving even better results. Based on this belief, the Group is promoting CSR initiatives that place a considerable emphasis on stakeholder engagement.

Medium-Term CSR Objectives

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

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

To seek to assume environmental leadership by tackling climate change, loss of biodiversity, and other environmental challenges.

(1) We will minimize our environmental footprint through group-wide efforts to reduce greenhouse gas emissions.
(2) We will remain focused on valuing biodiversity and actively engage in the creation of a recycling-based society and the protection of ecosystems.
(3) We will provide environment-friendly products and services. Together with our stakeholders, we will promote Eco-Safe Driving as well as the utilization of recycled automobile parts, upgrade our green purchasing throughout our value chain, and enhance our environmental education initiatives.

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

(1) We will maintain a high level of transparency and clarity in disclosure and engage in active dialogue with our stakeholders.
(2) We will work in partnership with our stakeholders in an effort to resolve environmental and social issues to make the world a better place.
The NKSJ Group is structuring a CSR management framework under the CSR Basic Policy to comprehensively promote the five defined CSR material issues across the Group.

Our Diversity and Strengths in CSR

CSR Management Framework
The NKSJ Group, Sompo Japan, Nipponkoa, NKSJ Himawari Life, Sompo Japan Nipponkoa Asset Management, and many other Group companies strive to build their CSR promotion systems by drawing upon their respective strengths and experiences.

The Group’s two major companies, Sompo Japan and Nipponkoa consolidated their CSR and environmental management systems into a new system, CSR-EMS, in April 2013. They are currently working to acquire accreditation for ISO14001, the internationally accepted standard for environmental management systems. In developing the CSR-EMS, the two companies focused on taking the best from the existing systems and incorporating not only environmental management of energy efficiency but also CSR management elements based on ISO26000 such as human rights and socially responsible issues. Other key features of the CSR-EMS include: the expansion of the management scope to cover all business sites in Japan; the appointment of regional managing directors as regional CSR leaders as well as the establishment of regional CSR offices to promote and support self-driven CSR initiatives across the nation.

Obtaining Group ESG Information
Recognizing the greater importance of quantitative evaluation, management, and disclosure of the performance of the entire NKSJ Group, the Group started to gather quantitative information on the ESG (Environment, Social, and Governance) performance of its Group companies worldwide in 2010, when NKSJ Holdings was established. Keeping track of the ESG performance allows us to take carefully tailored actions for each Group company.

CSR Dialogue with Group and Overseas Companies
Meanwhile, we have also placed more emphasis on communication with Group and overseas companies to promote their organizational CSR efforts. In fiscal 2012, a CSR meeting was held for Group companies in Japan, where 15 representatives discussed their CSR initiatives. Another meeting was also organized for 30 overseas representatives to share their CSR initiatives and challenges.

Since fiscal 2010, Sompo Japan has also been visiting its overseas offices to hold CSR meetings. In fiscal 2012, Brazil, the United States and India were visited. Such visits have facilitated sharing and reaffirmation of the meaning of CSR, corporate citizenship in the local community, future visions, which further advance the Group’s CSR efforts.

Collaboration to Create Group Synergies
In October 2012, about 10,000 NKSJ Group employees participated in around 50 volunteer activities with various objectives ranging from disaster victim support to environmental conservation and support for culture and the arts during NKSJ Volunteer Days. (See pages 42-43.) The group-wide initiative launched in 2011 to promote employee engagement in volunteer activities helps boost the significance of volunteer and civic activities in society.
NKSJ Group’s CSR

Measures and Training to Ensure Penetration of CSR Efforts throughout Business Processes

The NKSJ Group strives to ensure the widespread adoption of CSR measures across the Group by introducing a CSR management system and implementing various CSR training programs.

Group-wide CSR Training

The NKSJ Group conducts training for employees of every rank to enhance their expected understanding of and ability to solve various social issues.

Human Esteem Training

For the purpose of encouraging employees to gain a deeper understanding of CSR and promoting respect for human dignity, the NKSJ Group provides all its directors and employees with training by using its proprietary teaching materials based on ISO26000 and other resources. Training programs offer opportunities for participants to discuss and share ideas about how they should tackle specific issues regarding human rights, the environment, and other social issues when they arise at their workplaces. The program’s focus is placed on enabling participants to regard social issues as relevant to their own lives.

CSR Training for Employees at All Levels

CSR Training for New Graduates

For new graduates who joined the companies in April 2013, a lecture on CSR for the NKSJ Group was organized and a CSR dialogue meeting facilitated by Mr. Hideto Kawakita, CEO of the International Institute for Human, Organization and the Earth (IIHOE). The new graduates also visited the Seiji Togo Memorial Sompo Japan Museum of Art located in the Headquarters Building and took part in an exercise that simulated difficulties faced by people with hearing disabilities as part of a training program focusing on experience and awareness.

New graduates training (working in pairs, trying to communicate with each other using sign language)

Internal CSR Audit Base on Dialogue

Sompo Japan and Nipponkoa along with most of their subsidiaries integrated their CSR management systems in April 2013. Under the unified system, efforts are underway to acquire ISO14001 certification at all business sites. (For details, see page 6.)

In fiscal 2012, Sompo Japan, which was certified under ISO14001, conducted “dialogue-oriented” internal auditing of 21 departments to promote CSR in accordance with the features of each department. The management of Nipponkoa, meanwhile, meets with the company’s ISO Secretariat to discuss priority issues prior to formulating auditing policy and implementing audits. In fiscal 2012, Nipponkoa audited all of its divisions (four at Head Office and 10 at the regional head offices). Furthermore, Nipponkoa provides environmental education using easy-to-understand video material. It also identifies the environmental issues that need to be addressed by each workplace and uses Eco Checksheets to confirm the progress in dealing with such issues. CO2 emissions generated by each workplace are also visualized in graphical form and reflected in the overall performance evaluation of each workplace.

CSR Training for Management

Sompo Japan and Nipponkoa provide CSR training to executive officers and newly appointed department and office directors to enhance their understanding of CSR. In fiscal 2012, Sompo Japan held a seminar on Rio+20 and Nipponkoa invited Ms. Junko Edahiro, Chief Executive of Japan for Sustainability (JFS), to give a lecture on the theme of “Resilience: Attaining New Heights in Management.”

In January 2013, Group companies engaged mainly in direct marketing joined a CSR dialogue meeting to discuss how they can contribute to developing a sustainable society. The meeting started with lectures by two guest speakers, Mr. Tatsuya Kasai, manager of the Business Development Office, Felissimo Corporation, and Mr. Hideto Kawakita, CEO of IIHOE. Following this, the participants were divided into small discussion groups. The representatives of the various NKSJ Group companies exchanged opinions with each other and discussed how they can utilize their knowledge and skills to benefit society.

TOPICS Group Company CSR Dialogue

In January 2013, Group companies engaged mainly in direct marketing joined a CSR dialogue meeting to discuss how they can contribute to developing a sustainable society. The meeting started with lectures by two guest speakers, Mr. Tatsuya Kasai, manager of the Business Development Office, Felissimo Corporation, and Mr. Hideto Kawakita, CEO of IIHOE. Following this, the participants were divided into small discussion groups. The representatives of the various NKSJ Group companies exchanged opinions with each other and discussed how they can utilize their knowledge and skills to benefit society.

Group discussion
CSR Development Seminar

Sompo Japan holds CSR development seminars for employees of its Head Office and Group companies as a way to provide high level information on how to fulfill the company’s CSR through its core business.

[First seminar in July 2012]

Subject: Seminar on Latest Trends from Rio+20 —20 years after the Earth Summit.

In this seminar, Masatoshi Sato, Chairman of Sompo Japan, and Masao Seki, then Associate Director, Chief CSR Officer, reported on the results of the United Nations Conference on Sustainable Development ("Rio+20") held in June 2012, in which they participated. About 120 employees from Sompo Japan, Nipponkoa, NKSJ Holdings, and other Group companies attended the seminar, which covered current global issues, the latest trends, and responsible roles of corporations.

[Second seminar in October 2012]

Subject: Debrief Session of Employee Dispatch "Probono" Program— How can corporate human resources contribute to the reconstruction of disaster affected areas?

E-Koto CSR Point System

Sompo Japan introduced the E-Koto (good things for society and the environment in Japanese) CSR Point System in fiscal 2009 to enhance promotion of CSR initiatives. The system allows each employee to convert their actions on CSR into points online, whereby the company donates an equivalent amount of money to nonprofit organizations. In fiscal 2012, 15,696 employees and Executives of Sompo Japan took part in the program. As in the two previous years, the money raised (1,287,640 yen) was donated to four NGOs to support the reconstruction of areas affected by the Great East Japan Earthquake.

Furthermore, in August 2012 employees took part in the activities undertaken by the same four NGOs as volunteers and later shared their experiences with other employees at a debriefing meeting. The meeting also provided an opportunity for participants to learn about the current situation and activities underway in the disaster-affected areas.

FOCUS

NKSJ Around the World— A Common Inner Communication Tool for Japanese and Overseas Offices

The NKSJ Group is actively sharing the latest CSR news with overseas offices through e-mail, the intranet, and other means.

"NKSJ Around the World," a common information tool for Japanese and overseas offices published bimonthly, also includes a CSR section to report the latest news and activities across the Group.

COMMENT

CSR Promotion in China through Dialogue with Stakeholders

Sompo Japan Insurance (China) Co., Ltd. (Sompo Japan China), Sompo Japan’s local subsidiary in China, launched a project to develop a CSR Committee in July 2010 to meet the growing demand for CSR information disclosure in China. As part of this project, the subsidiary published a local CSR report in May 2011, making it the first Japanese financial institution operating in China to introduce its CSR initiatives.

In recent years, Sompo Japan China has been bolstering its CSR initiatives. In March 2012, for example, it held a CSR dialogue at the Shanghai Branch for approximately 30 Chinese and Japanese employees. At the meeting, a lecture was given by Ms. Weng Xiaoxue, a specialist at the ECOLOGIA Chinese CSR Program, and participants enthusiastically discussed how they can fulfill their CSR in China.

Sompo Japan China will continue to promote its CSR initiatives in China through dialogue with stakeholders.

Sompo Japan China was selected as a “Golden Bee CSR China Honor Roll Company” in January 2011.
Stakeholder Dialogues to Deepen CSR

The NKSJ Group has promoted various types of dialogue and engagement with its stakeholders, including collaborations with NGOs, stakeholder dialogue meetings with the participation of external experts, and opinion exchange via our website and at international gatherings. Through these efforts, we are striving to enhance stakeholder trust and understanding of our CSR commitment as well as to further deepen our CSR.

Examples of Communication with Stakeholders

Timely and Interactive Communication via Our Website
In addition to providing stakeholders with updated information on our CSR efforts via our official website, in fiscal 2011 we also started to post a regular report regarding our involvement in international initiatives and other activities. In fiscal 2012, Sompo Japan, Nipponkoa, Sompo Japan DIY Life Insurance, and Saison Automobile & Fire Insurance also reported their latest CSR initiatives on their Facebook pages as part of their efforts to promote timely communication with stakeholders.

Facebook page of Sompo Japan
http://www.facebook.com/sompojapan (Japanese Only)

Facebook page of Nipponkoa
http://www.facebook.com/ecoratta (Japanese Only)

Communication with Shareholders and Investors
We make sure that financial information such as statements and stock prices that is necessary for assessing the value of the NKSJ Group is posted in a timely manner on our website as well as provided at various meetings and through statutory financial reports. It is also ensured that the latest news on our ESG (Environment, Social, and Governance) is provided along with those financial information.

Communication with Business Partners throughout the Value Chain
To inform business partners of their stance on CSR and win their cooperation, Sompo Japan and Nipponkoa have been conducting a CSR survey based on the Nippon Keidanren Charter of Corporate Behavior since 2005. In fiscal 2012, 45 companies were surveyed. Business partners are also requested to submit their CSR reports and other documents to us so that we can further enhance our cooperative relationship by understanding their activities.

Communication with CSR Research or Rating Organizations
We also attach importance to communication with CSR assessment and ESG rating organizations, actively seeking feedback from and exchanging opinions with these organizations to further strengthen our CSR performance. We had four such meetings during fiscal 2012.

Dialogue with External Experts
We are working to strengthen our CSR performance by holding CSR dialogue meetings joined by external experts. We met Ms. Junko Edahiro, Chief Executive of Japan for Sustainability (JFS) and Mr. Hideto Kawakita, CEO of International Institute for Human, Organization and the Earth (IIHOE) to listen to their opinions regarding the selection of NKSJ Group’s five CSR material issues in fiscal 2012 as well as regarding the identification of key performance indicators (KPIs), a task which we started in fiscal 2013. (See pages 11-12.)

NKSJ Himawari Life Insurance has also launched collaboration with the National Cancer Center to support the enhancement of the quality of life (QOL) of cancer patients and their families. (See page 25.)

TOPICS Miracle Miracle—An International Website for Children Who Will Shape the Future

In collaboration with the NGO Japan for Sustainability, Nipponkoa operates a community website, "Miracle Miracle" aimed at providing children with sustainability education. One special feature of the site is that it is in both English and Japanese, and the English comments from users are translated into Japanese while the Japanese comments are translated into English. It is hoped that through the site we will be able to encourage children around the world to think about the global environment and other social issues, learn from each other, express their thoughts and take action.

http://miracle-kids.net/ja/ (Japanese)
http://miracle-kids.net/en/ (English)
Declarations to Society and Participation in CSR Initiatives

The NKSJ Group participates in a range of initiatives to help solve various CSR issues.

United Nations Global Compact (UN GC)

Advocated by then UN Secretary-General Kofi Annan in July 2000, the UN GC is a partnership initiative between the UN and business that motivates companies to enhance better corporate citizenship by voluntarily addressing the areas of human rights, labor, the environment, and anticorruption. Sompo Japan and Nipponkoa became UN GC signatories in 2006 and 2010, respectively, and in 2012, NKSJ Holdings became a signatory with the aim of involving the entire NKSJ Group in this initiative.

Principles for Responsible Investment (UN PRI)

UN PRI was formulated by the United Nations Environment Programme Finance Initiative (UNEP FI) as a declaration by financial institutions that they will take ESG issues into account when making investment decisions. In 2006, Sompo Japan became the first Japanese insurance company to become a signatory to these principles and Sompo Japan Nipponkoa Asset Management has also become a signatory in January 2012.

World Business Council for Sustainable Development (WBCSD)

The WBCSD, established in 1995, is a CEO-led global association of companies. Currently, approximately 200 company leaders from 35 countries are involved, providing industry leadership on the environment and sustainable development through lively debate, policy recommendations, and other activities. Sompo Japan is the only Japanese financial institution participating in the initiatives of the WBCSD.

Principles for Financial Action towards a Sustainable Society (PFA)

These principles were formulated in October 2011 as action principles for financial institutions to fulfill their roles and responsibilities to develop a sustainable society. Sompo Japan and Nipponkoa were actively involved in the formulation, participating as members of the drafting committee. In December 2011, Sompo Japan, Nipponkoa and other eight NKSJ Group members became signatories to these principles.

Japan Business and Biodiversity Partnership (COP COP10)

The Japan Business and Biodiversity Partnership was founded in October 2010 to coincide with the 10th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP10). The partnership was established by businesses, economic organizations, governments, NGOs, and other parties that endorse the Japan Business and Biodiversity Partnership Action Policy. Thirty-seven NKSJ Group companies signed up to the partnership when it was established.

Principles for Sustainable Insurance (UN PSI)

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

Comment

Raising Expectations of Business and Engagement with CSR Initiatives

At Rio+20, the UN Global Compact held an event that attracted about 2,700 participants to 120 sessions over the four days, at which a wide range of issues such as water and climate change were discussed. Expectations for businesses to scale up their role in contributing and solving global issues are rising.

Also at Rio+20, UNEP FI announced the Principles for Sustainable Insurance (PSI). Sompo Japan was an active contributor to drafting the PSI and became a founding signatory together with 27 other international insurance companies, pledging to integrate environmental, social, and governance considerations into business operations. The NKSJ Group will continue its active involvement in worldwide initiatives that drive global sustainability to help solve social issues.

In June 2012, the United Nations Conference on Sustainable Development (Rio+20) was held in Rio de Janeiro, Brazil. Around 45,000 participants ranging from national leaders, governmental officials, business community representatives, NGOs, civil society groups, and others discussed a wide range of issues, such as climate change, biodiversity, population, and poverty. The conference was concluded with the adoption of the outcome document, “The Future We Want.” From the NKSJ Group, Sompo Japan’s Chairman Masatoshi Sato and Senior Advisor on CSR, Masao Seki joined Rio+20 and signed the Principles for Sustainable Insurance announced during the conference. They also introduced the Group’s related efforts through events organized by international initiatives that the Group participates in.
NKSJ Group’s CSR Promotion

Based on the CSR initiatives conducted by Sompo Japan and Nipponkoa, the NKSJ Group has been evolving its CSR since its establishment in April 2010, throughout all Group companies.

Holistic Approach

Sompo Japan and Nipponkoa integrated their management and established NKSJ Holdings, Inc. on April 1, 2010. Prior to the integration, in April 2009, the two companies organized 16 committees and groups, each working on a specific theme such as the administrative system, human resources management, and compliance, as well as four information exchange meetings. This was done to pave the way for the establishment of the new corporate group. The main task of the CSR Group was to discuss how to improve communication between employees and agencies through CSR initiatives as well as the NKSJ Group’s CSR basic policy and management framework.

From these discussions, various new ideas for cooperation emerged based on the different experiences and know-how of the two companies. These ideas culminated in the NKSJ Group’s CSR Basic Policy in April 2010. (See page 5 for the full text of the Policy.)

In accordance with the CSR Basic Policy, the material issues faced separately by Sompo Japan and Nipponkoa were reviewed in fiscal 2011. Through the three steps of materiality analysis, dialogue with experts, and identification of the issues of highest priority, five new material issues concerning CSR were determined for the NKSJ Group as a whole.

The three key considerations pointed out by the experts are: ongoing dialogue with a wide range of stakeholders; setting issues with an eye on the future and from a broad and deep perspective; and creating new value to actively contribute to benefiting society.

Based on the results of these two steps, issues were mapped out on a grid, with the vertical axis representing the degree of expectation among the NKSJ Group’s stakeholders and the horizontal axis representing the importance to the NKSJ Group. Then, the issues of highest priority in terms of these two axes were selected as the five CSR material issues. (See page 5 for the five CSR material issues.)
Phase 3: Identifying the NKSJ Group’s Key Performance Indicators (KPIs)

In accordance with business expansion of the NKSJ Group, expectations from society are rising. In 2013, the NKSJ Group started a process to identify the Groups KPIs. It is planned that the current goals set by Sompo Japan and Nipponkoa will be revised and developed as new targets for the entire NKSJ Group to take on various issues. The KPIs will allow us to evaluate the progress and impact of our actions and disclosure of the results will lead to enhancing trust among and promoting dialogue with stakeholders.

To identify the KPIs, not only discussions within the NKSJ Group but also a dialogue with two external experts, Ms. Junko Edahiro, Chief Executive of Japan for Sustainability (JFS), and Mr. Hideto Kawakita, CEO of International Institute for Human, Organization and the Earth (IIHOE) were organized to get their opinions on what we should take into consideration when selecting KPIs as well as their expectations of the Group. Fourteen participants including officers of affiliate companies attended the dialogue and exchanged views.

The NKSJ Group’s influence on society has been increasing in step with the expansion of its business. To ensure continuous growth, we need to promote CSR in a steady manner across the Group from a mid- to long-term perspective. We will continue the process of identifying our KPIs through stakeholder engagement and other means and will utilize those KPIs to promote, monitor, and evaluate our CSR initiatives. Moreover, we will disclose the results externally so as to further improve our actions in accordance with the views of stakeholders. Through these efforts, we will contribute towards the realization of a sustainable society.

Stakeholder Dialogue

Opinions from Experts

Ms. Junko Edahiro
Environment journalist
Chief Executive, Japan for Sustainability (JFS)

In my view, KPIs represent future outcomes that are desirable and that should be emphasized. The first key point for identifying your KPIs is to take a backcasting approach and define your ideal future. You don’t need to pay attention to—or at least shouldn’t be bound by—whether this is something that can be measured or openly disclosed. The second key point is to continue to elaborate the KPIs. You may not be able to get everything fully prepared at the beginning because you don’t know how to obtain the data. But this is fine. All you need to do is to make sure that the KPIs will continue to evolve. The third key point is to run the PDCA cycle for the KPIs themselves. Rather than simply being content with your current KPIs, you need to be both resilient and flexible enough to make sure that they will continue to live up to the societal expectations of the day. KPIs are not goals but means. It is very important to always have in mind for whom and for what purpose you have set your KPIs. I hope that the integration of the two companies that have been leading Japan in the area of CSR will give you the momentum to further expand your actions.

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

KPIs are milestones in a long-term roadmap and should be set in such a way that they can be used as annual goals over a period of about five to seven years. Not all the annual results have to be publicly disclosed, but you should be sure to check whether the management indicators set as goals have been followed and to determine how close you were to achieving the goals and by when the goals will be accomplished.

KPIs should be set high and determined by considering what impact you want to have on society through your CSR management policy. It is therefore important to set not just short-term goals but also mid- to long-term goals from a sufficiently broad and deep perspective.

Comments after the Dialogue

Takaya Isogai
Senior Managing Executive Officer
Sompo Japan Insurance Inc., Nipponkoa Insurance Co. Ltd.

Although the experts kindly mentioned that both Sompo Japan and Nipponkoa are in a leading position in terms of CSR commitments, there are still many issues that we need to tackle to further evolve as a leading company in CSR. Setting our KPIs and visualizing our performance will become the engine that drives such evolution. It became very clear to me how important it is to ensure that the KPIs are designed in such a way that they will lead to increased trust and dialogue with stakeholders.

Masao Seki
Senior Advisor on CSR
Sompo Japan Insurance Inc.

This dialogue with stakeholders is the first step toward identifying our KPIs. Consideration about KPIs means profound thoughts on the NKSJ Group’s social responsibility. This makes it a starting point for the discussion on CSR aimed at exploring how we can maximize our positive impact on society and what goals we should set to achieve this maximization. We will advance our plan to realize the KPIs based on the advice of the two experts.

Comments from NKSJ Group Participants

- The opinions frankly mentioned by the external experts were meaningful and inspirational. At the same time, some of the comments were very hard on us, but were instructive nonetheless.
- It was impressive to hear opinions of experts regarding the concept of KPIs as we engage in efforts towards specifying the NKSJ Groups KPIs.
- It was a great opportunity to listen to the two experts on CSR and KPIs as well as to learn about multinational enterprises that closely links CSR with its business strategy.
- Mr. Kawakita’s remarks that “Only selecting KPIs that can be disclosed is preposterous” and “It is most important to clearly envisage how society will change when your goals are achieved,” left a deep impression.
Continuous Evolution of the NKSJ Group’s CSR

The NKSJ Group has continuously improved its CSR initiatives to meet evolving social needs. This section shows our major CSR milestones to date.

- **1965**
  - Started the “Yellow Badge Donation” program

- **1976**
  - Established the Yasuda Kasai Fine Art Foundation (now Sompo Japan Fine Art Foundation)
  - Opened the Seiji Togo Memorial Yasuda Kasai Museum of Art (now Seiji Togo Memorial Sompo Japan Museum of Art)

- **1977**
  - Established the Yasuda Fire & Marine Foundation (now Sompo Japan Foundation)
  - Started to publicly exhibit “Sunflowers” by Van Gogh

- **1989**
  - Opened Himawari Hall, a puppet theater, in Nagoya

- **1990**
  - Established the Environmental Risk Management Office

- **1991**
  - Established the Nipponkoa Welfare Foundation

- **1992**
  - United Nations Conference on Environment and Development (Earth Summit) held in Rio de Janeiro
    - Participation in the Earth Summit in this 1992 UN conference, which adopted the Framework Convention on Climate Change and the Convention on Biological Diversity, the then President of Yasuda Fire & Marine Insurance Company (now Sompo Japan) participated as head of the Nippon Keidanren delegation.

- **1993**
  - Started holding Public Seminars on the Environment
  - Established an employee volunteer organization
  - Introduced volunteer work leave

- **1995**
  - Signed the UNEP FI Statement of Environmental Commitment by the Insurance Industry
  - Became a Member of WBCSD as the only Japanese financial institution

- **1996**
  - Volunteer employees established a social contribution fund in the form of a matching gift program.

- **1997**
  - Acquired ISO14001 certification (the first Japanese financial institution to do so)

- **1998**
  - Started to publish an environmental report (the first Japanese financial institution to do so)
  - Launched consultation services for acquiring ISO14001 certification
  - Started a forest management program under an agreement with the Forestry Agency

- **1999**
  - Established the Yasuda Fire & Marine Environmental Foundation (now Sompo Japan Environmental Foundation)
  - Launched Sompo Japan Green Open

- **2000**
  - Started the Sompo Japan CSO Learning Scholarship Program

- **2002**
  - World Summit on Sustainable Development held in Johannesburg
    - Signed the WBCSD Financial Sector Statement
    - Held the first stakeholder meeting

- **2004**
  - Launched Sompo Japan SRI Open
  - Started business continuity management (BCM) consultation services

- **2005**
  - Established Healthcare Frontier Japan Inc.
  - Joined the Carbon Disclosure Project (now CDP)
  - Started offering Foundational Support for NGOs

- **2006**
  - Joined the UN Global Compact
  - Signed the UN Principles for Responsible Investment (PRI)
  - Started endowing chairs at universities

- **2007**
  - Established Sompo Japan Healthcare Services Inc. (now Sompo Japan Nipponkoa Healthcare Services Inc.)

- **2008**
  - Started interactive guided tours at the Seiji Togo Memorial Sompo Japan Museum of Art
  - Announced the Carbon Neutral Declaration
  - Started the Eco-Safe Driving Contest
  - Certified as an “Eco First Company” by the Minister of the Environment

- **1991–**
  - Support for family caregivers of senile dementia patients
    - Nipponkoa Welfare Foundation supports socializing and learning programs by Alzheimer’s Association Japan to assist family caregivers of senile dementia patients. To date, it has provided 172.9 million yen to programs with a total of 13,328 participants.

- **1999–**
  - 18.74 billion yen Sompo Japan Green Open
    - Sompo Japan Nipponkoa Asset Management’s “Sompo Japan Green Open invests in environmentally friendly Japanese companies whose stocks are expected to be profitable. As of March 31, 2013, 18.74 billion yen is under management by the fund.

- **2000–**
  - 726 students Sompo Japan CSO Learning Scholarship Program
    - By the end of fiscal 2012, 726 university undergraduate and graduate students had participated in this internship program organized by the Sompo Japan Environmental Foundation and were provided with work experience at environmental NGOs.
CSR Milestones
Continuous Evolution of the NKSJ Group’s CSR

2009
- Launched Weather Index Insurance in Thailand
- Introduced web-based insurance policy access for automobile insurance products

2010
- NKSJ Holdings, Inc. established
  - Formulated the NKSJ Group’s CSR Basic Policy
  - Sompo Japan Foundation started to offer financial support to ASEAN countries
  - Sompo Japan Nipponkoa Asset Management established as a result of the merger between Sompo Japan Asset Management and Zest Asset Management.
  - 10th Conference of the Parties (COP10) to the Convention on Biological Diversity held in Nagoya
  - 37 NKSJ Group companies participated in the Japan Business and Biodiversity Partnership.
  - Started consultation services on biodiversity
  - ISO26000 (international standard on social responsibility) published

2011
- Great East Japan Earthquake occurred
  - Started to collect ESG (Environment, Social, and Governance) information on the NKSJ Group
  - Sompo Japan Insurance (China) published its first CSR report and held the Group’s first overseas CSR dialogue event
  - Started the Save Japan Project to conserve biodiversity
  - Sompo Japan Environmental Foundation started research on climate change adaptation
  - Established Nipponkoa Smile Kids Foundation
  - Launched the “Miracle Miracle”: A website for Global Kids to Create the Future
  - NKSJ Himawari Life Insurance, Inc. established as a result of the merger between Sompo Japan Himawari Life Insurance and Nipponkoa Life Insurance
  - Signed the Principles for Financial Action towards a Sustainable Society

2012
- Specified the Five CSR Material Issues of the NKSJ Group
- Established Prime Assistance Inc. in order to enter the assistance services market
- Signed the UN Women’s Empowerment Principles (WEPs)
- United Nations Conference on Sustainable Development (Rio+20) held in Rio de Janeiro
  - Participation in Rio+20
    - Chairman Masatoshi Sato and then Associate Director Chief CSR Office Masao Seki of Sompo Japan attended the UN conference, Rio+20, held also as the 20th anniversary of the 1992 Earth Summit, in order to sign the Principles for Sustainable Insurance (PSI) and introduce NKSJ Group’s CSR initiatives.
- Signed the UNEP FI Principles for Sustainable Insurance (PSI)
- Purchase shares of Cedar Co., Ltd. as a Group company in order to enter the elderly care services market
- Acquired ISO39001 (international standard for road traffic safety management system) certification

2013
- Started environmental programs for community contribution
- Achieved carbon neutrality
- Started to consider promoting the NKSJ Group’s CSR by measuring KPIs

2014
- Sompo Japan and Nipponkoa will legally merge on September 1, 2014 to form a new company, Sompo Japan Nipponkoa Insurance Inc., subject to approval from the relevant authorities

15 million policies
Web-based automobile insurance policy
An option for policyholders to access their policy via the web was introduced in order to increase customer convenience and reduce our environmental footprint. More than 15 million customers have chosen web-based policies, forsaking the conventional paper-based format.

3,000 employees
The Great East Japan Earthquake—continuous support for recovery
More than 3,000 NKSJ Group employees were sent to the areas affected by the Great East Japan Earthquake to facilitate prompt insurance payments. We are also providing continuous support through our core business and other activities to meet the evolving needs of disaster-hit areas.

11,000 participants
Save Japan Project
In 2011 and 2012, more than 11,000 people raised their environmental awareness by joining this community-based biodiversity conservation program implemented in all prefectures in Japan in collaboration with environmental and other NGOs.

1 million policies
Medical insurance (08)
By February 2013, more than one million people had purchased a lifelong medical insurance product (product number 08) provided by NKSJ Himawari Life since its release in August 2008. The popularity of the product is attributed to the simplicity of the basic coverage and the availability of a wide range of additional options.
NKSJ Group’s Targets and Progress of Major CSR Issues

Stakeholder Engagement

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<th>FY 2012 Targets</th>
<th>FY 2012 Progress</th>
<th>Self-assessment of Progress</th>
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<td>Expand and enhance disclosure of CSR information</td>
<td>- Strengthen CSR-related communication efforts</td>
<td>- Six newsletters were published by e-mail throughout the year and by other communication efforts, CSR updates were appropriately delivered to specific stakeholders.</td>
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<td>- Hold CSR dialogue meetings</td>
<td>- Actively communicated with SR rating agencies and other organizations. Four dialogue meetings were held during the year.</td>
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<td>- More active CSR communication by using various SNS media</td>
<td>- A CSR dialogue meeting targeting Group companies was held in FY 2012, which attracted about 30 participants.</td>
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<td>- Expand the scope of ESG data collection and improve the accuracy of information disclosed</td>
<td>- Concluded ESG survey across the Group (27 companies), and expanded the disclosed items</td>
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<td>Enhance internal communication to integrate CSR into business throughout Group companies</td>
<td>- Promote CSR awareness and practices across the NKSJ Group worldwide</td>
<td>- NKSJ Holdings’ Corporate Planning Department met with Group companies to provide feedback on the ESG survey and advice on future actions. The department also held a meeting of 15 Group companies in Japan to exchange CSR information.</td>
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<td>- Promote practical initiatives on ESG issues in each department and company of the Group</td>
<td>- The department also visited three Group companies abroad to discuss CSR issues. It also exchanged CSR information and opinions with representatives from 30 overseas offices.</td>
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<td>- Increase the awareness of the importance of social contribution among the employees of Group companies by continuously implementing NKSJ Volunteer Days</td>
<td>- Development of CSR-related products and services was accelerated, as typified by the launch of the SNAM Sustainable Investment Fund by SNAM.</td>
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<td>- Conducted NKSJ Volunteer Days for the second consecutive year. About 10,000 employees participated in the one-month program in October (compared to 10,000 participants over three months in fiscal 2011).</td>
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<td>Contribution as a good corporate citizen through active participation in external activities</td>
<td>- Contribute to building a sustainable society by actively participating in external activities, gathering information, and communicating the NKSJ Group’s own initiatives.</td>
<td>- Actively involved in the drafting process of the UNEP FI’s Principles for Sustainable Insurance (PSI), which was announced at Rio+20 in June 2012</td>
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<td>- Introduced the NKSJ Group’s sustainability efforts on many occasions including symposiums on the UN Principles for Responsible Investment (PRI) and the Principles for Financial Action towards a Sustainable Society</td>
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For fiscal 2012 progress on the five CSR material issues please refer to the pages indicated below:

**Material Issue 1** Providing Safety and Security for the Society
p. 17–26

**Material Issue 2** Tackling Global Environmental Issues—Focusing on Climate Change
p. 27–34

**Material Issue 3** Providing Sustainable and Responsible Financial Services
p. 35–40

**Material Issue 4** Community Involvement and Development—Partnership with NGOs
p. 41–50

**Material Issue 5** Developing Human Resources and Promoting Diversity
p. 51–58

For a list of the Group’s insurance and financial products and services that contribute to development of a sustainable society, see pages 61–62.
For major ESG (Environment, Social, and Governance) data, see pages 63–67.
For financial data, see pages 68–70.
Major CSR Awards and Recognition in Fiscal 2012

- Ranked No.18 among the top 500 companies (No.2 among Japanese firms) in the Newsweek Green Rankings 2012.
- Listed in the East Asia 30 (30 CSR leaders in the region) for the 3rd consecutive year.
- NKSJ Volunteer Days received "Make a CHANGE Day Award" for the 2nd consecutive year (p. 42-43).
- Listed in the Bronze Class 2013 of the RobecoSAM Sustainability Award.
- Selected among the 2013 World's Most Ethical Companies by Ethisphere for the 3rd consecutive year.
- Sompo Japan China named a 2011 Golden Bee CSR China Honor Roll company (p. 8).
- Nipponkoa and Sompo Japan ranked 1st and 2nd, respectively, among financial institutions in Nikkei’s Environmental Management survey.
- Sompo Japan and Nipponkoa ranked 2nd and 4th, respectively, among financial institutions in Toyo Keizai’s CSR survey.
- Save Japan Project became the only private sector project certified by the UNDB-J (p. 33).
- Sompo Japan’s agency associations, J-SA and AIR Japan, won the "Green Purchasing Award" (p. 32).
- Sompo Japan received the 2013 J-Win Diversity Basic Achievement Award (p. 55).
- Nipponkoa received an Eco-First Award at the Environmental Message Expo 2012.
- Nipponkoa’s efforts to conserve forests in Japan were recognized by the Ministry of the Environment (MOE), Japan for the 2nd consecutive year.
- Nipponkoa was recognized by the MOE with its Carbon Offset Award.
- Nipponkoa received an environmental reporting award under MOE’s Environmental Communication Awards.
- Sompo Japan Green Open and Sompo Japan SRI Open received category awards under the R&I Fund Award 2012.
- Sompo Japan Green Open received the Eco-Products Award Steering Committee Chairperson’s Award (p. 40).
- HDI-Japan’s Benchmarking
  In the non-life insurer support portal category, Sompo Japan received the highest three-star ranking for the 4th consecutive year while Nipponkoa and Saison Automobile & Fire were rated as two-star. In the non-life insurance customer support category, Nipponkoa was rated as three-star and Sompo Japan and Saison Automobile & Fire as two-star. In the life insurance support portal category and customer support category, Sompo Japan DIY Life was rated three-star for the 4th consecutive year and three-star for the 6th consecutive year, respectively (p. 19).
- Sompo Japan DIY Life received the first five-star certification under HDI-Japan’s Five-Star Program.

Inclusion in Socially Responsible Investment (SRI) Indexes

NKSJ Holdings is included in the following SRI indexes and SRI funds (as of April 2013).

**Dow Jones Sustainability Indexes (DJSI World)**
DJSI World is a leading global SRI index of companies that are leaders in sustainability, as assessed from their approaches towards ESG (Environment, Social, and Governance) issues.

**FTSE4Good Index Series**
The FTSE4Good Index Series is a group of SRI indexes that evaluate the performance of companies aimed at fulfilling their corporate responsibilities, including ESG issues such as aspects on environment and human rights.

**Ethibel Pioneer and Excellence Investment Registers**
The Ethibel Investment Register is an investment universe that selects and includes companies which are highly recognized in terms of the performance in fulfilling their corporate social responsibility.

**Morningstar Socially Responsible Investment Index**
The Morningstar Socially Responsible Investment Index was developed as Japan’s first SRI index covering Japanese companies.

**Received “Prime” Rating from Oekom Research AG**
Oekom Research AG is a global rating agency that evaluates corporate performance using unique standards which focus on the social and environmental perspectives. In January 2013, NKSJ Holdings received a “Prime” rating, a status awarded only to companies that are especially highly assessed.